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**MILLENNIUM CHALLENGE ACCOUNT – TANZANIA**

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**ACTION PLAN FOR PREVENTION, DETECTION AND REMEDIATION OF  
FRAUD AND CORRUPTION**

DAR ES SALAAM,  
TANZANIA

SEPTEMBER, 2011

## I. Introduction/Overview

This Action Plan was developed by the Millennium Challenge Account – Tanzania (MCA-T) as a measure to implement the Policy on Preventing, Detecting and Remediating Fraud and Corruption (F&C) in MCC operations (the Policy) adopted in March 2009. The *Policy* specifies measures MCC will undertake to enhance its capacity to prevent, detect and remediate instances of fraud and corruption in the threshold Programs, in Compact development and in Compact implementation. The MCA-T Action Plan was guided by the policy but takes into account the results of the compact-specific Fraud and Corruption Risk Assessment, which was conducted in cooperation with MCC colleagues in February – March, 2011. The Fraud and Corruption Risk Assessment Matrix is attached to this action plan as appendix A.

Some measures to control known corrupt and fraudulent practices are already in place at the MCA – Tanzania. These include forming the procurement team comprising of Procurement Directorate and Procurement Agent, fiscal accountability measures as specified in the approved Fiscal Accountability Plan, the MCA-T's website which provides a link and forum to report fraud and corruption and establishment of levels of approvals. The existing measures are still effective and hence no changes are needed at this time. Despite the existence of these controls, this action plan introduces supplemental concrete steps to mitigate identified gaps. It is therefore the MCA-T's blueprint for taking additional steps to mitigate the more damaging risks for fraud and corruption identified in the risk assessment.

The MCA-Tanzania and its MCC counterparts used the risk assessment exercise to identify remaining risks of fraud and corruption in the management procedures and in all MCA-T sectors, projects and activities. The Assessment also helped to determine measures the MCA-Tanzania can take to mitigate those risks. The process of identifying vulnerabilities in its operations and designing a concrete Action Plan to reduce the risks, instilled within the MCA-Tanzania, ownership for risk management. This ownership is critical in preventing, detecting and remediating fraud and corruption.

The Governing Board as the overseer of MCA-T activities was involved in developing this action plan. Individual members of the Board reviewed the initial drafts of the risk assessment matrix and provided comments. The Board will also approve the final draft of the action plan and monitor the Plan's implementation. Upon finalization of the document, the Governing Board will use the Action Plan as a tool to ensure the Compact objectives are met.

## II. Methodology

The Fraud and Corruption risk assessment is a comprehensive exercise that requires strong leadership, cooperation and coordination of different

stakeholders from both MCC and MCA-Tanzania. These include the MCC Implementation Support Team (IST), Implementing Entities, the MCA-Tanzania Management Team and the Board.

The methodology used in compiling this Action Plan started with a preliminary phase and passed through four different stages. The preliminary phase began with a comprehensive review of the operations of MCA-Tanzania, and a specific training on the guiding MCC principles for preventing, detecting, and remediating fraud and corruption. A core team was then assembled to work on the preparation of the necessary steps and coordination of activities. The core team comprised of:- i) The MCC Resident Country Director, who was the team leader of all the process; ii) The MCC Program Officer, Compact Operations-East/Southern Africa iii) The US Treasury Department, MCC Advisor on preventing fraud and corruption who was available for advice and guidance throughout the process; and iv) Two MCA - Tanzania Staff Members, to lead the process on behalf of MCA-T staff.

The stages followed according to the methodology were:

### **1. Kick-Off Activities at MCA-Tanzania Headquarters in Dar es salaam**

The kick-off meeting for the core team was held on 4<sup>th</sup> of November, 2010. It clarified the process of developing the Risk Assessment Matrix, discussed the Compact specific format of the matrix and set the timeframe for the exercise. The kick off meeting was also used to schedule a series of meetings between the MCC's implementation support team, sector directors and technical leads in charge of MCA – Tanzania activities.

