



**MILLENNIUM CHALLENGE ACCOUNT LIBERIA**

**ACTION PLAN FOR PREVENTING, DETECTING AND REMEDIATING  
FRAUD AND CORRUPTION IN MCA-LIBERIA  
COMPACT IMPLEMENTATION**

**March 2019**

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## MILLENNIUM CHALLENGE ACCOUNT-LIBERIA (MCA-LIBERIA) ACTION PLAN FOR PREVENTION, DETECTION, AND REMEDIATION OF FRAUD AND CORRUPTION

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### 1. INTRODUCTION

On October 2, 2015, the Government of Liberia, acting through the Ministry of Finance and Development Planning (the “Government”), and the United States of America, acting through the Millennium Challenge Corporation (“MCC”), entered into the Millennium Challenge Compact (“Compact”) that grants up to Two Hundred Fifty-Six Million Seven Hundred Twenty-Six Thousand United States Dollars (US\$256,726,000.00) (“MCC Funding”) to the Government in order to help the facilitation of poverty reduction by using the MCC Funding to finance certain activities aimed at addressing two current binding constraints to economic growth in Liberia: (i) lack of access to reliable and affordable electricity, and (ii) inadequate road infrastructure. MCC and the Government also entered into Program Implementation Agreement (“PIA”) that specifies how the Compact’s activities shall be implemented. The National Legislature ratified the Compact and the PIA and both agreements were subsequently signed into law by the President of Liberia. The Compact, which has a duration of five years, entered into force on January 20, 2016 so the Government’s access to the MCC Funding ceases upon the Compact’s expiration on January 19, 2021.

The Compact is divided into two projects, the Energy Project and the Roads Project. Each project consists of the specific activities that MCC will fund. The Energy Project comprises four interrelated activities designed to provide additional generation capacity and strengthen the management, project planning and project execution capacities/functions of certain Government entities within the energy sector. The Roads Project is dedicated to periodic road maintenance as well as providing technical assistance and capacity building.

Pursuant to the Compact, Millennium Challenge Account-Liberia (“MCA-Liberia”) was, by an act of the National Legislature, created as an independent and autonomous agency of the Government responsible for managing and implementing the various Compact activities (such entities are also more generally referred to as an “Accountable Entity” under MCC’s program implementation model, a term referenced in this plan). MCA-Liberia is governed by a Board of Directors that is chaired by the Minister of Finance and Development Planning and includes the Ministers/Heads of Entities that have statutory authority in the two sectors the Compact aspires to improve. These Board Members include the Chairman of the LEC Board of Directors, Minister of Mines and Energy, Minister of Public Works, Minister of Justice and the Head of the President Delivery Unit. The MCA-Liberia CEO, a representative from the private sector (Chamber of Commerce) and a representative from the public sector (Association of Female Lawyers of Liberia) are also on the MCA-Liberia Board of Directors.

## **2. PURPOSE**

The purpose of the MCA-Liberia's Anti-Fraud & Corruption Action Plan ("AFC AP") is to establish an appropriate framework that defines how the staff and management of MCA-Liberia will join with its Implementing Entities (IEs) towards effective prevention, detection and remediation of fraud and corruption of any description within MCA-Liberia and in connect with MCC funded activities under the Compact.

## **3. SCOPE**

The AFC AP is meant to address all stakeholders involved in the implementation of the Compact, which includes MCA-Liberia's Board of Directors, management, staff, Implementing Entities, as well as its contractors for works, goods and services.

## **4. MCC POLICIES TARGETED AT FRAUD AND CORRUPTION**

In an effort to prevent fraud and corruption during implementation of Compact activities, MCC developed various Policies and Procedures targeted at addressing such instances. Some of these policies are described below:

- Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC's Operations (MCC AFC Policy).
- Guidelines for Accountable Entities and Implementing Structures.

### **4.1 Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC's Operations (MCC AFC Policy)**

In March 2009, MCC developed a policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC's operation that requires all MCAs to complete a Compact-specific Anti-Fraud and Corruption Risk Assessment, and to develop and implement a related Action Plan. Research made by MCC revealed that corruption retards economic growth by:

- Increasing costs;
- Lowering productivity;
- Discouraging investment;
- Reducing confidence in public institutions;
- Limiting the development of small and medium sized enterprises;
- Weakening systems of public financial management; and
- Undermining investments in health and education.

