



MILLENNIUM

CHALLENGE CORPORATION

UNITED STATES OF AMERICA

Reducing Poverty Through Growth



MILLENNIUM

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UNITED STATES OF AMERICA



MCA-Senegal

Board Orientation Workshop

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Objective

The objective of this presentation is to provide Government leaders and members of the Conseil de Surveillance with an overview of the key requirements underpinning the successful implementation the Compact Program, including the critical role to be played by MCA-Senegal.

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Topics for Today's Discussion

- Overview of MCC and the Compact Program
- Core Agreements
- Core Components of MCA-Senegal
- Core Policies to Protect MCA-Senegal
- Key Implementation Issues

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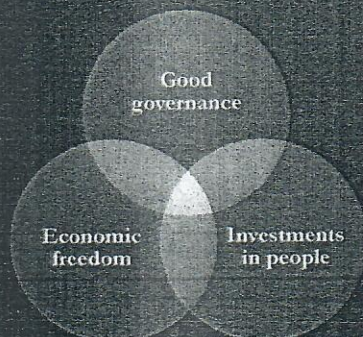
Overview of MCC and the Compact Program

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What is MCC?

- The Millennium Challenge Corporation is a U.S. Government agency designed to reduce poverty through economic growth in select developing countries.



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Overview of MCC and Compact Program



MCC's Mandate

- *To reduce poverty through economic growth*
- Created with bipartisan support by the U.S. Congress in 2004
- Led by a governing Board of Directors:
 - Secretary of State (Chair)
 - MCC Chief Executive Officer
 - Secretary of the Treasury
 - U.S. Trade Representative
 - USAID Administrator
 - Four members of the private sector

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Overview of MCC and Compact Program



What's Different About MCC

Competitive selection

Country ownership
Good policies
Results matter

Country-led design

Country-led implementation

Focus on results

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Overview of MCC and Compact Program

MCA-Senegal Board Orientation Workshop Agenda

January 9, 2014 at 9:00 am

I. Opening Remarks and Introductions

II. Overview of MCC and Compact Program [*MCC RCM and MCC OGC*] (20 minutes)

- A. Introduction to MCC
- B. Role of MCC
- C. The Compact Program
 - 1. Road Rehabilitation Project
 - 2. Irrigation and Water Resource Management Project

III. The Core Agreements [*MCC OGC*] (40 minutes)

- A. Compact
 - 1. Purpose
 - 2. Principal terms
- B. Program Implementation Agreement
 - 1. Purpose
 - 2. Principal terms

BREAK

IV. Core Components of MCA-Senegal [*MCC OGC and MCA-S Legal Director*] (90 min)

- A. MCA-Senegal [*MCC OGC*]
 - 1. Legal Status
 - 2. Implementation Framework
- B. Board of Directors [*MCC OGC*]
 - 1. Form and structure as set out in Compact, PIA and Articles
 - 2. Non-delegable and delegable duties
 - 3. Roles and responsibilities from MCC's perspective
 - a. Strategic Role – managing risks to successful implementation
 - b. Supervisory Role – oversight, approvals and delegations of authority
 - c. Management Role – selecting, evaluating and empowering management team
 - d. Fiduciary Role – duties of care and loyalty to MCA-Senegal; transparency and accountability
 - 4. Role of the MCA-Senegal Legal Director as Board Counsel
- C. Management Unit [*MCA-S Legal Director*]
 - 1. Form and structure as set out in Compact and Articles
 - 2. Roles and responsibilities
- D. Stakeholders Committee

1. Form and structure as set out in Compact, PIA and Articles
 2. Roles and responsibilities
- E. Cellule d'Appui au MCA-Senegal
- F. Principal Agents [*MCA-S Legal Director*]
1. Implementing Entity-roles and responsibilities
 - a. ANSD
 - b. AGEROUTE
 - c. SAED

LUNCH BREAK

V. Policies to Protect MCA-Senegal, its Board and its Staff [*MCC OGC and MCA-S Legal Director*] (Sections V and VI together, 60 min)