### **2. Field Study**

A draft matrix for populating the risks for fraud and corruption was circulated to all sector directors and implementing entities before the field work. The field study was therefore used to provide further clarifications on the adopted format and providing assistance in identifying potential areas of risk for fraud and corruption in the operations of MCA-Tanzania. During the field work Interviews and discussions were held with the stakeholders from all key sectors at MCA-Tanzania namely the Transport, Energy and Water. Also supporting units including the procurement agent and the MCA-T Procurement Team, Monitoring and Evaluation (M&E), Administration and Human Resource, Information Technology, Internal Audit office, Environmental and Social Impact, and the Public outreach, as well as the implementing entities and project management consultants, were involved in the interviews and discussions. Discussions of the identified risks were also extended to some members of the Governing Board. The discussions enabled the exercise of populating the risk assessment matrix.

### **3. Populating the Columns of the Risk Matrix with Data**

The risk areas identified during the field study were compared with the ones identified at initial stage of consultations and through the discussions and interviews during the field study the Risk Matrix was finalized. In populating the matrix the identified risks were ranked in terms of possibility of occurrence and their potential impact. Additional measures to curb the identified risks were also included in the matrix

### **Developing an Action Plan**

This Action Plan was developed by the MCA-T Management in consultation with MCC counterparts, based on the risk assessment matrix. The focus was on the risks whose occurrences and impacts were classified to be high and medium. Further consultations were made with MCA-Tanzania staff as well as other key actors to determine different courses of action to mitigate the risks identified. The final Action Plan, as a management tool, has to be approved by the Governing Board whose responsibility include among others monitoring its implementation.

The final, approved Action Plan shall be made available to the public through the MCA-T website and also will be published in MCA-T Newsletters for public awareness. Approved revisions to the Action Plan shall also be posted on the MCA- Tanzania website.

### **III. Transparency**

All necessary steps will be taken to ensure that the process of Preventing, Detecting and Remediating Fraud and Corruption is open and transparent. MCA-Tanzania is committed to transparency and full disclosure principles in meeting its statutory obligations and in discharging its accountability to all stakeholders. All incidents of identified or suspected fraud and corruption will be reported in a timely fashion. Complaints about fraud and corruption and the outcome of preliminary case studies and overviews will also be documented and will be reported by a Fraud and Corruption Control Coordinator to the Office of Inspector General (OIG) and MCA-Tanzania General Counsel in accordance with MCC requirements and procedures.

Grievance mechanism used to report instances or cases of fraud and corruption will be in line with MCC Whistle Blower Policy as stipulated in the Fiscal Accountability Plan and in accordance with MCC guidelines. All Employees, contractors, consultants, and the general public will be encouraged to report instances of waste, fraud or abuse of MCA- Tanzania's funds or assets via telephone, email, or written letters.

### **IV. Actions**

The proposed actions to mitigate risks based on the findings of the Risk Assessment are detailed below. The expectation is that, these mitigation

actions will be financed as a part of existing MCA-Tanzania implementation oversight tools within project and Compact budgets. Hence there are no significant additional costs projected for implementation of this action plan.

**Specific Actions Identified through the Fraud and Corruption Risk Assessment**

**A. Project: Transport**

**1. Collusion between Contractors and Consulting Engineers**

<p>Unmitigated Risk - Ranked L/H</p>	<p><b>Collusion between the Contractors and Supervising Engineers, which may lead to acceptance of substandard work, false claims, inflated measurements and falsely certifying percentage of work completed or Variation Orders.</b></p> <p>MCA-T Officers cannot be onsite at all times to monitor the conduct of contractors and consultants.</p>
<p>Proposed Action(s)</p>	<p>a) Conduct surprise checks by MCA-T management and MCC Headquarters;</p> <p>b) Use PMC and TANROAD resident engineers as our eyes and ears on site to inform MCA-T about any unfair practices that could lead to sub standard work, false claims, inflated measurements and falsely certifying percentage of work completed or Variation Orders.</p> <p>c) MCA-T will cancel the portion of the fund allocated to a contract for works or consultants if it at any time determines corrupt or fraudulent practices.</p> <p>d) Anti Fraud Team working with internal audit to conduct routine or ad hoc compliance audits or checks to ensure adequate measures have been built in the systems and processes, highlighting potential risks and recommending preventative measures or solutions</p> <p>e) Keeping updated and accurate records.</p>
<p>Timing</p>	<p>a) Spot checks already in place.</p> <p>b) The PMC and TANROADS resident engineers are already on sites as employer's representatives.</p>

