

**ACTION PLAN FOR PREVENTING, DETECTING AND REMEDIATING  
FRAUD AND CORRUPTION IN COMPACT IMPLEMENTATION  
BY THE MILLENNIUM DEVELOPMENT AUTHORITY (MiDA)**

**November 2021**

**MILLENNIUM DEVELOPMENT AUTHORITY (MiDA) ACTION PLAN  
FOR PREVENTION, DETECTION, AND REMEDIATION OF FRAUD AND CORRUPTION**

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**1. INTRODUCTION**

The Millennium Development Authority (MiDA) is a corporate body, with perpetual succession, established under the laws of the Republic of Ghana by the Millennium Development Authority Act, 2006 (Act 702), as amended by the Millennium Development Authority (Amendment) Act, 2006 (Act 709) and the Millennium Development Authority (Amendment) Act, 2015 (Act 897) (collectively, the “MiDA Act”).

MiDA is mandated to implement the Ghana Power Compact signed between the Republic of Ghana ("Ghana"), acting through its government (the "Government"), and the United States of America, acting through the Millennium Challenge Corporation in August 2014. MiDA is the accountable entity responsible for overseeing, managing and implementing the Programme under the Millennium Challenge Account for poverty reduction through economic growth.

The Ghana Power Compact is designed to:

- a) increase private sector investment and the productivity and profitability of micro, small, medium and large scale businesses;
- b) increase employment opportunities for men and women; and
- c) raise earning potential from self-employment and improved social outcomes for men and women.

**2. PURPOSE**

The purpose of the Anti-Fraud and Corruption (AFC) Action Plan is to establish an appropriate framework that defines how the staff and management of MiDA will join with its Implementing Entities (IEs) towards effective prevention, detection and remediation of fraud and corruption of any description within MiDA.

**3. SCOPE**

MiDA’s AFC Action Plan is meant to address all stakeholders involved in the implementation of the Ghana Power Compact and includes MiDA Board and staff, Implementing Entities, as well as MiDA 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)

MCC's Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC operation, issued in 2009 and revised in 2018, requires all MCAs to complete a Compact specific Anti-Fraud and Corruption Risk Assessment and to develop and implement a related Action Plan. Research conducted 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.

4.1.5 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.

4.1.4 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.

4.1.6 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 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 disclosed and properly managed, as they can open the door to fraud and corruption.

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

5.1 In compliance with MCC’s AFC Policy, MiDA developed this AFC Action Plan to address the highest priority risks listed in the Anti-Fraud and Corruption Risk Assessment Matrix, with a focus on the risks faced by MiDA in the final 15 months of the Compact program.

5.2 The AFC Action Plan describes both the process and results of the AFC Risk Assessment and provides a detailed pathway for implementing additional measures to mitigate risks identified in the assessment.

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

## **6. MiDA POLICIES TARGETING FRAUD AND CORRUPTION**

The MiDA Management Team was established under the Compact. Apart from the Compact and Program Implementation Agreement governing the Management Team, more detailed subject related policies were developed to govern the operations of the Management Team. Some of these policies are described below:

- Fiscal Accountability Plan;
- Program Procurement Rules and Standard Bidding Documents;
- Bid Challenge System;
- Conflict of Interest Policy;
- Compact, Program Implementation Agreement and MiDA Bylaws;
- Employee Handbook & Standard Employment Contract;
- Regular audits; and
- Performance Management System.

### **6.1 Fiscal Accountability Plan**

MiDA adopted its Fiscal Accountability Plan (FAP) in April 2018 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 MiDA, the FAP has been reviewed. MiDA regards the FAP as an important management tool and has promoted widespread understanding and knowledge of the FAP amongst all staff. Brief presentations on specific sections of the FAP were given occasionally in monthly staff meetings. This familiarization of all staff was well received and increased awareness of strong internal controls. This may have acted as a deterrent for corruption. MiDA also hired an international firm, Cardno Emerging Markets, to serve as its Fiscal Agent (FA), responsible for approving and making all Compact-related payments on behalf of MiDA. MiDA has also hired an external auditing firm, Ernst & Young Chartered Accountants, to conduct semi-annual audits which are reviewed by MCC.

