



Preventing, Detecting and Remediating Fraud and Corruption in MCC Operations

MCA LESOTHO ACTION PLAN

1ST EDITION – OCTOBER 2011

APPROVED BY MCA LESOTHO BOARD OF DIRECTORS ON THE

DATE

26/10/11

[Signature]

MILLENNIUM CHALLENGE ACCOUNT LESOTHO ACTION PLAN FOR PREVENTION, DETECTION, AND REMEDIATION OF FRAUD AND CORRUPTION

1 PURPOSE

The purpose of the Action Plan (AP) is to establish an appropriate framework that defines how staff of the Millennium Challenge Account Lesotho (MCA Lesotho), Implementing Entities (IEs) and Project Implementation Units (PIUs), as well as management will join hands towards effective prevention, detection and remediation of fraud and corruption of any description within Millennium Challenge Account Lesotho.

2 SCOPE

The MCA-Lesotho's Action Plan is meant to address all stakeholders involved in the implementation of the Compact and includes MCA-Lesotho Board and staff, Project Implementation Unit staff, Implementing Entities, the Fiscal Agent, the Procurement Agent, MCC and providers of goods and services.

3 INTRODUCTION

MCA-Lesotho's mandate is to implement the Lesotho Compact signed between the Government of Lesotho (GOL) and the Government of United States of America, through the Millennium Challenge Corporation (MCC), in July 2007. The objective of establishing MCA-Lesotho is to implement the programme and projects in order to reduce poverty through economic growth in Lesotho. The Compact pertains to seventeen projects, commonly known as activities, falling under three main broad sectors, namely, Water, Health and Private Sector Development (PSD).

3.1 MCC Policies targeted at Fraud and Corruption

In an effort to prevent fraud and corruption during implementation of Compact activities, MCC developed 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.
- Guidelines for Accountable Entities and Implementing Structures.
- Procedures for Reporting Allegations of Fraud and Corruption.

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

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 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
- Undermining investments in health and education.

Corruption also increases poverty by:

- Slowing economic growth
- Skewing government expenditure in favor of the rich and well-connected
- Concentrating public investment in unproductive projects
- Promoting a more regressive tax system

MCC Policy recognizes six types of fraud and corruption:

3.1.1.1 Coercive practice directly or indirectly harms, impair or threaten individuals or their property with the intention of influencing participation in procurement or affecting the execution of a contract.

3.1.1.2 A collusive practice is defined as a scheme or an arrangement between two or more parties, with or without the knowledge of the Accountable Entity (AE), designed to establish prices at artificial, noncompetitive levels or to otherwise deprive the AE of the benefits of free and open competition.

3.1.1.3 Corrupt practice includes offering, giving, receiving, or soliciting directly or indirectly, anything of value to influence the actions of a public official (including the AE, government and MCC staff and employees of other organizations taking or reviewing selection decisions.

3.1.1.4 Obstructive practice is defined as any act that results in the destroying, falsifying, altering or concealing of evidence or making false statements to investigators in order to impede an investigation into allegations of corrupt, fraudulent, collusive, coercive or prohibited practice; and threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation.

3.1.1.5 A fraudulent practice is any act or omission, including any misrepresentation, in order to influence (or attempt to influence) a selection process or the execution of a contract, to obtain a financial or other benefit, or avoid (or attempt to avoid) an obligation.

3.1.1.6 A prohibited practice includes any action that violates Section E (Compliance with Anti-Corruption Legislation), Section F (Compliance with Anti-Money Laundering Legislation) or Section G (Compliance with Terrorist Financing Statutes and Other restrictions) of the “General Provisions Annex” found on the MCC website.

Conflicts of interest are also prohibited, as they can open the door to fraud and corruption.

3.2 Action Plan

MCC policy requires MCA Lesotho management to complete a Compact Specific Action Plan following the completion of a Fraud and Corruption Risk Assessment Matrix.