- A. Transparency
1. Fundamental principle of Compact implementation
 2. Board's responsibilities
- B. Confidentiality
1. Confidentiality in the context of transparency
 2. Application of confidentiality requirements to Board members, MCA-Senegal staff and members of the Stakeholders Committee
 3. Examples of the kinds of information that should be kept confidential
 4. Elements of a confidentiality policy
- C. Conflicts of Interest
1. Its role as a required element of Compact implementation
 2. Application of conflict of interest requirements to Board members, MCA-Senegal staff and members of the Stakeholders Committee
 3. Types of conflicts
 4. Elements and key procedures of a conflicts of interest policy
- VI. MCC's Anti-Fraud and Corruption Policy
- A. Principal Features
1. Definition
 2. Strategy
 3. Risk Assessment and Action Plan

BREAK

VII. Key Implementation Issues [*MCC RCM, MCC OGC, and MCA-S Legal Director*] (60 minutes)

- A. Disbursement Process [*MCC RCM*]
- B. Key MCC Policies [*MCC OGC*]

1. Core Principles of the Accountable Entities Guidelines and Implementation Structures
2. Cost Principles for Government Affiliates Involved in Compact Implementation
3. Policy on Modifications ✓
 - a. Economic Rate of Return and Beneficiary Analysis
4. Policy on Suspension and Termination
- ✓ C. Role of the Board in Contract Management and Termination [*MCA-S Legal Director*]
- D. Closeout Process [*MCC OGC*]

VIII. Discussion and Questions (30 minutes)

IX. Closing Remarks



Role of MCC

- Ensure effective and efficient administration of Compact Funds
- Oversight
 - Approvals, reporting and auditing requirements
- Provide operational guidance with a view to ensuring results and accountability
- Ensure compliance with Compact and PIA terms and MCC policies and rules

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Overview of MCC and Compact Program



Senegal Compact Summary

- Compact signed in September 16, 2009
 - Road Rehabilitation Project \$324m
 - National Road #2
 - National Road #6
 - Irrigation and Water Resources Management Project \$170m
 - Infrastructure Activity
 - Land Tenure Security Activity
 - Social Safeguard Measures (day care centers)
 - Monitoring & Evaluation \$ 3.8m
 - Program Administration and Audit \$ 42m
 - Total \$540m

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Overview of MCC and Compact Program



Core Agreements between The Republic of Senegal and The United States of America

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- Compact
- Program Implementation Agreement

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Core Agreements



Nature of the Compact and the Program Implementation Agreement

- Each is an international agreement between the United States and Senegal that is governed by international law
- In case of conflict, the terms of the Compact or the Program Implementation Agreement prevail over the laws of Senegal (other than the Constitution)

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Core Agreements



The Compact

- Principal agreement between our two countries that sets out the scope of the program and the terms of the assistance
- Defines the projects that will be implemented
- Establishes the framework through which the compact program will be carried out

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Core Agreements



The Compact

- International Agreement governed by International Law
- Signed: September 16, 2009
- Entry into Force: September 23, 2010
- Expires five years from Entry into Force: September 23, 2015



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Core Agreements



The Compact

- GoS, as party to Compact, has and retains ultimate responsibility for performance of the government's obligations under Compact
- GoS has delegated some (*not all*) of its responsibilities to MCA-Senegal as its permitted designee
- Failure to comply with obligations can result in Compact program suspension or termination (five year term not guaranteed)

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Core Agreements



The Compact

➤ GoS Responsibilities include:

- To prevent conflicts of interest in procurement and contract administration
- To keep (and cause providers to keep) proper accounting books and records of MCC-funded activities
- To ensure access to MCC and its agents to audit, review, evaluate or inspect activities funded with MCC funding (including activities by providers)

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Core Agreements



The Compact

➤ GoS Responsibilities (continued):

- To perform annual audits of all MCC disbursements by an auditor from approved list
- To support reviews and evaluations by MCC and its agents
- Not to enter into any agreement in conflict with the Compact
- To contribute the additional resources explicitly required by the Compact, such as establishment and financing of the *Cellule d'Appui* and audit of existing irrigation maintenance systems (conducted by Ministry of Agriculture – more below)

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Core Agreements



The Compact

➤ GoS must ensure that MCC funding is not used:

- To support abortions or involuntary sterilizations
- For any activity that is likely to cause substantial loss of US jobs or economic production
- To fund any military assistance or training
- In a manner likely to cause a significant environmental, health or safety hazard
- To pay any taxes (MCC funding must be free of taxation)
- In violation of US law, including anti-terrorism, anti-corruption and anti-money laundering statutes