Corruption also increases poverty by:

- Slowing economic growth;
- Skewing government expenditure in favour of the rich and well-connected;
- Concentrating public investment in unproductive projects; and

- Promoting a more regressive tax system.

MCC's AFC Policy recognizes six types of fraud and corruption:

- 4.1.1. Coercion: Impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of any party, to influence improperly the actions of a party in connection with the implementation of any contract supported, in whole or in part, with MCC funding, including such actions taken in connection with a procurement process or the execution of a contract.
- 4.1.2 Collusion: A tacit or explicit agreement between two or more parties to engage in a coercive, corrupt, fraudulent, obstructive or prohibited practice, including any such agreement designed to fix, stabilize, or manipulate prices or to otherwise deprive the Accountable Entity of the benefits of free and open competition.
- 4.1.3 Corruption: The offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of a public official, Accountable Entity staff, MCC staff, consultants, or employees of other entities engaged in work supported, in whole or in part, with MCC funding, including such work involving taking or reviewing selection decisions, otherwise advancing the selection process or contract execution, or the making of any payment to any third party in connection with or in furtherance of a contract.
- 4.1.4 Fraud: Any act or omission, including any misrepresentation, that knowingly or recklessly misleads or attempts to mislead a party in order to obtain a financial or other benefit in connection with the implementation of any contract supported, in whole or in part, with MCC funding, including any act or omission designed to influence (or attempt to influence) a selection process or the execution of a contract, or to avoid (or attempt to avoid) an obligation.
- 4.1.5 Obstruction of investigation into allegations of fraudulent or corrupt practice: Any act taken in connection with the implementation of any contract supported, in whole or in part, with MCC funding: (a) that results in the deliberate destroying, falsifying, altering or concealing of evidence or making false statement(s) to investigators or any official in order to impede an investigation into allegations of coercion, collusion, corruption, fraud, or prohibited practices; or (b) that threatens, harasses, or intimidates any party to prevent him or her from either disclosing his or her knowledge of matters relevant to an investigation or from pursuing the investigation; or (c) that is intended to impede the conduct of an inspection and/or the exercise of audit rights of MCC and/or the Office of the Inspector General (OIG) responsible for MCC provided under a compact, threshold program agreement, or related agreements.
- 4.1.6 Prohibited practice: Any action that violates Section E (Compliance with Anti-Corruption Legislation), F (Compliance with Anti-Money Laundering Legislation), or G (Compliance with Terrorist Financing Legislation and Other Restrictions) of the Annex of General Provisions that will be made a part of MCC-funded contracts and may be found as part of the Standard Bidding Document templates (there referred to as "Annex A: Additional Provisions") on the MCC website at <http://www.mcc.gov>.

4.2 Conflicts of interest should be openly and duly managed, as they can open the door to fraud and corruption.

## **5. ANTI-FRAUD & CORRUPTION ACTION PLAN TO COMBAT FRAUD AND CORRUPTION**

5.1 In compliance with MCC policy directives, MCA-Liberia has developed this AFC AP to address the highest priority risks listed in the Anti-Fraud and Corruption Risk Assessment Matrix.

5.2 The AFC AP will describe both the process and results of the AFC Risk Assessment and provide a detailed pathway for implementing additional measures to mitigate risks identified in the assessment.

5.3 The AFC AP complements an array of internal policies adopted by MCA-Liberia, in conjunction with MCC, to assure the orderly operation of the Management Unit. The policies discussed below aim to promote good governance, strengthen internal controls and to deter fraudulent and corrupt schemes in MCA-Liberia operations.

## **6. MCA-LIBERIA POLICIES TARGETING FRAUD AND CORRUPTION**

Growing out of the Compact and the PIA, MCA-Liberia was established as an autonomous Government entity that is managed by a management unit that is primarily responsible for the overall day-to-day management of Compact implementation. Detailed subject related policies were developed to govern the organisation, to which the management unit is obligated to comply. Some of these policies are described below:

- Fiscal Accountability Plan;
- Program Procurement Guidelines and Standard Bidding Documents;
- Bid Challenge System;
- Conflict of Interest Policy;
- Confidentiality Policy
- Compact, PIA and MCA-Liberia Bylaws;
- Human Resources Manual & Standard Staff Agreements; and
- Regular audits.