This Action Plan will describe both the process and results of the Risk Assessment and provide a detailed pathway for implementing additional measures to mitigate risks identified in the assessment. Before discussing the Risk Assessment results, it is important to note that even before the assessment, MCA Lesotho also developed some policies that complement existing MCC policies in order to ensure a smooth implementation of activities and they are as follows:

3.3 Policies and Procedures in place to combat fraud and corruption

MCA-Lesotho realized from the on-set that fraud and corruption could have a major impact on the Authority as it can adversely affect resources meant for implementation of the Compact and thereby result in reduced benefits to the intended beneficiaries. Another important factor pertains to reputational risk as MCA-Lesotho cannot afford to be associated with corrupt practices.

In this regard, MCA-Lesotho in conjunction with MCC, have put in place policies and procedures aimed at strengthening internal controls and strictly discouraging fraud and corruption in its operations. Some of the policies, procedures and measures that were developed and are being implemented are:

- The Fiscal Accountability Plan
- Program Procurement Guidelines.
- Bid Challenge System Guidance Document
- Human Resource Rules and Regulations
- Staff Contracts
- MCA-Lesotho’s Strategic Plan

3.3.1 Fiscal Accountability Plan

In 2008, MCA-Lesotho developed the Fiscal Accountability Plan (FAP) which serves as a base policy on all financial and procurement issues undertaken under the Millennium Challenge Account grant received from the Millennium Challenge Corporation. In order to ensure relevance and practicality of the FAP, the document has since been updated three times with the last review being approved by the MCA-Lesotho Board of Directors in September 2010. During each review, the issue of strengthening and maintaining the effectiveness of the existing internal controls has been addressed.

One of the major instruments of ensuring that compliance to various Agreements, laws and regulations is observed, and proper internal controls are in place, is the statutory audit. MCA-Lesotho has been audited six times, on a semi-annual basis, since its inception. The last audit period was July to December 2010. MCA-Lesotho has received a clean audit opinion.

Another instrument that is in the FAP is that employees, PIUs, IEs, contractors, consultants and the public may report instances of waste, fraud or abuse to MCA-Lesotho Executive, to MCC, and/or to the Office of the Inspector General(OIG). The OIG hotline has been placed in the reception areas of MCA-Lesotho and PIU offices and also on the MCA-Lesotho's website.

3.3.2 Program Procurement Guidelines

The Program Procurement Guidelines (PPG) sets out the principles, rules and procedures that govern the conduct and administration by MCA and other entities (excluding MCC) of the procurement of goods, works, consultant and non-consultant services that need to be acquired to implement MCC funded projects under the Millennium Challenge Compacts. MCA-Lesotho first started using the PPG in July 2008 and the document has since been revised to incorporate any up-to-date good practices and to ensure that proper internal controls are observed. The document outlines intricate interdependent roles for all personnel involved in the MCA-Lesotho procurement activity while separating clearly the active participation roles from the approval roles in a manner that ensures checks and balances are inbuilt. The document further lays out the detailed process of how any potential conflict of interest cases are handled and the need for all participants to have declared their impartiality and confidentiality during the procurement processes. The document clearly stipulates the expected processes of approval and clearances which are audited regularly internally and externally for adherence. The PPG also provides for all procurement awards publication in the local and foreign media following rigorous transparent review and clearances between MCA Management/Board and MCC including Bid Challenge provisions for participants and the general public.

3.3.3 MCA-Lesotho Bid Challenge System Guidance document

Another tool which MCA-Lesotho has been using since March 2008, is the Bid Challenge System guidelines which provides all the participating contractors/ consultancies and general public an

opportunity to challenge a bid award. It further provides for an open and internationally acceptable transparent process for handling bid challenges for MCA and acts as a deterrent to Fraud and corruption.