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Core Agreements



The Compact

➤ Reasons the Compact Could Terminate Early:

- Either party may terminate on 30 days notice
- GoS non-compliance with Compact related obligations
- It becomes unlikely the Project Objective will be achieved
- Violation of US law or policy or activities contrary to US national security
- Senegal becomes ineligible for further US economic assistance
- Non-compliance with MCC's eligibility indicators
- Narcotics or drug trafficking activities

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Core Agreements



The Program Implementation Agreement

- Builds on Compact and sets out more precisely:
 - GoS obligations and responsibilities with respect to MCA-Senegal
 - Required periodic reports related to oversight and management of implementation
 - Certain MCC approval rights
 - Procedures for disbursement of MCC Funding
 - Terms and conditions under which MCC Funding is disbursed, including:
 - administrative and legal conditions to disbursements
 - some project and activity level conditions to disbursements

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Core Agreements



The Program Implementation Agreement

- Key legal conditions to disbursements (Irrigation):
 - Prior to any disbursement for irrigation construction work, GoS must adopt irrigation maintenance action plan based on audit results. Action plan subject to MCC approval. Subsequent disbursements conditioned on continued compliance with action plan.
 - Prior to any disbursement for irrigation construction works, GoS, through appropriate administrative entity, must adopt an *arrete* establishing process and criteria for land allocation consistent with core principles in PIA; and an *arrete* creating technical land allocation committees to support rural and communal councils

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Core Agreements



The Program Implementation Agreement

➤ Key legal conditions to disbursements (Roads):

- Prior to any disbursement of Program funds for road construction work, GoS must reduce the shortfall between maintenance budget provided to AGEROUTE and the maintenance budget requirements of AGEROUTE. The PIA includes annual budget targets that must be complied with for assistance to continue

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Core Agreements



Core Components of Millennium Challenge Account Senegal (MCA-Senegal)

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MCA-Senegal Legal Status

- MCA-Senegal was established by decree n°2009-1447, dated December 30, 2009 as:

une entité juridique autonome dotée de la personnalité morale et de l'autonomie financière.

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Core MCA-Senegal Components



MCA-Senegal Legal Status

- Under the Compact and decree n°2009-1447, MCA-Senegal has been designated by the GoS to implement the Compact Program and to exercise and perform the Government's rights and responsibilities with respect to the oversight, management and implementation of the Program.

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Core MCA-Senegal Components



MCA-Senegal's Implementation Framework

- The Board (le Conseil de Surveillance)
- The Management Unit (la Direction Générale)
- The Stakeholders' Committee (le Comité des Parties Prenantes)
- Principal Agents

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Core MCA-Senegal Components



Conseil de Surveillance

- Basic structure and responsibilities set out in:
 - The Compact (Annex I, Section B(3)(c))
 - Program Implementation Agreement (Section 1.3)
 - MCC's Governance Guidelines
 - Decree n°2009-1447, dated December 30, 2009 (the MCA Establishment Decree)
 - MCA-Senegal's reglement interieur

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Core MCA-Senegal Components



Conseil de Surveillance

- Includes 13 voting members
 - 9 voting members representing the Government
 - 4 voting members representing the private sector and civil society/NGOs
- Includes 2 non-voting observers – one MCC representative and the Director General of MCA-Senegal
- Any modifications to size, makeup or changes to members subject to approval of MCC

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Core MCA-Senegal Components



Conseil de Surveillance

- Observers have right to receive all notices and other materials, attend all meetings and participate in discussions
- Members may not receive remuneration (other than for reasonable expenses related to attending meetings, as otherwise consistent with approved budget)

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Core MCA-Senegal Components



Conseil de Surveillance

- Meetings to be held at least once a quarter
- Quorum – majority of Members (7)
- Each member has one vote
- Decisions made by a majority of members present at a meeting with a quorum
- Voting members allowed to appoint alternates
- President to chair all meetings, in absence of President, meeting is chaired by the designated alternate

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Core MCA-Senegal Components



Conseil de Surveillance

- The MCA Establishment Decree provides (Article 6) that the Conseil may appoint committees consisting of members and observers from the Conseil :
 - to perform functions of the Conseil assigned to the committee (e.g., approval of contracts and other procurement matters)
 - to advise the Conseil on a particular matter referred to the committee