### **6.1 Fiscal Accountability Plan**

MCA-Liberia adopted its Fiscal Accountability Plan (FAP) in June 2017 to serve as a set of treasury rules for all financial and procurement actions undertaken by the Management Unit. To remain relevant to the operational requirements of MCA-Liberia, the terms of the FAP require it to be reviewed at a minimum every six months. MCA-Liberia regards the FAP as an important management tool therefore the widespread understanding and knowledge of the FAP amongst all staff should be promoted. MCA-Liberia should occasionally provide presentations on specific sections of the FAP to its staff. This staff familiarization should increase awareness of strong internal controls which may act as a deterrent for corruption.

### **6.2 Program Procurement Guidelines**

MCA-Liberia utilizes MCC's Program Procurement Guidelines (PPG). The PPG served and continues to serve as a pillar of good governance bringing the following main attributes to MCA-Liberia:

- Detailed Procurement Processes and Guidelines;
- Clear delegation of staff roles involved in procurement;
- Guidance on treatment of actual and potential conflicts of interest;
- Demarcating the joint approval system between MCC and the MCA-Liberia Board of Directors in procurement activities; and
- Promotion of transparency through publication of procurements and contract awards on the MCA-Liberia website and international procurement sites.

### 6.3 **Bid Challenge System**

The MCA-Liberia Bid Challenge System was initially approved on April 11, 2017 and subsequently updated on December 21, 2017. The purpose of the BCS is to provide bidders who believe that they have been harmed by a MCA-Liberia procurement action or decision and have the ability to seek a prompt, impartial and cost-effective review of the action or decision in order to promote and maintain the integrity and transparency of MCA-Liberia's procurement process. To that end, the BCS is based on the following principles:

- MCA-Liberia must provide clear explanations of why Bidders are disqualified or not selected.
- A procedurally simple and expeditious process is essential to address concerns about the application of procurement rules and procedures to specific procurement actions.
- While a bid challenge remains outstanding, the related procurement proceedings should be suspended to prevent, in normal circumstances, the signing of a contract.
- A challenge should be initially reviewed and a decision issued by MCA-Liberia with the opportunity for an appeal to a knowledgeable and impartial third party.

### 6.4 **Conflict of Interest Policy**

On August 29, 2017, the MCA-Liberia Board of Directors approved a conflict of interest policy that transparently manages any conflicts of interest that may arise during the implementation of the Compact. The conflict of interest policy establishes procedures for the disclosure and resolution of actual, potential, or apparent conflicts of interest involving each board member, staff member, consultant, agent, representative or volunteer engaged by or providing services to MCA-Liberia. The policy provides valuable guidance and establishes procedures for situations of conflicting interests emerging during implementation of the Compact. Declarations and rulings are fully documented in a record kept under the control of the MCA-Liberia General Counsel.

### 6.5 **Confidentiality Policy**

On August 29, 2017, the MCA-Liberia Board of Directors approved a confidentiality policy that protects the confidential information of MCA-Liberia and guides members of the Board of

Directors, officers, staff and agents of MCA-Liberia and members of the MCA-Liberia Stakeholders Committee in the handling and treatment of confidential information.

#### **6.6 Human Resource Manual and Standard Staff Member Contract**

The MCA-Liberia Board of Directors approved a Human Resource Manual and a standard form of contract for all staff members that ensures consistency and equity in human resource specific issues, maintaining a conducive and enabling working environment.

Typical ways in which these management tools target or aim to combat fraud and corruption is by providing clear rules regarding:

- Basic Conditions of Employment to prevent favouritism and nepotism;
- Clear rules on Leave and Compensation Administration;
- Housekeeping rules regarding Telephone costs and Accountability for MCA-Liberia Assets;
- Ethical conduct including guidance on dealing with hawkers, vendors and family members;
- Acceptance of gifts and favours in the employment situation;
- Combating fraudulent and arbitrary practices when rewarding staff performances;
- Incentivizing and rewarding staff in a transparent and predictable manner contributing to a culture of ownership of the Compact; and
- Increased productive use of MCA-Liberia time and resources.