3.3.4 MCA-Lesotho Human Resource Rules and Regulations

In March 2009, MCA-Lesotho developed Human Resource Rules and Regulations (HRRR) whose objective is to ensure compliance with the Labour Law of Lesotho. This is achieved through establishment of general Human Resource Management Procedures to ensure protection of both the employer and employee rights. The HRRR assists management to ensure that consistency and equity is maintained in Human Resource specific issues and that a conducive and enabling working environment is maintained.

The HRRR addresses the issues of fraud and corruption through the following clauses that deter staff from being engaged in unlawful practices: Section two (2) on conduct , stipulates that conflict of interest on issues dealing with vendors, public, family members should be avoided, acceptance of gifts on official capacity should be declared to the Chief Executive Officer. Section thirteen (13) on discipline spells out that making alterations or erasures on official documents, failure to account for cash and committing fraud or bribery and any form of dishonesty is misconduct. Acts of misconduct can lead to disciplinary action and termination of employment.

3.3.5 MCA-Lesotho's Staff Contracts

The contracts of employment for MCA-Lesotho staff contain a clause on Conflict of Interest and Ethics (Section 8) whereby an employee undertakes to refrain from acts stipulated or deemed to be unethical and constitute a conflict of interests. Furthermore, the contracts have a clause on termination (section 4) that indicates that “.....commission of fraud or dishonesty...” may lead to immediate termination of the contract.

3.3.6 MCA-Lesotho's Strategic Plan

In September 2009, MCA-Lesotho Board of Directors approved the Strategic Plan that includes three important elements, namely the Vision, Mission and the Values. The Vision of MCA-Lesotho is to be globally recognized as having successfully achieved Compact goals, in terms of delivery and improved economic outcomes. The Mission of MCA-Lesotho is to effectively implement all the Compact activities, in partnership with Implementing Entities, within time and budget, in an environmentally, socially and economically sustainable manner.

The core values of MCA-Lesotho are transparency, professionalism, efficiency, teamwork, **corruption-free environment** and social responsibilities.

4 METHODOLOGY OF DEVELOPING AN ACTION PLAN

The methodology used involved preparation of fraud and risk matrices by individual sections within MCA Lesotho. The matrices were reviewed to come up with the risks that were rated as 'high' and therefore require further attention. The task team charged with the review involved:

- MCC Resident Country Director
- MCC Senior Advisor
- MCC Fiscal Accountability Associate Director
- MCC Director: Legal and Regulatory
- MCA Lesotho Chief Financial Officer
- MCA Lesotho Procurement Officer
- MCA Lesotho Budget Officer

4.1 Training on Fraud and Corruption Risk Assessment

MCC held a two day workshop, during September 2010, to train participants (MCA Lesotho staff together with Implementing Entities (IEs) and Project Implementation Units (PIUs, Fiscal Agent and Procurement Agent staff) on the types of Fraud and Corruption risks that may exist in day-to-day operations, during Compact Startup, Project design/Beneficiary selection, Procurement, Contract Management, Financial/Administrative Management and Compact Closeout. The participants discussed measures which might be taken to lessen the possibility of fraud and corruption, and the standard mitigants that have been developed by MCC in an attempt to curb fraudulent and corrupt practices.

4.2 Development of Fraud and Corruption Risk Assessment Matrix

Following the training, MCA-Lesotho developed a Fraud and Corruption Risk Matrix, at the Sector level, per project and programme management activities (attached as Annex C). Mitigants to combat the fraud and corruption risks were also highlighted and developed in instances where none had yet been implemented. The post-training exercise was that each project/activity had to fill in the risk assessment matrix identifying sector risks that may exist in their operations, identifying standard and custom mitigants, remaining vulnerabilities and thereafter measuring, on a scale of low, medium and high, the chances of risk occurring and the potential impact in the event of its occurrence. MCA-Lesotho, PIUs, IEs, Fiscal Agent, Procurement Agent, a Contractor and the External Auditors contributed in the exercise.