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Core MCA-Senegal Components



Conseil de Surveillance

➤ Critical roles for the Conseil:

- Strategic
- Supervisory
- Developmental
- Fiduciary

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Core MCA-Senegal Components



Conseil de Surveillance

➤ The Conseil's strategic role

- critically consider the principal risks to successful Compact implementation and work with management to develop solutions within the Compact's framework
- ensure Compact implementation is carried out in a manner that enhances – and does not conflict with, duplicate or supplant – the GoS' overall agenda for poverty reduction and economic growth in Senegal

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Core MCA-Senegal Components



Conseil de Surveillance

- The Conseil's supervisory role
 - oversee -- but not manage on a day-to-day basis -- MCA-Senegal and Compact implementation by ensuring implementation complies with and furthers the Compact's stated "Program Objective" and the "Project Objectives"
 - ensure that MCA-Senegal and the GoS meet their obligations under the Compact and related agreements

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Core MCA-Senegal Components



Conseil de Surveillance

- The Conseil's supervisory role (continued)
 - perform functions and critically consider approvals and authorizations required of the Conseil under the terms of the Compact, the Program Implementation Agreement, MCC's Governance Guidelines, the MCA Establishment Decree and MCA-Senegal's reglement interieur
 - delegate the authority to the Director General and Direction Générale necessary to perform their principal responsibility under the Compact -- the overall management of the implementation of the Compact

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Core MCA-Senegal Components



Conseil de Surveillance

➤ The Conseil's supervisory role (continued)

- As part of its supervisory role, MCC's Governance Guidelines provide that the Conseil must approve certain documents, agreements and actions
- The list of required approvals is reflected in Article 5(A) of MCA-Senegal's reglement interieur
- This list of required approvals *cannot* be delegated by the Conseil, unless otherwise explicitly agreed by MCC

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Core MCA-Senegal Components



Conseil de Surveillance

➤ The Conseil's developmental role

- the MCA Establishment Decree provides that the Conseil should approve the selection of the Director General, and the MCA Establishment Decree and MCC's Governance Guidelines provide that the Conseil (and MCC) must approve the appointment and dismissal of the Director General
- the MCA Establishment Decree and MCA-Senegal's reglement interieur provide that Director General will select other Key Staff, subject to MCC non-objection. The dismissal of Key Staff is subject to Conseil (and MCC) approval

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Core MCA-Senegal Components



Conseil de Surveillance

➤ The Conseil's fiduciary role

- Generally, the responsibility to safeguard Compact funds and Program Assets
- Specifically, two distinct responsibilities:
 - **duty of loyalty** – members to place the interest of MCA-Senegal above others -- relates primarily to transparency, accountability, conflicts of interest and confidentiality
 - **duty of care** – members to be informed and to participate in meetings and decisions prudently

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Core MCA-Senegal Components



Conseil de Surveillance

➤ The Conseil's fiduciary role

- Generally, the responsibility to safeguard Compact funds and Program Assets
- Specifically, two distinct responsibilities:
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 - **duty of care** – members to be informed and to participate in meetings and decisions prudently

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Core MCA-Senegal Components



Role of the MCA-Senegal Legal Counsel as Counsel to the Conseil

- Counsel to the Conseil
- Maintenance of corporate records
- Supervision of staff assisting with board functions
- Delegation of secretarial functions
- Other powers incidental to corporate secretary to the board
 - Keeping board informed between meetings

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Core MCA-Senegal Components



Direction Générale

- Basic structure and responsibilities set out in:
 - The Compact (Annex I, Section B(3)(c))
 - Program Implementation Agreement
 - MCC's Governance Guidelines
 - MCA Establishment Decree
 - MCA-Senegal's reglement interieur

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Core MCA-Senegal Components



Direction Générale

- Director General
 - Must be selected using an open and competitive recruitment and selection process
 - Responsible for day-to-day management of MCA-Senegal, and other duties set out in the MCC Governance Guidelines, the MCA Establishment Decree, the règlement intérieur and as otherwise delegated/directed by the Conseil
- Appointment and dismissal of Director General subject to approval of Conseil and MCC