### **7 METHODOLOGY FOR AFC AP**

The methodology used in developing the AFC Action Plan towards effective prevention, detection and remediation of fraud and corruption of any description within MCA-Liberia involved the following:

- AFC training provided by the MCC on April 19-21, 2017 in Monrovia, Liberia to MCA-Liberia staff and stakeholder representatives
- Establishment of MCA-Liberia/MCC AFC Risk Assessment AFC Core Team. The MCA-Liberia Core Team is led by the General Counsel and includes the Deputy Chief Executive Officer, Director of Finance and Administration, Director of Procurement and the Private Sector Director.
- Kick Off at MCC Headquarters during the week of July 10 – 14, 2017 to discuss the AFC Risk Assessment Matrix
- MCC field study to MCA-Liberia during the week of April 9-12, 2018 to meet with staff, key contractors, Board members, and other stakeholders.
- Development of MCA-Liberia AFC AP

The process is described in more detail in Annex A.

### **8. AFC ACTION PLAN**

After careful deliberation of the AFC risk assessment matrix, the MCC/MCA-Liberia Joint Working Group agreed that the fraud and corruption risk in most areas of the MCA-Liberia Compact Implementation is duly mitigated. They agreed that the MCA-Liberia AFC Action Plan would focus on the risks rated with a high likelihood of taking place. Such risks are primarily concentrated in (i) Procurement; (ii) Finance and Administration; (iii) the Energy Sector Reform Activity and (iv) the National Road Maintenance Activity, which are all detailed in the Table below.

### 8.1 Collusion to leak confidential procurement information

Sector Risk	Procurement
Description of Risk	- Design Consultant, LEC Program Implementation Unit (PIU) staff, Implementing Entity staff or MCA-Liberia staff member leaks confidential information to preferred firm (possibly by former employee of bidder).
Factors in Mitigation	<ul style="list-style-type: none"> <li>- Provide awareness of MCA-Liberia's confidentiality and conflict of interest policies.</li> <li>- Stress to the PIU the pertinent provisions of the Coordination Agreement</li> <li>- Stress the pertinent provisions of the MCA-Liberia staff contracts.</li> <li>- Stress the pertinent provisions of the Implementing Entity Agreement (IEA) to the Implementing Entity Staff.</li> <li>- Stress to the Design Consultants the pertinent provisions of their contract.</li> <li>- Keep access to particularly sensitive information (e.g. BoQs with costs per line) limited to specific individuals with need-to-know, consider providing only hard copies of confidential info.</li> </ul>
Timing	With every procurement
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Sector Director responsible to ensure access to sensitive information is limited; General Counsel will stress the COI and CON Policies as well as the relevant portions of the relevant IEA, Coordination Agreement, staff contract and consultancy contract and staff contract. Additionally, the MCA-Liberia PA will also participate in stressing the importance of confidentiality and fair play.

### 8.2 Collusion between TEP and Bidders

Sector Risk	Procurement
Description of Risk	TEPs not being objective and not using the evaluation criteria in the bidding document in their evaluation to favor a particular bidder
Factors in Mitigation	<ul style="list-style-type: none"> <li>- Training and orienting the TEP members about the PPG, the COI Policy (including the importance of disclosure and the standard bidding documents</li> <li>- Use of observers</li> <li>- Use of external TEP members</li> <li>- Identify of TEP members is kept confidential</li> </ul>
Timing	With every bid evaluation
Additional Cost (if any)	Negligible but could get pricey to bring in external TEP members
Staff Member/Office Responsible	Director Procurement and the Procurement Agent

### 8.3 Misappropriation of Program Assets

Sector Risk	Finance and Administration
Description of Risk	Intentional misapplication of Program Assets for purposes unrelated to Compact implementation.
Factors in Mitigation	<ul style="list-style-type: none"> <li>- Adequate overseeing of Program Assets in MCA-Liberia's, LEC's or an implementing entity's possession.</li> <li>- Conspicuous branding of assets; GPS locators on vehicles.</li> <li>- External audit includes periodic inventory verification.</li> <li>- Specific policy on vehicle use which ensures that vehicle usage is tracked and all relevant costs particularly fuel costs are analyzed on monthly basis to ensure that there is no misuse.</li> <li>- Inventory of licenses and staff to whom they are assigned.</li> <li>- Use only properly licensed software with MCA-Liberia being the holder of the license.</li> <li>- Orienting the relevant IE staff about Compact policies</li> </ul>
Timing	Very frequently
Additional Cost (if any)	Pay for external auditors and GPS locators
Staff Member/Office Responsible	Director of Finance and Administration and the relevant Director