4.3 Kick Off Activities at MCC Headquarters in Washington DC

During the week beginning 15th November 2010, the members of the core team met in Washington DC for training sessions on fraud and corruption. The developed matrices were thoroughly reviewed by MCC counter-parts together with MCA-Lesotho/ MCC task team, appointed specifically for the assignment. The matrices were then updated to include comments from MCC counterparts.

4.4 Field Study in Lesotho

Two members of the core team, from MCC, came to Lesotho for a field study that commenced on the 31st January and continued to the 4th February 2011. The main purpose of the field study was to examine, in more depth, the Fraud and Corruption Risks and Mitigants, identified in the Risk Assessment Matrix that had already been developed. It was also an opportunity for interaction by the core team with MCA-Lesotho staff and key stakeholders. Lastly, the field study provided an opportunity to once again raise awareness of potential fraud and corruption risks that may occur during the different phases of the Compact implementation.

Interviews were held with all parties, including the Implementing Partners, that had developed the matrices. Thereafter, a consolidated matrix was developed that incorporated all the views and envisaged risks associated with fraud and corruption.

4.5 Completion of an Action Plan

MCA-Lesotho was responsible for planning, and preparing the Action Plan, which is yet to be implemented. MCC was available to provide guidance and support during the process as needed.

During the preparation of the Action Plan, MCA completed the following:

4.5.1 Focused particularly on those risks which would have the greatest negative impact on activities and the greatest probability of occurring.

4.5.2 Designed new measures to mitigate those risks. These measures supplement, or add to existing MCC mandated fiduciary safeguards and those measures which MCA-Lesotho had already put in place (see above).

4.5.3 Developed a schedule for implementing the new measures, while considering the remaining term of the Compact, and the ability to implement such new measures in a manner that they are effective.

The following steps by MCA-Lesotho will complete the whole phase:

4.5.4 Submit a draft of the Action Plan to MCC and the MCA Board for review and comments.

4.5.5 Encourage the MCA Lesotho Board of Directors to provide comments and recommendations on all elements of the Action Plan, including the allocation of additional Compact resources to actions proposed in the Action Plan.

4.5.6 Address Board comments and concerns through direct dialogue.

4.5.7 Submit the final draft Action Plan for approval to the MCA Lesotho Board of Directors.

5 TRANSPARENCY

In an effort to promote ownership and accountability of the entire exercise, the initial submissions emanated from the different sectors and were subjected to several reviews, both within MCA Lesotho and MCC, before the final Assessment Matrix could be formally circulated. The Board of Directors and MCC will review and approve the Action Plan and it shall be subject to reviews when necessary. The final approved Action Plan and subsequent revisions shall be made available to the public through the MCA Website.

6 ACTIONS

Proposed actions to mitigate risks are detailed below and they are based on the findings of the Fraud and Corruption Risk Matrix. Focus has been on medium to high risk of occurrence and high impact on the Authority. The estimated costs associated with the implementation of the proposed actions are also detailed below:

6.1 Recruitment of Staff

Unmitigated Risk	Falsification of personal information by applicants: Applicants, for positions below senior staff members might still falsify qualifications and experience as they are not screened.
Proposed Action(s)	All staff members should be screened thoroughly, irrespective of their level of positions. This will include reference checks.
Timing	To be done every time before filling in a vacant post, effective from 1 November 2011.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Chief Financial Officer

6.2 Staff Remuneration - overtime

Unmitigated Risk	Misrepresentation of hours worked: Due to distance there is a possibility of fraud as it is difficult to monitor attendance in the field.
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Proposed Action(s)	Supervisors to conduct spot checks at the field, and make use of vehicle satellite tracker where possible to get the trip record. To seek approval of MCC and MCA L Board for the new position of internal audit.
Timing	<ul style="list-style-type: none"> a) Spot checks by supervisors already in place. b) Satellite tracking already in place. c) Seek approval of MCC and MCA Lesotho board to recruit a part time Internal Auditor by January 2012.
Additional Cost (if any)	Cost of Internal Auditor position up to 2013 amounts to \$100,000.
Staff Member/Office Responsible	<ul style="list-style-type: none"> a) Monitoring & Evaluation Coordinator b) and c) Chief Financial Officer