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Core MCA-Senegal Components



Direction Générale

- Other Key Staff
 - Set out in the Compact (Annex I, Section (B)(3)(c)), MCC's Governance Guidelines and MCA-Senegal's règlement intérieur
 - Appointed by CEO. Dismissal subject to approval of the Conseil (and MCC)
 - Must be selected using an open and competitive recruitment and selection process
- Appointment and dismissal of Key Staff subject to approval of MCC

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Core MCA-Senegal Components



Direction Générale

➤ Critical roles for the Direction Générale:

- Assist the Conseil in its oversight responsibilities
- Principal responsibility for overall day-to-day management of Compact implementation
- Development and administration of plans, reports, procedures, procurements and other documents and actions required under the Compact or otherwise necessary for implementation
- Conduct and oversee procurements necessary to implement the Compact

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Core MCA-Senegal Components



Comité des Parties Prenantes

➤ Critical roles for the Comité:

- Continue the consultative process throughout Compact implementation
- Provide private sector, civil society and local and regional governments opportunity for input into implementation process
- Inform stakeholders about implementation
- Not a framework for direct participation in governance, decision-making and management

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Core MCA-Senegal Components



Principal Agents

- Fiscal Agent
- Procurement Agent
- Bank
- Implementing Entities

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Core MCA-Senegal Components



Implementing Entities

- MCA-Senegal has executed 3 Implementing Entity Agreements with governmental entities. These IEs will assist MCA-Senegal with implementation of the Program and receive technical assistance or support from MCA-Senegal under the Program:

- ANSD
- AGEROUTE
- SAED

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Core MCA-Senegal Components



Implementing Entities

➤ Critical Roles:

- Specific roles delegated by MCA-Senegal
- Implementing Entity performs delegated responsibilities as set forth in Implementing Entity Agreement as directed by MCA-Senegal
- Receive technical assistance or support from MCA-Senegal under the Program
- Implementing Entity arrangements do not relieve MCA-Senegal (or Government) of Compact responsibilities

Core MCA-Senegal Components

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Cellule d'Appui au MCA-Senegal

- To be established, and exclusively run and financed by the GoS to assist MCA-Senegal with certain key functions. The Cellule is related to, but separate from the Compact Program
- Basic structure and responsibilities set out in:
 - The Compact (Annex I, Section B(3)(c))
 - MCA Establishment Decree
 - Arrete establishing the Cellule d'Appui

Core MCA-Senegal Components

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Cellule d'Appui au MCA-Senegal

➤ Will perform the following functions:

- Assist MCA-Senegal and contractors to obtain tax exemptions provided under the Compact
- Provide administrative and financial assistance to MCA-Senegal, including managing GoS financial obligations under Compact
- Monitor and evaluate Senegal's performance on MCC's eligibility criteria (more later)
- Manage implementation of additional social development activities financed by GoS outside of Compact (les mesures d'accompagnement.)

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Core MCA-Senegal Components



Core Policies to Protect MCA-Senegal

Transparency, Confidentiality and Conflicts of Interest

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Transparency

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Transparency and Accountability Fundamental Principles of Compact Implementation

- Addresses the needs of stakeholders
- Builds public confidence and trust
- Allows informed debate on important issues
- Creates a deterrent to fraud and corruption

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Transparency



Examples of Specific Transparency and Accountability Requirements

- MCA-Senegal to maintain a Website and post certain documents, including key agreements and minutes of meetings of the Conseil and the Comité des Parties Prenantes
- MCA-Senegal to maintain an e-mail suggestion box open to the public
- Solicit recommendations and opinions from Comité des Parties Prenantes

Transparency

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Confidentiality

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Confidentiality in a World of Transparency

- Even in an environment of transparency there is a need for confidentiality with respect to some information
- Improper use of certain information can cause harm:
 - Unfairness in procurement actions
 - Identity theft
 - Fraud

Confidentiality

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Confidentiality

- From the Program Implementation Agreement:
 - "....information relating to procurements prior to the award of a contract and confidential information relating to MCA-Senegal's agreements with employees, contractors, and consultants will be excluded from the information and documents made publicly available...." (Section 2.12(c))
- More generally, MCC's Governance Guidelines impose an obligation of confidentiality on MCA-Senegal, including all Conseil members, all staff and all Comité members.