#### 8.4 Implementation of the Resettlement Action Plan (RAP)

Sector Risk	Energy – Mt. Coffee Support Activity (Pipeline) and LEC Customer Service Center
Description of Risk	Fraud in implementation of RAP (Inflation of settlement amount/Project affected persons claims non-payment/baseless claim of land ownership/kickbacks)
Factors in Mitigation	<ul style="list-style-type: none"> <li>- Engagement with stakeholders [public outreach and education on rights, basis of estimates, etc.].</li> <li>- Photos of Project Affected Persons receiving payments</li> <li>- MCAL review of Compensation Agreement Forms for logic of impact, cost estimates and agreed payments</li> </ul>
Timing	Constant oversight
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	The ESP Director

#### 8.5 Staff Selection Decisions not being based on Merit

Sector Risk	Energy – Energy Sector Reform Activity
Description of Risk	Employment and training decisions at implementing entities not being based on merit
Factors in Mitigation	- The IEA between MCA-Liberia and the implementing entities provides MCA-Liberia with authority to approve certain employment decisions as well as approve which staff will be trained under the Compact.
Timing	Constant oversight
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	The relevant Director

#### 8.6 Misappropriation of LEC connection materials

Sector Risk	Energy – Energy Sector Reform Activity
Description of Risk	LEC staff choosing to bypass procedures in order to improperly take Compact funded connection materials; Theft of same connection materials for use of illegal connections
Factors in Mitigation	- Inventory control managed jointly between LEC and MCA-Liberia.

	<ul style="list-style-type: none"> <li>- Clear labelling of MCA-Liberia funded connection materials.</li> <li>- Audit of materials</li> </ul>
Timing	Constant oversight and periodic spot checks
Additional Cost (if any)	Negligible but the costs of an external auditor might be high
Staff Member/Office Responsible	Private Sector Director and Director of Finance & Administration

### 8.7 Infrastructure Change Orders

Sector Risk	Energy
Description of Risk	Requests for change and variation orders on infrastructure specifications and scoping.
Factors in Mitigation	Strict Change Order Management Process, initiated by Contract Manager; approved by Director: Infrastructure, Project Director, Legal Advisor; D-CEO: Implementation & signed by the CEO.
Timing	As and when needed
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Contract Manager

### 8.8 Lack of Autonomy

Sector Risk	Roads
Description of Risk	The selection of the road maintenance projects being determined by external influences as opposed to data
Factors in Mitigation	<ul style="list-style-type: none"> <li>- The IEA with the Infrastructure Implementation Unit (IIU) and the grant agreement with the Road Fund Authority will include terms to make access to Compact funds conditional on relying on data to choose the projects.</li> <li>- MCA-Liberia oversight of the project selection process</li> </ul>
Timing	Ongoing
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Roads Director

### 8.9 Road Maintenance Procurement

Sector Risk	Roads
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Description of Risk	The procurement as well as implementation for the Matching Road Maintenance Fund Works are not being conducted by MCA-Liberia or its Procurement Agent, which means there is less oversight than usual.
Factors in Mitigation	<ul style="list-style-type: none"> <li>- MCA-Liberia has oversight for activities/transactions involving MCC funds</li> <li>- Modification of GoL Procurement Policies to align with the PPG along with PPG training</li> <li>- Enforce the CPs and IEA with an AFC component included in all training programs</li> <li>- MCA-Liberia and MCC review of designs (including BoQs and cost), have MCC conduct price reasonableness checks of engineer's estimates</li> <li>- Random site checks by MCA-Liberia and MCC</li> <li>- Focus on supervision - have MCA-Liberia procure a single supervisory engineer to supervise all contracts BEFORE designs are completed</li> </ul>
Timing	Ongoing
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Roads Director; Procurement Director; General Counsel

**9. ROLE OF MCA-LIBERIA BOARD OF DIRECTORS AND MCC**

- The AFC AP shall be submitted to MCC for approval and then presented to the MCA-Liberia Board of Directors to inform the Board about the details of the AFC AP.
- The Risks recorded in the AFC Action Plan shall be reported on a semi-annual basis to the Board of Directors in order to provide feedback on implementation of mitigation measures.