Procurement of Goods up to \$25,000

6.3 Supplier and staff collusion

Unmitigated Risk	Collusion between supplier and staff member for the latter to inform the supplier about other quoted prices or the budget.
Proposed Action(s)	The procedure already in place is that quotations from suppliers are submitted in sealed envelopes and are registered. Thereafter, they are opened in the presence of two people after the cut-off time. The Internal Auditor, once in place, will ensure necessary compliance and internal control checks are observed.
Timing	Seek approval of MCC and MCA Lesotho Board to recruit a part time Internal Auditor by January 2012.
Additional Cost (if any)	Specified under point 2.
Staff Member/Office Responsible	Chief Financial Officer

6.4 Presentation of vehicle mileage

Unmitigated Risk	Misrepresentation of mileage on vehicle hire: Information on mileage between villages is not available. Therefore, it is still possible for collusion between the vehicle owner and the
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	supervisor to misrepresent the mileage.
Proposed Action(s)	MCA Lesotho to have a database of mileage between villages using past information e.g. M & E Activities. Use of Geographic Information System to estimate distance between various destinations in the country.
Timing	Data base - December 2011 GIS - January 2012
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Chief Financial Officer

6.5 Maintenance charges during warranty period

Unmitigated Risk	Maintenance of assets under warranty period: Some suppliers might falsify their charges during the maintenance warranty period as there are no other quotations sought for comparison.
Proposed Action(s)	Have the penalty for unfair prices included in the contract as a deterrent.
Timing	Amend the existing contracts to include the suggested clause: January 2012
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Procurement Head

6.6 Inventory records

Unmitigated Risk	Close-out risk, loss of assets due to falsification of inventory records: At that time staff responsible for safeguarding the assets will be looking for other jobs and may not put in as much diligence and care into their work and MCA-Lesotho's assets.
Proposed Action(s)	Put in place a retention strategy so as to ensure that there is less panic at the end of the Compact. Continuous reminder to staff about their responsibility of assets under their custody and implication to their terminal benefits should the asset go missing without valid reasons.

Timing	Was submitted to MCC and MCA Lesotho Board for approval in June 2011. Request approved by MCA Lesotho's Board in September 2011 and a go-ahead given by the Board to seek co-financing from Government of Lesotho. To start discussions with GOL already started in October 2011.
Additional Cost (if any)	The total cost for retention is \$3.3m
Staff Member/Office Responsible	Chief Financial Officer

6.7 Legal Issues

Unmitigated Risk	Collusion between Senior Legal Officer and Counsel representing the other party with the intension of influencing the outcome of the dispute in favor of the other party.
Proposed Action(s)	To seek second opinion if Management finds it necessary.
Timing	Whenever the second opinion is required with effect from December 2011.
Additional Cost (if any)	Legal fees estimated to be USD100, 000 to 2013. The exact cost per case will be determined by the nature of the case.
Staff Member/Office Responsible	Deputy Chief Executive Officer

6.8 Board Minutes

Unmitigated Risk	Falsifying minutes of the Board: The Board may not readily remember deliberations of three months ago and might approve minutes which have been falsified.
Proposed Action(s)	Earlier review of minutes by board members.
Timing	Minutes circulated seven days after the Board meeting effective from September 2011.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Senior Legal Officer

6.9 Information and Technology

Unmitigated Risk	Breaching confidentiality agreements: Consultants may log in illegally into MCA L server, despite the confidentiality clause.
Proposed Action(s)	Agree and formalize periodic support activity reports and user logs during periods when the consultants offered their services on the servers

	and file them for reference. MCA-Lesotho to take regular checks to ensure that its system is or has not been violated unbeknown to the consultant.
Timing	Effective from November 2011.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Management Information Systems Manager

