

**Millennium Challenge Account- Togo Action Plan for The
Prevention, Detection, And Remediation Of Fraud And Corruption
In Threshold Program Between The Governments Of Togo And The
United States**

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1 INTRODUCTION

Through the Millennium Challenge Corporation, the U.S. government entered a Threshold Program on February 14, 2019 with the Togo Government to provide \$ 35 000 000 to ICT Project and LRAP Project. OMCA-Togo (Organisme de mise en oeuvre du Millennium Challenge Account) will implement the program in partnership with MCC. OMCA-Togo recognizes that any funds lost to fraud or corruption will compromise the program's objective, the reduction of poverty through fostering economic growth. It acknowledges that the program requires the Togo Government to return any program funds lost due to fraud or corruption.

2 PURPOSE

This Anti-Fraud and Corruption (AFC) Action Plan is intended to describe the policies and practices used by OMCA- Togo to identify, address, and reduce the highest risks of fraud or corruption in the use of MCC funds. The AFC Action Plan also provides information to OMCA- Togo's Board of Directors, as well as to MCC and the intended beneficiaries of the MCC-funded program, so that they will be able to assess the extent to which OMCA- Togo has implemented the AFC Action Plan through semi-annual updates.

3 SCOPE

This AFC Action Plan applies to all recipients of funding from and beneficiaries of the program. This includes the OMCA- Togo's Board of Directors and its staff; any government entity that by contract or grant implements any part of the program (referred to as Implementing Entities or IEs); and all consultants to, contractors hired by, or grantees receiving funds from OMCA- Togo.

4 CONTENT

The MCC and OMCA- Togo's policies summarized and explained below aim to prevent fraud or corruption in program operations. This plan identifies five (05) areas where the risk of fraud or corruption is especially great and where OMCA-Togo and MCC staff judged that prevention measures and mitigants beyond those in current policies are required. The five (05) areas identified and the additional measures that OMCA- Togo will take are listed in section six below.

5 ROLE OF OMCA- TOGO BOARD AND MCC

The AFC Action Plan was submitted to the OMCA- Togo Board of Directors in November 2022. The Board approved it in December 2022. The Board will review and approve AFC Action Plan Implementation Reports on a semi-annual basis, with the approved reports to be posted on OMCA-Togo's website.

6 HIGH RISK AREAS/ADDITIONAL PREVENTIVE MEASURES

An OMCA- Togo / MCC joint working group examined each program activity for fraud and corruption risks using the type of process that the Organization for Economic Cooperation and Development (OECD), the United Nations, and the World Bank recommend private sector

companies follow to develop a corruption prevention plan. The working group concluded that in all but the following five (05) areas, no additional preventive measures were required beyond those already incorporated into the policies and procedures that OMCA-Togo follows. The five (05) areas and the additional measures are listed in the table below.

6.1 ICT Regulator strengthening

Sector Risk	ICT Project
Description of Risk	The ICT consulting firm hired by OMCA-Togo to help implement the ICT Project orients proposed regulations in favour of an individual or a group, such as a specific government entity or specific private sector firms
Additional Prevention Measure(s)	<ul style="list-style-type: none"> • Implementation of a robust stakeholder engagement plan; • Ensure appropriate transparency by making information available to relevant stakeholders
Timing	Throughout the implementation of the ICT Project
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Director of ICT Project

6.2 Development of land reform methodologies

Sector Risk	LRAP project
Description of Risk	Specific pilot sites are selected based on non-objective criteria, such as political pressure, favouritism by high-level officials, or bribes to team leading the selection
Additional Prevention Measure(s)	<ul style="list-style-type: none"> • Publication and use of objective selection criteria
Timing	Before and during the selection of pilot sites
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Director of LRAP Project

6.3 Submission of fraudulent data to save money or time

Sector Risk	Monitoring & Evaluation
Description of Risk	<ul style="list-style-type: none"> • Contractors or Implementing Entities knowingly submit deliverable reports with incorrect progress data because they didn't collect all of the data and used made-up for the missing information

	<ul style="list-style-type: none"> • Pressure on survey takers and/or respondents
Additional Prevention Measure(s)	Unannounced monitoring visits and spot checks by OMCA-Togo staff (M&E and technical leads)
Timing	Throughout the implementation of the Threshold Program
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Director of Monitoring & Evaluation

6.4 Uneven representation on Technical Evaluation Panels (TEP)

Sector Risk	Procurement
Description of Risk	Selecting intentionally unqualified TEP members, or TEP members that can be influenced by others, that causes poor evaluation results of the bids and not selecting the best value offer
Additional Prevention Measure(s)	<p>Include members from various parties requesting most qualified</p> <ul style="list-style-type: none"> * No imposed members are accepted * Verification of CVs of members of panel by OMCA-Togo procurement team
Timing	
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Director of Procurement

6.5 Corruption of contract managers for validation of erroneous/falsified deliverables

Sector Risk	Administration and Finance
Description of Risk	OMCA-Togo personnel knowingly approve consultants' falsified deliverables
Additional Prevention Measure(s)	<p>Verification and review of deliverables by multiple qualified personnel, including by MCC and personnel from Implementing Entities</p> <ul style="list-style-type: none"> * Unannounced spot checks by qualified individuals other than the contract manager of activities arranged by contractors * Require contractors to submit contemporaneous photos of trainings, meetings, or similar events * Publish non-confidential reports and deliverables on OMCA-Togo website * Training and sensitization of contract managers

Timing	As and when needed
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Contract Manager

7 ADDITIONAL PROGRAM-WIDE PREVENTION MEASURES

Besides the activity-specific measures listed in Section 6, the joint OMCA- Togo / MCC working group determined additional program-wide measures would further the prevention of fraud and corruption. Each is listed below along with the date or dates on which they will be implemented.