Confidentiality

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Examples of Kinds of Information that Should be Kept Confidential

- Personnel matters
- Information relating to conflicts of interest
- Procurement matters prior to final contract award
- Certain contract administration matters

Confidentiality

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Examples of Kinds of Information that Should be Kept Confidential (continued)

- Information to be used in negotiations or legal proceedings
- Information received in confidence or under an obligation of confidentiality (e.g., proprietary information)
- Other data agreed by MCA-Senegal and MCC

Confidentiality

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A Fundamental Exception

➤ From the Program Implementation Agreement

"MCC may use or disclose any information provided to it in any Disbursement Request, report, or other document developed or delivered in connection with the Program (i) to its employees, contractors, agents and representatives, (ii) to any United States Inspector general or the General Accountability Office, or otherwise for the purpose of satisfying MCC's own reporting requirements, (iii) to post on its website for the purpose of making certain information publicly available and transparent, (iv) in connection with publicizing MCC and its programs, or (v) in any other manner." (Section 2.12(e))

Confidentiality

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Conflicts of Interest

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Avoidance of Conflicts of Interest Required by the Compact

➤ From MCC's Governance Guidelines:

"The Board should ensure that no Board member, employee, agent, member of the Stakeholders Committee, member of the Management Unit, or representative of [MCA-Senegal] shall participate in the selection, award, or administration of a contract, grant or other benefit or transaction financed in whole or in part by MCC Funding in which..." any such person has a personal interest or may personally benefit, or which presents a conflict of interest.

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Conflicts of Interest



Those Covered by Conflict of Interest Requirements

- Members of the Conseil and the Comité des Parties Prenantes
- Key Staff, and any other employee, agent or representative of MCA-Senegal
- Any member of any of their immediate family or household or any business partner or organization substantially involving any such person

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Conflicts of Interest



Types of Conflicts Covered

- Actual
- Potential
- Apparent
- Each type treated the same

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Conflicts of Interest



Principal Concepts

- No participation at any stage in transactions (whether with or on behalf of MCA-Senegal) in relation to which a covered person has a conflict of interest
- No gifts, favors or other benefits sought, given or received for or from a covered person, including on behalf of another
- No activity giving the appearance of a conflict of interest

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Conflicts of Interest



Key Procedures for Preventing Conflicts of Interest

- Full disclosure
- Conseil and MCC determination:
 - to authorize or reject the transaction
 - to take any other necessary action to protect the best interests of MCA-Senegal
- No participation in any stage of the relevant transaction or process

Conflicts of Interest

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MCC's Anti-Fraud and Corruption Policy

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MCC's Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC Operations

- Established March 2009; Revised July 2012
- MCC's strategy for working in partnership with MCAs to minimize risks of fraud/corruption
- Features:
 - Principle that both MCC and MCA have fiduciary responsibility to protect Compact funds - (MCA is the *"first line of defense"*)
 - MCC definitions of fraud/corruption
 - Activities required for both MCC and MCAs
 - Actions MCC can take when fraud/corruption is suspected
 - Provisions for reporting fraud/corruption

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Anti-Fraud and Corruption



MCC's Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC Operations

- Definitions of fraud and corruption:
 - *Coercive Practice: Directly or indirectly impairing or harming, or threatening to impair or harm, persons or their property to exert influence, obtain benefit or avoid obligation*
 - *Collusive Practice: Scheme or arrangement between two or more individuals to artificially set prices or deprive MCA of competitive process*
 - *Corrupt Practice: Offering, giving, receiving or soliciting anything of value in violation of applicable laws to exert influence, obtain benefit or avoid obligation*
 - *Obstructive Practice: Destroying, falsifying, altering or concealing evidence, making false statements, or threatening, harassing or intimidating 3rd parties*
 - *Fraudulent Practice: Any act or omission or misrepresentation to exert influence, obtain benefit or avoid obligation*
 - *Prohibited Practice: Any action that violates compliance with MCC's General Provisions Annex, including: Anti-Corruption Legislation, Anti-Money Laundering Legislation, Terrorist Financing Statutes and Other Restrictions*

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Anti-Fraud and Corruption

MCC and MCA Anti-Fraud and Corruption Strategy

MCC AND MCA
ANTI-FRAUD AND
CORRUPTION
TRAINING

JOINT COMPACT-
SPECIFIC FRAUD
AND
CORRUPTION
RISK
ASSESSMENT

MCA RISK
ASSESSMENT
ACTION PLAN
AND PROGRESS
REPORTS

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Anti-Fraud and Corruption

Joint Fraud and Corruption Risk Assessment

- Joint MCC and MCA discussion to identify and prioritize the risks in each compact activity
- Develop new, targeted safeguards to address each risk (with no additional MCC Funding)
- Process is key > RAISING AWARENESS
- Risk assessment matrix is confidential (to be shared with MCA Conseil)