Procurement: Goods & Works above \$25,000

6.10 Suppliers Collusion

Unmitigated Risk	Suppliers collusion to fix prices during bid preparation: It might not be easy to have a data base of prices in instances where the suppliers are few.
Proposed Action(s)	Compile price listing database to be used for price reasonability analysis as guided by PPGs.
Timing	Already in place.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Procurement Head

6.11 Collusion between procurement staff and the suppliers/contractors/consultants

Unmitigated Risk	Collusion between suppliers/contractors/consultants and procurement staff for the latter to provide confidential information regarding the procurement: Lesotho is a small country where people know each other very closely due to culture, family, friendships etc. Procurement staff might disclose confidential information to one of the bidders resulting in an unfair procurement practice.
Proposed Action(s)	MCA officials have the obligation to be professional at all times. Continuous reminder to staff dealing with procurement not to be involved in such practices and consequences if any staff member is found guilty.
Timing	Already in place
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Procurement Head

6.12 Contract negotiations

Unmitigated Risk	Collusion between MCA Lesotho staff and supplier, during the negotiation process, for MCA staff to intentionally accept inflated prices with the purpose of sharing thereafter: Even though MCA staff are not the only participants during the negotiation process, other stakeholders such as the Implementing Entities (GoL), are not bound by MCA rules and regulations.
Proposed Action(s)	Continuous education to other stakeholders about the implication to the Compact in cases of fraud. The matter should be highlighted very clearly in the Implementing Entity Agreement.
Timing	<ul style="list-style-type: none"> a) Procurement Head to initiate the request for Amendments to Implementing Entity Agreements by January 2012. b) SLO to finalize to amend the Implementing Entity Agreements to be completed by March 2012.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	<ul style="list-style-type: none"> a) Procurement Head b) Senior Legal Officer

6.13 Submission of bid information

Unmitigated Risk	<p>Submission of fraudulent information by the bidder: The evaluation panel members, who are supposed to screen bids, if related to a contractor, might be influenced to accept inaccurate information.</p> <p>It is important to note that it is not highly likely to have all panelists related to one contractor. However, possibilities of collusion, following persuasion by one or more members are high.</p>
Proposed Action(s)	<p>Emphasis on the importance of adherence to the declaration of impartiality and confidentiality signed by the evaluation panel members should be made.</p> <p>MCA-L should update the PPG to include punitive measures against anyone who, after signing the confidentiality and impartiality declaration, still discloses the information. Further, publication of the provisions available to the public to blow the whistle should be made as often as possible on MCA-L's website, with a link to provisions included in all RFPs/IFBs.</p>

Timing	December 2011
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Procurement Head

Contract Management: Metolong Dam and Urban & Peri-Urban Water Infrastructure

6.14 Certification of works completed

Unmitigated Risk	Collusion between contractor and supervising engineer for the latter to accept sub-standard work, inflated measurements and falsely certifying percentage of work completed: MCA Officer cannot be onsite at all times. In addition, since construction takes place all over the country, it might be difficult to supervise, hence providing an opportunity for short-cuts by contractors in doing their work.
Proposed Action(s)	<ul style="list-style-type: none"> a) Conduct surprise checks and involve the village communities so that they can inform MCA-L about any unfair practices with regard to sub standard work. b) Involvement of communities can be facilitated by conducting public gatherings meant for education on identification and reporting of fraud and/or corruption and putting up billboards on site and at local community offices, advising on proper channels they could use for reporting fraud and corruption.
Timing	<ul style="list-style-type: none"> a) Spot checks already in place. b) Public gatherings to be held with effect from November 2011.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	<ul style="list-style-type: none"> a) Head of Infrastructure b) Head Public Outreach