### **6.2 MiDA Compact Procurement Guidelines and Standard Bidding Documents**

MiDA conducts its procurements in compliance with MCC's Program Procurement Guidelines ("PPG") and with MiDA's Program Implementation Agreement signed with MCC. MiDA has also hired an international firm, Charles Kendall and Partners, to serve as its Procurement Agent (PA), and with the Procurement Agent has produced a Procurement Operations Manual. MiDA 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;
- Demarcating the joint approval system between MCC and the MiDA Board in procurement activities; and

- Promotion of transparency through publication of procurements and contract awards on the MiDA Website and international procurement sites.

### **6.3 MiDA Bid Challenge System**

The Compact requires the Government (including any designee) to ensure that it procures all goods, works and services to implement the compact program in accordance with the MCC PPG. The PPG further requires MiDA to establish and publish a bid challenge system that provides Bidders on MiDA procurements with the ability to challenge and seek review of MiDA procurement actions and decisions. To comply with these requirements, MiDA has established the rules and procedures set forth in this document, referred to as its Bid Challenge System or BCS, to govern the review of all challenged MiDA procurement actions and decisions, and which will be incorporated in all solicitation documents distributed to Potential Bidders. The MiDA BCS can be found at

[https://www.mida.gov.gh/pages/view/39/MiDA\\_Ghana\\_Bid\\_Challenge\\_System\\_Final\\_Approved\\_120318.pdf](https://www.mida.gov.gh/pages/view/39/MiDA_Ghana_Bid_Challenge_System_Final_Approved_120318.pdf).

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

MiDA has adopted a policy to provide for the management of conflicts of interest involving staff and board members. Under this policy, MiDA staff make annual declarations on possible conflicting situations. The policy has provided valuable guidance in treatment of *ad hoc* situations of conflicting interests emerging during implementation of the Compact.

### **6.5 MiDA Employee Handbook and Standard Employment Contract**

MiDA developed and adopted a Human Resources Manual and a Standard Employment Contract to ensure 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 accountability for MiDA's assets;
- Ethical conduct including guidance on dealing with hawkers, vendors and family members; and
- Acceptance of gifts and favours in the employment situation.

### **6.6 MiDA Performance Management System**

MiDA adopted a detailed Performance Management System to manage and incentivize staff performance. Though the main goal of this management tool is to manage performance and incentivize staff, it is fair to say that the system also delivered some important "fall-outs" from a fraud and corruption perspective, *inter alia*:

- Combating fraudulent and arbitrary practices when rewarding staff performance;
- Incentivizing and rewarding staff in a transparent and predictable manner, thereby contributing to a culture of ownership of the Compact; and
- Increased productive use of MiDA time and resources.

## 7 MiDA METHODOLOGY FOR AFC ACTION PLAN

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

- AFC training provided over three days to MiDA staff
- Development by MiDA staff and by MCC staff of AFC risk registers/ risk Matrix
- Development of MiDA's AFC Action Plan.

## 8. MiDA AFC ACTION PLAN

MiDA and MCC staff agree that the risk of fraud and corruption risk in most areas of implementation of the Ghana Power Compact is duly mitigated. The MiDA AFC Action Plan focuses on the risks rated with a high likelihood and/or high impact. Since major procurements have already been completed, such risks are concentrated in infrastructure works, construction and the upcoming ending and closure process of the Compact Program, and are detailed in the table below.