Measure	Implementation Date
AFC posters posted at all job sites	
AFC training with program grantees	After each tranche of grant awards
AFC training for new OMCA- Togo staff	As determined by MCC and OMCA- Togo

8 REVISIONS AND MONITORING

Revisions to the AFC Action Plan can be initiated by OMCA- Togo management, staff, and Board members, and by MCC technical staff and the MCC Resident Country Director. OMCA- Togo will prepare the final draft for approval by the Board and no-objection by MCC. The final version of revised AFC Action Plan will be made available on the OMCA- Togo website.

9 DEVELOPMENT OF THE AFC ACTION PLAN

This AFC Action Plan was developed using a method similar to that described in the *Anti-Corruption Ethics and Compliance Handbook for Business*, jointly authored by the Organization for Economic Cooperation and Development (OECD), the United Nations Office on Drugs and Crime (UNODC), and the World Bank. A growing number of governments are requiring private companies that are subject to their jurisdiction to implement an anticorruption prevention program following this type of method.

Training on preventing fraud and corruption in the program and how develop the AFC Action Plan was delivered to OMCA- Togo staff and the projects stakeholders in June 2022. A joint OMCA Togo /MCC AFC Working Group was then established to work with OMCA- Togo and MCC technical staff to develop a list of specific potential risks of fraud or corruption that could be encountered during the implementation of the MCC-funded program. As the risks were identified, the AFC Working Group also identified measures in the various OMCA- Togo and MCC policies that would reduce if not eliminate them.

For each risk, the AFC Working Group worked with technical staff to judge whether existing policies sufficiently reduced or mitigated the risk, and if they did not, what additional measures could be

taken. The AFC Working Group and technical staff rated the probability each risk would occur and its impact if it did using a three-level classification: “high,” “medium,” or “low.”

The resulting AFC risk register was reviewed and discussed in extended consultations between OMCA- Togo, MCC personnel, and MCC AFC personnel.

Based on the AFC Working Group’s analysis and the review of the AFC risk register, OMCA Togo and MCC staff agreed on the risks shown in Section Six and the additional mitigants required to prevent them. The process is described in more detail in Annex A.

10 MCC POLICIES TARGETED AT PREVENTING FRAUD AND CORRUPTION

Following U.S. government law, MCC’s Policy on Preventing, Detecting and Remediating Fraud and Corruption requires all MCC staff, OMCA- Togo staff, consultants, contractors, and grantees “to promptly report suspected incidents of fraudulent or corrupt practices” to MCC or the Inspector General of the U.S. Agency for International Development. Fraudulent or corrupt practices are defined to include not only bribery and fraud but any act that covers up or obstructs an investigation of them. OMCA-Togo staff are also required to disclose any potential conflict between their personal interests and those of OMCA- Togo. More details on the policy are at Annex B.

MCC has required OMCA- Togo to establish policies governing personnel and financial management, the procurement of goods, services, and works, and to publish HR manual with the standards of conduct all employees must meet. All contribute to the prevention of corruption. They are described in the following section.

11 OMCA- TOGO POLICIES THAT HELP PREVENT FRAUD AND CORRUPTION

In accordance with the program, OMCA- Togo has promulgated the following policies, each of which contributes to the prevention of fraud corruption.

11.1 Fiscal Accountability Plan

OMCA- Togo adopted its Fiscal Accountability Plan (FAP) in July 2022. It sets rules for all financial and procurement actions undertaken by OMCA- Togo. These rules on the recording and verification of all expenditures and the establishment of strong internal controls help prevent corruption.

11.2 MCC Procurement Guidelines and Standard Bidding Documents

OMCA- Togo conducts its procurements in compliance with MCC’s Program Procurement Guidelines (“PPG”) and with OMCA-Togo’s Program Implementation Agreement signed with MCC. OMCA- Togo also has hired two (02) consultants as its Procurement Agents (PA), and with the Procurement Agents has produced a Procurement Operations Manual. OMCA- Togo also uses Standard Bidding Documents, prepared by MCC, to improve the quality of its procurement efforts. Together, these documents provide:

- Detailed procurement processes and guidelines,
- Clear delegation of staff roles involved in procurement,

- Guidance on treatment of actual and potential conflicts of interest, and
- Promotion of transparency through publication of procurements and contract awards on the OMCA- Togo website and international procurement sites, which are all critical corruption prevention measures.