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Anti-Fraud and Corruption



Anti-Fraud and Corruption Action Plan and Progress Reports

- Development of Action Plan is MCA's responsibility – Should be focused on high probability risks from risk assessment
- Final Action Plan requires approval from MCC and Conseil
- Transparency – Must be posted on MCA's website
- Action Plan Progress Reports: MCA responsible for implementing the Action Plan and managing the risks of fraud and corruption
 - MCA's Conseil and MCC's RCD are responsible for monitoring implementation of the Action Plan
 - MCA-Senegal is required to submit periodic reports of progress on implementing Action Plan to the Conseil
 - Transparency – Progress Reports also posted on MCA website

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Anti-Fraud and Corruption



Key Implementation Issues

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Disbursement Process

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Key Implementation Issues



Disbursement Requests/Reports

- Quarterly Disbursement Request and Reports Package (QDRP) submitted by MCA-Senegal for:
 - 609(g) Funding
 - Compact Funding
- The QDRP is a package of standard reports due 20 days before the beginning of each calendar quarter (i.e., approximately March 10, June 10, September 10, and December 10)
- An annual supplementary report due October 30 each year addressing achievement of Compact goals and Program/Project objectives, accomplishments not previously reported, developments in the consultative process, donor coordination, lessons learned, etc.

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Key Implementation Issues



Disbursement Requests/Reports

- Standard Reports include:
 - Detailed Financial Plan (DFP)
 - Quarterly Financial Report (QFR)
 - Disbursement Request (DR)
 - M&E Indicator Tracking Table (ITT)
 - Conditions Precedent (CP) Report
 - Narrative Report
 - Procurement Performance Report (PPR)
- Other Reports/Documents include:
 - Fiscal Agent Certificate
 - Procurement Agent Certificate
 - Government/MCA Disbursement Certificate

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Key Implementation Issues



Key MCC Policies

- Core Principles of the Accountable Entities Guidelines and Implementation Structures
- Cost Principles for Government Affiliates Involved in Compact Implementation
- Policy on Modifications
- Policy on Suspension and Termination

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Key Implementation Issues



Core Principles of the Accountable Entities Guidelines and Implementation Structures

- Principles codified in Decree n°2009-1447, dated December 30, 2009 (the MCA Establishment Decree)
- MCA as an entity:
 - Accountable-central point of contact and accountability for Compact for MCC, GoS, contractors, and public
 - Independent- final decision-making and operational authority independent from undue political influence
 - Transparent- include civil society and private sector
 - Commitment to open and competitive process including for procurements (MCC's PPGs) and staff appointments

Key Implementation Issues

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Cost Principles for Government Affiliates Involved in Compact Implementation

- Internal MCC framework providing guidance on allowable costs and permissible use of Compact Funds
- Central premise is that MCA must administer Compact funds efficiently and effectively through the application of sound management practices
 - Costs must be allowable, allocable and reasonable

Key Implementation Issues

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Policy on Modifications

➤ MCC's Modifications Policy - *What is it? Why is it needed?*

- The Modifications policy outlines MCC's internal change control process
- Adopted in reaction to significant changes experienced in nearly all Compact Programs during implementation
- Establishes a single process within MCC for evaluating and approving Modifications to Compact Programs
- Defines what constitutes a Modification for MCC's purposes
- Describes how MCC assesses, and who within MCC is authorized to approve, Modifications

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Key Implementation Issues



Policy on Modifications

➤ Two Categories of Modifications:

- "Change in Cost": (i) any increase in the costs estimated for a particular Project or Activity (whether financed with MCC Funding, Government/other funds, or any combination) or (ii) any movement or any change to the designations and allocations of MCC Funding within or among any of the Projects or Activities in the Compact Program – i.e. any reallocation of funds
- Ex: A Change in Cost may result from increased cost estimates resulting from the completion of feasibility studies, or detailed designs, or receipt of bids/contract awards, or even increases resulting from contract modifications; also results when funds are shifted from one Project/Activity to another to cover budget shortfalls