### 8.1 Collusion between Contractor and Supervising Consultant

Sector Risk	Electricity Company of Ghana (ECG) Financial and Operational Turnaround Project (EFOT): Modernizing ECG Operations/ Technical Loss Reduction
Description of Risk	Collusion between the Contractor and Supervising Engineer, which may lead to false claims, acceptance of sub-standard work, inflated prices, inflated measurements, falsely certified percentage of work completed or Variation Orders.
Factors in Mitigation	<ul style="list-style-type: none"> <li>• Conduct surprise checks by Project staff.</li> <li>• MCC independent engineer's oversight.</li> <li>• Internal audit to conduct routine or ad hoc compliance audits or checks.</li> <li>• Keeping updated and accurate records.</li> <li>• MiDA to perform quality assurance and quality control processes on site (QA/QC Team) conduct process audits on a weekly basis, monitor process performance metrics, and assure all processes comply with project and organizational standards.</li> </ul>
Timing	Oversight is on-going
Additional Cost (if any)	Depends on change order
Staff Member/Office Responsible	Senior Project Manager, PSSs & ICCs

## 8.2 Misrepresentation of Quality and Quantity of Equipment and Materials

Sector Risk	EFOT: Technical Loss Reduction
Description of Risk	Fraudulent misrepresentation of quality and quantity of equipment and materials by the Contractor.
Factors in Mitigation	<ul style="list-style-type: none"> <li>• MiDA to perform quality assurance and quality control processes on site (QA/QC Team).</li> <li>• Random surprise checks by MiDA.</li> <li>• MCC independent engineers' oversight.</li> </ul>
Timing	Oversight is on-going
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Senior Project Manager, PSSs & ICCs

## 8.3 Risk of Overpayment for Resettlement

Sector Risk	Access: Improve Electricity Supply to Micro, Small, and Medium Enterprises (MSMEs)
Description of Risk	Payment to individuals or overpayment not justified for actual resettlement costs.
Factors in Mitigation	<ul style="list-style-type: none"> <li>• Disbursement request review.</li> </ul>
Timing	As and when needed
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Environmental and Social Performance Director

## 8.4 "Ghost" PAPs (Falsified Project -Affected Persons)

Sector Risk	Resettlement
Description of Risk	Resettlement Action Plan (RAP) Consultant colludes with PAPs and opinion leaders to inflate number of PAPs [Extra funds to be split between RAP Consultant and local leaders].
Factors in Mitigation	<ul style="list-style-type: none"> <li>• Resettlement Policy Framework (RPF)</li> <li>• Fiscal Accountability Plan (FAP)</li> <li>• MiDA Conflict of Interest Policy</li> <li>• Capture biometric data of potential PAPs during a defined census period</li> </ul>
Timing	As and when needed
Additional Cost (if any)	Depends on resettlement cost
Staff Member/Office Responsible	Environmental and Social Performance Director



### 8.5 Unauthorized Use of Confidential Information to Engage in Coercion or Corruption

Sector Risk	Monitoring and Evaluation (M&E)
Description of Risk	Personally identifiable information on income, etc. leaked to unauthorized individuals and used for extortion or other corrupt practices.
Factors in Mitigation	<ul style="list-style-type: none"> <li>• Signing of confidentiality agreements with enumerators.</li> <li>• Use of Institutional Review Board (IRB) process to review and approve research projects and study protocols to assure that appropriate steps are taken to protect the rights and welfare of humans participating as subjects in the research. Informed consent and assurances of confidentiality is an important component of IRB-approved research, in addition to data security protocols.</li> <li>• MCC protocols for secure file storage and restricted sharing/transfer of files with sensitive info/PII.</li> </ul>
Timing	Compact implementation Period
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	M&E Director

### 8.6 Submitting Inaccurate Invoices that Do Not Reflect the Work Progress in the Field

Sector Risk	Finance and Administration
Description of Risk	Service Providers submitting inaccurate invoices that do not reflect work done. Collusion between MiDA/FA and beneficiary recipient to pay using inaccurate invoices.
Factors in Mitigation	<ul style="list-style-type: none"> <li>• Invoices are not processed unless deliverables or works are approved by project lead, supervisor and other relevant stakeholders.</li> </ul>
Timing	Compact implementation Period.
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Chief Finance Officer