6.15 Non-performance penalties

Unmitigated Risk	Non-performance penalties deliberately not
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	imposed: A Section Head may deliberately not impose penalties but pretend as if this is an oversight in order to get a bribe from the contractor in return for the favour.
Proposed Action(s)	An Internal Audit be put in place, that will independently monitor actual performance against contract.
Timing	Seek approval of MCC and MCA Lesotho Board to recruit a part time Internal Auditor by January 2012.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Chief Financial Officer

Contract Management: Rural Water Supply and Sanitation: Construction of Phase A, B and C and Health Projects

6.16 Certification of materials used

Unmitigated Risk	Collusion of contractor and supervising engineer to use inferior materials during construction: MCA-L's capacity to carry out site visits to all works is limited as the works are spread all over the country and MCA-L cannot be on sites as regularly.
Proposed Action(s)	<p>a) Raise necessary awareness with the Village Water and Health Committees (VWHCs) before and during construction of water systems and pit latrines. Such committees are charged with the responsibility reporting any malpractice they observe on their projects.</p> <p>b) In addition, MCA-L will conduct spot checks targeting remote places where the risk of non-conformance is high</p>
Timing	<p>a) Public awareness activities to be done with effect from December 2011.</p> <p>b) Spot checks on-going</p>
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Public Outreach Head

Contract Management: Wetlands Project Activity

6.17 Safeguarding of Monitoring Equipment

Unmitigated Risk	Collusion between supplier and guard to enable the former to steal some of the equipment and the latter to receive the bribe in return: Project staff may not be on site at all the time to monitor the situation.
Proposed Action(s)	To implement rotation of shifts by the site guards and have the key to the equipment housing, held by District Project Officer. In addition conduct unannounced site visits.
Timing	To increase frequency of monitoring with effect from December, 2011.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Head Environment & Social Impact Assessment

Publicity: Health Infrastructure Program, Botshabelo Complex, Out-Patient Departments, Health Centers Packages, Health System Strengthening:

6.18 Identification of unskilled labourers

Unmitigated Risk	Neptotism by local authority responsible for identifying unskilled labor during recruitment of laborers for construction purposes.
Proposed Action(s)	<ul style="list-style-type: none"> a) Contractors should put in place recruitment policies that are reviewed and accepted by MCA-Lesotho. Implementation of the said policies should be audited by both MCA-L and external consultant engaged by MCA-L. b) Post information regarding fraud and corruption on construction billboards on major construction sides.
Timing	<ul style="list-style-type: none"> a) Policies -Before construction starts. b) Audits - during construction (an audit firm was engaged in July, 2011, to carry out Environmental and social audits inclusive of recruitment: cost USD 400,000)
Additional Cost (if any)	No additional cost as this has been included in the above contract.
Staff Member/Office Responsible	Head Environment & Social Impact Assessment

Inventory Management: Medical Waste Management

6.19 Inventory Management System

Unmitigated Risk	Lack of proper inventory system: Collusion between people who are responsible for safe guarding of equipment at Health Center level to steal and sell the equipment.
Proposed Action(s)	Develop and implement an inventory management system. MCA-Lesotho to conduct random un-announced spot-checks of the validity of the inventory
Timing	a) Develop an inventory management system – by October, 2011 b) Physical verification- quarterly basis with effect from November, 2011
Additional Cost (if any)	Already in place.
Staff Member/Office Responsible	Inventory and Logistics Manager – Health PIU

Case Management: Civil Legal Reform Activity

6.20 Migration to Computerized Case Management System

Unmitigated Risk	Collusion between court Officers and defendants to have a case illegally taken out of the roll: Some officers may explore other means of making cases disappear.
Proposed Action(s)	a) Agree with GOL that strict penalties should be imposed if one is found to be guilty. Inform all relevant people about the implications. b) A formal announcement to Law Society be made about a migration to an automated case system so that concerned parties can verify that their cases remain on the roll.
Timing	a) At the signing of employment contract effective from November 2011. b) An announcement to be made one month before migration of information to an automated system.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Head Operations