	<p>c) Anti Fraud Team and Auditors to conduct at least 4 visits to all projects starting by January, 2012.</p> <p>d) Public gatherings to be held with effect from October 2011.</p>
Additional Cost (if any)	N/A
Staff Member/Office Responsible	<p>a) Director of Transport (a), (b) and (e)</p> <p>b) CEO (c)</p> <p>c) Anti fraud Team and Internal Auditor (d)</p>

## 2. Abuse of Tax Exemptions

Unmitigated Risk - Ranked L/M	<p><b>Abuse of tax exemptions:</b></p> <p>Contractors may import more equipment and construction materials than those in the Master List and use them in other non tax exempted projects. Furthermore contractors and consulting Engineers may use the opportunity for work permits to bring in experts for other projects and hence abusing the exemptions.</p> <p>Also it is difficult to control or verify the actual consumption of fuel and lubricants hence allow contractors to abuse the use of it.</p>
Proposed Action(s)	<p>a) Thorough review by MCA-T technical staff of all master lists submitted by Contractors to verify the details according to the contract,</p> <p>b) Conduct surprise checks and involve PMC and TANROAD resident engineers on site so that they can inform MCA-T about any abuse in regard to tax exemptions;</p> <p>c) Include the list of all expert personnel of the contractors/ consultants in the Government Notices for exemption of tax on income of the foreign experts;</p> <p>d) Form inspection teams to verify the utilization of tax exemptions.</p>

Timing	<ul style="list-style-type: none"> <li>a) Spot checks already in place.</li> <li>b) PMC and TANROADS residents engineer on sites are already in place</li> <li>c) The list of Expert personnel is attached in all applications for tax exemptions.</li> <li>d) The inspection team is in place.</li> <li>e) Physical verification on quarterly basis will be introduced with effect from October, 2011</li> </ul>
Additional Cost (if any)	N/A
Staff Member/Office Responsible	<ul style="list-style-type: none"> <li>a) Director of Transport (a), (b),</li> <li>b) General Counsel (c)</li> <li>c) CEO (d)</li> </ul>

**3. Non Disclosure of the true sources of imported construction equipment and materials**

Unmitigated Risk - Ranked M/M	<p><b>Importation of construction equipment and materials from non eligible countries without disclosing the sources of origin:</b></p> <p>Given the spread of the projects MCA-T may not be able to check thoroughly all the importation documents and hence providing an opportunity for contractors to import cheaper construction materials and equipment from prohibited sources.</p>
Proposed Action(s)	<ul style="list-style-type: none"> <li>a) Conduct surprise checks by MCA-T management and MCC HQ;</li> <li>b) Involve fully PMC and TANROAD resident engineers on site so that they can inform MCA-T about any fraudulent practices with regard to importation of materials and equipment.</li> <li>c) Thorough review of the documents for import of equipment/materials</li> </ul>
Timing	<ul style="list-style-type: none"> <li>a) Periodic checks are being done</li> <li>b) The PMC and TANROADS resident engineers are already on sites.</li> <li>c) Thorough review is in place. Inspection team to conduct verification review quarterly with effect from December, 2011.</li> </ul>
Additional Cost (if any)	N/A
Staff Member/Office Responsible	a) Director of Transport Sector Projects (a), (b) and (c).

	b) General Counsel (c)
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**4. Fraudulent submission of false details**