### 8.7 Disposition of assets under false or collusive pretences

Sector Risk	Finance and Administration
Description of Risk	Falsifying Assets Transfer Proposals Agreements and insufficient justification during the disposal of assets. Collusion between MiDA and beneficiary recipient regarding the timing and documentation of the transfers and the use of the assets transferred.
Factors in Mitigation	<ul style="list-style-type: none"> <li>• Program Closure Plan</li> <li>• Fiscal Accountability Plan</li> </ul>

	<ul style="list-style-type: none"> <li>Standard template for Asset Transfer Agreement</li> </ul>
Timing	Compact Closure Period
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Chief Finance Officer

### 8.8 Expenditure of MCC funds after Compact End Date (CED)

Sector Risk	Finance and Administration
Description of Risk	Falsification of documents, invoices, etc. claiming that work was completed or goods or services delivered before CED, after which expenditure of MCC funds is no longer allowed.
Factors in Mitigation	<ul style="list-style-type: none"> <li>Clear instructions to contractors and suppliers.</li> <li>Close review by MiDA and MCC staff.</li> <li>Site visits to confirm status of works close to or at CED.</li> </ul>
Timing	Compact Closure Period
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Chief Finance Officer

### 8.9 Coercion of or Collusion with MiDA Staff seeking employment by Contractors or Consultants

Sector Risk	Finance and Administration
Description of Risk	MiDA staff may approve technical deliverables that don't meet requirements, or give undeservedly good past performance reports, in exchange for employment after the end of the compact program.
Factors in Mitigation	<ul style="list-style-type: none"> <li>Clear instructions to MiDA staff about conflict of interest (COI) disclosure requirements.</li> <li>Brief MiDA staff on the importance of accurate performance ratings to MCC and MiDA reputation.</li> <li>Review of Contractor Past Performance Reports (CPRs) by senior MiDA staff and MCC.</li> </ul>
Timing	Final year of Compact implementation and Compact Closure Period.
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	Chief Finance Officer

### 8.10 Abuse of Tax Exemptions by Contractors

Sector Risk	Legal
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Description of Risk	Contractor's may import more equipment and construction materials than may have detailed in their contracts and use them in other non-tax exempted projects.
Factors in Mitigation	<ul style="list-style-type: none"> <li>• Circular from Ministry of Finance (MoF) request for details of contracts and items imported.</li> <li>• Review by MiDA project staff.</li> </ul>
Timing	Compact implementation Period.
Additional Cost (if any)	Negligible
Staff Member/Office Responsible	General Counsel

## 9. ROLE OF MiDA BOARD AND MCC

The AFC Action Plan shall be submitted to the MiDA Board for information and to MCC for approval. The risks recorded in the AFC Action Plan shall be reported on a semi-annual basis to the Board in order to provide feedback on the implementation of mitigation measures.

## 10. REVISION AND MONITORING

MiDA Management shall at semi-annual intervals (or upon significant changes to the AFC context) update the AFC Action Plan, before Board Meetings. An AFC Action Plan Progress Report shall be posted semi-annually on MiDA's website, after approval by MCC.

Effective risk management requires flexible, responsive, continuous learning of best practices and skills. Lessons learned will contribute to a refined oversight strategy in relation to the AFC Action Plan. With this commitment in mind, the MiDA AFC Action Plan will be revisited and improved regularly during its implementation.

The revisions will include different actions, depending on the scope and purpose including the following:

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

Revisions of the AFC Action Plan may also be initiated by MiDA Management, MiDA's Project Directors, the MiDA Board, MCC technical staff, and/or the MCC Resident Country Director, as needed. The final version of the revised AFC Action Plan will be made available on the MiDA website.