11.3 OMCA- TOGO Bid Challenge System

Under the MCC funded program, OMCA- Togo must procure all goods, works and services to implement the program in accordance with the MCC PPG. The PPG requires OMCA- Togo to establish and publish a bid challenge system that provides bidders on OMCA- Togo procurements with the ability to challenge and seek review of OMCA- Togo procurement actions and decisions. To comply with these requirements, OMCA- Togo has established the rules and procedures, referred to as its Bid Challenge System or BCS, to govern the review of all challenged OMCA- Togo procurements. The ability of disappointed bidders to challenge procurements deters corruption, and where a procurement was corruptly conducted, an important means for detecting it.

11.4 OMCA- Togo Conflict of Interest Policy

OMCA- Togo adopted in September 2021 a policy to manage conflicts of interest that staff and Board members may encounter. The policy regulates what gifts OMCA- Togo staff and Board members may receive.

The policy also provides that where a staff member believes a conflicting interest may arise between his or her personal financial interests and the interests of OMCA- Togo, they are to consult with the OMCA- Togo legal team on how to address it. The policy also provides that where someone might think they could not act impartially due to a personal friendship or other connection, they should alert the OMCA- Togo legal team as well.

Since the adoption of the OMCA- Togo Conflict of Interest Policy, staff and Board members have been required to submit declarations of conflicts of interest on a yearly basis.

11.5 Standard Employment Contract

OMCA- Togo issued its Employee Standard Employment Contract in September 2021. It ensures consistency and equity in human resource specific issues and the maintenance of a conducive and enabling working environment, and thus helps to prevent favouritism.

11.6 OMCA- TOGO Performance Management System

OMCA- Togo Performance Management System to manage and incentivize staff performance is being finalized.

11. 7 Land Reform for Agriculture Productivity (LRAP) project Implementing Entities Agreement (IEA)

LRAP project IEA signed with four ministries (Agriculture, Urbanism, Economy and Finance and decentralized administration) attempts to integrate safeguards against Fraud and Corruption by:

- 1) including a budget carefully tailored to finance defined activities;
- 2) detailing a disbursement process that defines roles and responsibilities of all parties throughout the disbursement cycle and that is under the management of a specially-recruited administrative assistant hired solely to manage IEA expenditures.

ANNEX A: METHOD USED TO DEVELOP OMCA- TOGO AFC ACTION PLAN

Organization-wide Anti-Fraud and Corruption Training

A three-day training intervention on fraud and corruption took place in June 2022 to create awareness amongst all staff members regardless of status and designation in OMCA- Togo. The training covered fraud and corruption risks related to program start-up (project design and beneficiary selection), program implementation (procurement, contract management, and financial/administrative management) and program closeout. The participants were presented with case studies and concrete examples 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/OMCA-Togo AFC Working Group

In June 2022 a joint MCC and OMCA- Togo working group was formed to develop and review program-specific AFC risk registers. The AFC Working Group consisted of a core team that worked with MCC and OMCA-Togo technical directors and staff as necessary.

The AFC Working Group

- OMCA- Togo AFC Coordinator
- Senior MCC AFC personnel

Development of Anti-Fraud and Corruption Risk Register

It was agreed that OMCA- Togo would draft sector-based AFC risk registers with close involvement of the OMCA- Togo technical staff. The sector risk registers were developed by OMCA- Togo Directors after an internal discussion on methodology and development of a template for the AFC risk register. The draft register identified possible risks of fraud and corruption that may occur in the OMCA- Togo program per sector, and assessed the probability and impact of the risks on the program. It also proposed the appropriate mitigation measures to prevent or limit the probability and impact of these risks.

MCC Directors and staff independently developed their own version of the AFC risk register to encourage creative and wide-ranging consideration of the context relevant to the specific program as well as their professional experience.

In October 2022 the consolidated draft AFC risk register were shared between OMCA- Togo and MCC, and then reviewed by the AFC Working Group with the relevant OMCA-Togo and MCC staff in subsequent AFC workshop sessions via teleconference. The AFC risk register was then updated to reflect the discussions and input from representatives of MCC's AFC Team.

ANNEX B. MCC'S ANTI-FRAUD AND CORRUPTION (AFC) POLICY

MCC's Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC Operations (also known as MCC's AFC Policy), issued in 2009 and revised in 2018, requires all MCAs to complete a program-specific Anti-Fraud and Corruption Risk Assessment and to develop and implement a related Action Plan.

Research indicates 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 fraudulent and corrupt practices:

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.

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.

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.

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.

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 a coercive, collusive, corrupt, fraudulent, or prohibited practice; 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.

Prohibited practice: Any action that violates Section E (Compliance with Anti-Corruption, Anti-Money Laundering, Terrorist Financing, and Trafficking in Persons Statutes and Other Restrictions) of the Annex of General Provisions that will be made a part of MCC-funded contracts and may be found on the MCC website at <http://www.mcc.gov>.

Conflict of interest: A situation in which an employee's private interest (primarily of an economic nature) conflicts with the full, fair, and impartial performance of their employment-related duties and responsibilities. Conflicts of interest are not themselves fraudulent or corrupt, but they should be disclosed and properly managed, as they can open the door to fraud and corruption.