**10. REVISION AND MONITORING**

- MCA-Liberia Management shall at semi-annual intervals (or upon significant changes to the AFC context) update the AFC AP.
- An AFC Action Plan progress report shall be posted semi-annually on MCA-Liberia's website after approval by MCC.

- MCA-Liberia and MCC will discuss the feasibility of providing additional AFC training to benefit the new staff members of MCA-Liberia as well as the Implementing Entities and contractors with whom MCA-Liberia have entered into agreements.

Effective risk management requires flexible, responsive, continuous learning of best practices and skills. Lessons learned will contribute to refined oversight strategy in relation to the AFC Action Plan. With this commitment in mind, MCA-Liberia AFC risk assessment matrix and this Action Plan will be revised and improved regularly during their implementation.

The revisions will include different actions, depending the scope and purpose–

- eliminating some risks and mitigants and amending/adding new ones;
- adopting new actions, which will facilitate detection of fraud and corruptions;
- improving the system for responding to fraud and corruption;
- improving the system for prompt and proportional remediation;
- other actions.

Revisions to the AFC Action Plan may also be initiated by MCA-Liberia management, MCA-Liberia Project Directors, MCA-Liberia Board of Directors, MCC technical staff, and/or MCC Resident Country Director as needed. MCA-Liberia will prepare the final draft for the Board of Director’s information and MCC’s final approval. The final versions of revised AFC Action Plan will be made available on the MCA-Liberia website.

## **Annex A: MCA-Liberia Methodology for Developing the AFC Action Plan**

### **Organization-wide Anti-Fraud and Corruption Training**

A three-day training intervention on MCC's fraud and corruption policy took place in April of 2017 with aim of creating awareness amongst all MCA-Liberia staff members as well as regardless of status. Representatives from several of the IEs were took part in the training. The training covered MCC's Anti-Fraud and Corruption Policy (defining fraud and corruption/applying the policy), mitigating fraud and corruption vulnerabilities (procurement, contract management, admin and financial management and Compact closeout) and preventing corruption (identifying and addressing vulnerabilities). The participants were presented with case studies to expose them to real life occurrences of fraud and corruption related to their specific daily tasks. They also discussed measures which might be taken to reduce the risk and occurrence of fraud and corruption, and the standard mitigants that have been developed by MCC.

### **Joint MCC/MCA-Liberia Working Group on Anti-Fraud and Corruption**

A joint MCC and MCA-Liberia working group was formed to develop and review the Anti-Fraud and Corruption risk assessment matrix. The working group consisted of a core team that worked with MCC and MCA-Liberia technical directors and staff as necessary.

#### **The Core Team**

- James Pierre (MCA-Liberia General Counsel)
- Tshaka Dennis (MCA-Liberia Deputy Chief Executive Officer)
- Lenda Russ (MCA-Liberia Director of Finance and Administration)
- Jacob Slewion (MCA-Liberia Director of Procurement)
- Krystle Cooper (MCA-Liberia Director of Private Sector Development)
- Mike Kramer (Senior AFC Advisor, MCC)
- Chris Williams (Senior Director on AFC, MCC)

### **Kick-Off Activities and Development of AFC Risk Assessment Matrix**

In July of 2017, as the initial stage in the AFC risk assessment process, the Joint Working Group conducted several "kick-off" sessions on fraud and corruption at MCC's headquarters in Washington, DC. It was agreed that MCA-Liberia would draft sector-based AFC risk matrices with close involvement of the MCA-Liberia technical staff.

### **Development of Fraud and Corruption Risk Assessment Matrix**

The sector matrices were developed by the various MCA-Liberia directors after an internal discussion on methodology and development of a template for the AFC risk assessment matrix. The draft matrix identified possible activities of fraud and corruption that may occur during the implementation of each Compact activity and sub-activity by showing the impact and likelihood of the risks on the Compact. It also proposed the appropriate mitigation measures to prevent or limit the impact and likelihood of these risks. MCC Directors and staff independently developed their own version of the AFC risk assessment matrix to encourage creative and wide-ranging consideration of the context relevant to the specific Compact program as well as their professional experience. The consolidated draft matrices were shared between MCA-Liberia and MCC, and then reviewed by the Joint Working Group as part of the Kick-Off Activities.