Implementation of National ID

6.21 Recruitment of NID Staff

Unmitigated Risk	Recruitment of key NID staff: Weak enforcement of Public Service Guidelines by
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	ignoring some of the crucial steps in the recruitment process with a purpose of engaging a favored candidate.
Proposed Action(s)	Formulate a shortlist criterion.
Timing	The shortlist criterion has been developed by Ministry of Home Affairs and already in use.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Head Operations

6.22 Applicant's Reference Information

Unmitigated Risk	Reference information in regard to citizenship falsified during application for an ID: Bypassing source of validation of data by going straight to NIDC issuing officials.
Proposed Action(s)	The Ministry has put in place Integrity and Quality Assurance.
Timing	The Integrity and Quality Assurance is already in place.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Head Operations

6.23 Personal Information

Unmitigated Risk	Falsifying Personal Identity by stealing other citizen's information to qualify for an ID.
Proposed Action(s)	Data Protection Act
Timing	The bill has been presented to Parliament for enactment in September 2011 and it is being discussed.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Head Operations

Monitoring and Evaluation Activities

6.24 Survey Data

Unmitigated Risk	Falsifying survey data: A researcher may use similar experiences/data gathered from few households to fabricate the rest of the questionnaires.
Proposed Action(s)	Ensure that all those contracted by MCA Lesotho as supervisors and researchers are aware of the consequences of misrepresenting data. Also

	include punitive measures in the contracts of researchers and supervisors, to address issues of misconduct.
Timing	Upon signing of employment contracts effective from November 2011.
Additional Cost (if any)	N/A
Staff Member/Office Responsible	Monitoring & Evaluation Coordinator

6.25 Field work by researchers

Unmitigated Risk	Fraudulent practices by researchers on the field to inflate per diem or total hours worked to qualify for a higher allowance: MCA's capacity to supervise all researchers out in the field is limited.
Proposed Action(s)	a) Communication be made to all enumerators during recruitment, that, if unacceptable behavior prevails, then the contract will be terminated, not well referenced, and will be blacklisted and will be released of his/her duties. Employment contracts should reflect consequences of breach of contract. Can a) and b) really be done? b) Ensure that the message is reiterated during future trainings that, if such behavior prevails, then the contract will be terminated, and will not be well referenced, otherwise they get blacklisted (whistle blowing)
Timing	a) Upon signing of employment contract effective from November 2011. b) All future trainings to include the consequences of unacceptable behavior.
Additional Cost (if any)	N/A.
Staff Member/Office Responsible	Monitoring & Evaluation Coordinator

***In addition to the above measures, MCA-L staff members are governed by the MCA-L Fiscal Accountability Plan, Human Resource Rules and Regulations, contracts and other MCA-Lesotho's policies and procedure guidelines. Unacceptable behavior is dealt with in accordance with the Human Resource Rules and Regulations and the national labour laws.**

7 MONITORING AND REPORTING

MCA-Lesotho will report progress on the Action Plan implementation to both MCA-Lesotho's Board and MCC, on a quarterly basis starting from March 2012. In addition, MCA-Lesotho will post the progress report, on an annual basis, on MCA-Lesotho's web site.

8 REVISIONS

On a semi- annual basis starting from March 2012, MCA-Lesotho task team (Chief Financial Officer, Budget Officer and Procurement Officer) will circulate the approved Action Plan to MCA-Lesotho management, MCC Resident Country Director, the Fiscal Agent, Procurement Agent, PIUs and IES, for any reviews that may be necessary. The revision of the Action Plan will be based on the updated risk matrix. Thereafter, the revised Action Plan will be submitted to MCC counter-parts for their comments. After incorporating all comments, the revised Action Plan will be submitted to the MCA-Lesotho's Board and MCC for approval.