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Key Implementation Issues



Policy on Modifications

➤ Two Categories of Modifications:

- "Change in Scope": (i) any significant change to the scope, scale, or substance of a Compact Program, (ii) any change that results in the elimination of any Project, Activity, or sub-Activity, or the creation of a new project, activity, or sub-activity, or (iii) any change to any Project, Activity, or sub-Activity that results in a change in the expected beneficiaries and/or the economic rate of return (ERR) for the impacted Project, Activity, or sub-Activity
- Ex: A change that reduces the kilometers of road or the number of pumping stations being rehabilitated under a Compact; a change eliminating a category of agricultural training; new data indicating overstated benefit streams, thereby reducing the ERR

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Key Implementation Issues



Policy on Modifications

➤ Key Considerations for MCAs:

- The importance of ERRs and beneficiaries to MCC's analysis:
 - critical in determining who at MCC must approve the Modification and how MCC assesses the Modification
 - may require the collection of new/additional data
 - seemingly small cost increases or minor changes in scope may have larger than expected impacts on ERRs and/or beneficiaries, therefore requiring additional analysis and data collection
 - MCAs advised to familiarize themselves with ERR models and benefit streams, and present data responsive to these issues from the outset
- Even if the Government agrees to fund cost overruns (Changes in Cost), this still constitutes a Modification; the policy considers total project costs regardless of who pays
- A Modification can be both a Change in Cost and a Change in Scope, and a Change in Cost is often preceded by, or requires, a related reallocation
- Documenting Modifications between MCC and country partners unaffected; remains governed by provisions of the Compact

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Key Implementation Issues



Role of the Board in Contract Management and Termination

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Role of the Conseil in Contract Management and Termination

➤ Contractors and Engineers

- Provide strategic direction to MCA management on contract management
- Assist MCA in addressing principal risks
- Remain informed on contract implementation and challenges
- Ensure Ministers and senior government officials are informed on program activities and contract performance

➤ Implementing Entities

- Assist Management Unit in ensuring performance of implementing entity
- Ensure information sharing within the relevant ministries

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Role of Board in Contract Management



Closeout Process

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Overview

- Principles and Authorities
- Timeline
- Key Issues:
 - Closure expenses
 - Disposition of assets
 - Post-compact treatment of MCA
 - Transfer of contracts and guarantees
 - Steps to Closure

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Closeout Process



Principles and Authorities

- Millennium Challenge Act - Section 609(j): Duration of Compact cannot exceed 5 years
- No commitments or expenditures of MCC Funding after Compact End Date, except for closure activities during 120-day Closure Period
- Sustainability
- Program Closure Guidelines

<http://www.mcc.gov/documents/guidance/guidelines-compact-programclosure.pdf>

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Closeout Process



Timeline

PROGRAM CLOSURE TIMELINE

120 Day Compact Closure Period



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Closeout Process



What is a Closure Expense?

- Defined in Program Closure Guidelines
 - Expenses incurred after the Compact End Date for activities necessary for the orderly closure of the Program and, if applicable, the winding-up of the Accountable Entity, as described in Section 5.3
- Include:
 - Settlement of invoices
 - Securing sites for health and safety hazards
 - Final reports, audits, disposition of assets
 - Punch list items
 - Various M&E expenses
 - Staff expenditures related to closure activities

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Closeout Process



Closure Expense

- Do not include:
 - Expenses to continue or complete unfinished projects or activities, and no advance payment for unfinished projects or activities
 - Supervising engineer services (except as required to certify invoices and final payments)
 - Staff that are not required for closure

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Closeout Process



Disposition of Assets

- Grant; sell; recycle
- Sustain the objectives of the Compact
- Due diligence of recipient and disposition proposal
- Prohibited uses
- Financial assets: credit facilities and funds
- Removal of sensitive information and logos
- Storage of records

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Closeout Process



Steps to Closure

- MCA Board approval of Program Closure Plan
- Implementation Letter approving PCP
- Legal Opinion
- Amendments to Closure Plan – MCC non-objection and documented in annex to plan
- Implementing Closure Plan – asset disposition/grant agreements, transfers, etc.
- MCA Closure Certificate (potentially)
- MCC Closure Letter – End of Closure Period
- Post-compact Reporting and Cooperation

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Closeout Process



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