The matrix was then updated to reflect the discussions and input from representatives of MCC’s AFC Team. Directors focused to identify risks which they saw unfolding during the three years of Compact Implementation, using their experience in the field to suggest mitigation measures.

**Field Visit to MCA-Liberia**

Chris Williams, MCC Senior Director for Anti-Fraud and Corruption, and Mike Kramer, MCC Senior AFC Advisor, arrived in Liberia for a weeklong field visit in April of 2018 to join the MCA-Liberia Core Team in interviewing representatives from the various entities that have a role in implementing the Compact with the aim of revising and editing the Matrix. This included MCA-Liberia senior management, staff, and board members, stakeholders, implementing entities and contractors, and other beneficiaries.

**Individual Interviews with MCA-Liberia Staff**

The MCC delegates, joined by some members of the MCA-Liberia AFC Core Team, met with staff members from each department within MCA-Liberia. Each section of the AFC risk assessment matrix that pertains to each department was discussed. Additionally, the MCA-Liberia staff provided updated information about AFC risks that they uncovered in the months since the matrix was developed. The team members agreed on the final description of risks, the mitigation measures most practical at this stage of the Liberia Compact implementation, and the likelihood and impact of the risks identified. The MCC delegates also advised the MCA-Liberia team members regarding the risks to be addressed in the AFC AP for MCA-Liberia.

**Interviews with MCA-Liberia Contractors**

The MCC team, joined by some members of the MCA-Liberia AFC Core Team, also met with contractors that are paid with Compact funds. The purpose of these discussions was to sensitize contractors about the MCA-Liberia’s and MCC’s stance on corruption and the pro-active measures in place to create an anti-corruption culture in the organization, through training, the development and on-going management of an AFC risk assessment matrix, and the AFC AP. The contractors were also given an opportunity to share their experience and ideas about possible windows of opportunity for fraud and corruption.

The contractors were interviewed in small delegations of two or three persons. They generally welcomed the initiative and actively contributed to the discussions pointing to fraud and corruption risks, proposing prevention measures. The following contractors were interviewed:

	<b>Contractor</b>	<b>Interaction with Joint Team</b>	<b>Services Provided by Contractor</b>
1	Cardno Emerging Markets USA	Interview at MCA-Liberia Office	Fiscal Agent Services
2	Cardno Emerging Markets USA	Interview at MCA-Liberia Office	Procurement Agent Services

3	Price Waterhouse Coopers	Interview at MCA-Liberia Office	Audit Services
4	ESB International	Interview at the Liberia Electricity Corporation Headquarters	Management Services Contract
3	Azorom	Interview at MCA-Liberia Office	LEC Training Center Design Consultant

### Interviews with Government of Liberia Compact Stakeholders

The MCC team, joined by some members of the MCA-Liberia AFC Core Team, also met with representative from the various Government entities that are involved with the implementation of the Compact. This primarily included implementing entities as well as MCA-Liberia Board members and one of the Liberia integrity institutions.

	Government Entity	Interaction with Joint Team	Role in Compact Implementation
1	Ministry of Justice	Interview with the Justice Minister at the Ministry of Justice	The Ministry of Justice is a statutory member of the MCA-Liberia and LEC Board of Directors
2	Liberia Electricity Regulatory Commission	Interview with the Acting Commissioners at the MCA-Liberia Office	The LERC is a an implementing entity
3	Ministry of Public Works	Interview with the Deputy Minister for Administration and other MPW staff	The Ministry of Public Works is a statutory member of the MCA-Liberia Board of Directors. MPW is also intended to be an implementing entity.
4	Liberia Anti-Corruption Commission	Interview with the LACC Chairperson at the LACC Headquarters	LACC is an independent government entity with the mandate to investigate, prosecute and prevent acts of corruption of public officials in Liberia.

### Conclusions and Outcomes of Field Study

- MCC delegates gained valuable insights into progress of the MCA-Liberia Compact Implementation and the realities on the ground.

- The mission embedded the importance of actively driving an anti-fraud and corruption culture with MCA-Liberia leadership, providing tangible measures to develop and implement such culture.
- The MCC/MCA-Liberia Joint Working Group reached final agreement on the high impact risks to be addressed in the AFC AP.
- The MCC/MCA-Liberia Joint Working Group agreed on the revisions that are to be made to the risk assessment matrix.