Unmitigated Risk - Ranked L/M	<p><b>Fraudulent submission of false details and references by the contractors/consultants leading to procurement of unqualified contractors/consultants which will lead to delays and substandard work.</b></p> <p>Contractors and consultants may submit false details of qualification, work experience and references with the view to win award of tenders basing on misrepresented facts.</p>
Proposed Action(s)	<p>a) MCA-T and MCC cross check with the respective authorities mentioned in the experience report to verify the information</p> <p>b) Use of Tanzania embassy offices on the particular countries abroad to get correct information on the contractors or consultants where the information provided is doubtful.</p>
Timing	<p>a) MCA-T and MCC to conduct fact finding mission where there is a reasonable suspect of fraudulent acts,</p> <p>b) MCA-T has already established link with Ministry of Foreign Affairs with the view to get assistance in the event of gathering information.</p>
Additional Cost (if any)	There might be additional costs where the probe team may need to travel for verification of the details.
Staff Member/Office Responsible	<p>a) Transport Sector Director (a).</p> <p>b) General Counsel, (a) and (b)</p> <p>c) Procurement Director (a) and (b)</p>

**Project: Energy Sector Projects,**

**1. Collusion between Contractors and Consulting Engineers**

<p>Unmitigated Risk - Ranked L/H</p>	<p><b>Collusion between contractor and Consulting engineer to allow substandard work, inflated measurements, falsely certifying percentage of work completed and false claims or Variation Orders:</b></p> <p>Most of contractors look for loopholes to make additional money or lowering cost of doing business. Collusion between contractors and consulting engineers provides the opportunity for false claims or substandard work.</p>
<p>Proposed Action(s)</p>	<p>a) Periodic checks and close follow up by MCA-T management and MCC,                  b) MCA-T personnel and Implementing Entities attend the FAT to verify the quality of the materials,                  c) Ensuring full time presence of Implementing Entity at Construction sites to monitor the conduct of the contractors and supervising engineers and report to MCA-T any suspect moves</p>
<p>Timing</p>	<p>a) Periodic checks are being done and approvals system is in place,                  b) The attendance of MCA-T and Implementing Entity in FAT is being observed.                  c) The Implementing Entity has engineers on site all the time</p>
<p>Additional Cost (if any)</p>	<p>N/A</p>
<p>Staff Member/Office Responsible</p>	<p>a) Director for Energy Sector (a), (b) and (c)                  b) TANESCO and ZECO (b) and (c).</p>

**2. Misrepresentation of Quality and Quantity of Equipment and materials**

<p>Unmitigated Risk - Ranked L/M-H</p>	<p><b>Fraudulent misrepresentation of quality and quantity of equipment and materials by the Contractors</b></p> <p>The limited number of MCA-T technical personnel results almost overreliance to the consulting engineer for effective supervision of the work. This opens room for fraudulent</p>
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	misrepresentation of quality of equipment and materials to go unnoticed by the employer.
Proposed Action(s)	<ul style="list-style-type: none"> <li>a) MCA-T staff and Implementing Entity representative to attend all the FAT,</li> <li>b) MCA-T technical personnel to attend site visits with the view to verify the actual situation on site,</li> <li>c) Ensuring full time presence of Implementing Entity at sites to monitor the conduct of the contractor and report to MCA-T any suspect moves.</li> </ul>
Timing	<ul style="list-style-type: none"> <li>a) MCA-T staff is attending in all FAT starting October, 2011.</li> <li>b) The MCA-T technical personnel are conducting site visits regularly to verify the work starting October, 2011.</li> <li>c) The Implementing Entities are always on site.</li> </ul>
Additional Cost (if any)	N/A
Staff Member/Office Responsible	<ul style="list-style-type: none"> <li>a) Director for Energy Sector (a), (b) and (c)</li> <li>b) TANESCO and ZECO (b) and (c).</li> </ul>

**Project: Water Sector Projects**

**1. Bribery to Supervision contractors, Procurement agent and MCA-T Personnel**

Unmitigated Risk - Ranked L/H	<p><b>Bribery by contractors to supervising consultant and Procurement Agent or procurement office to influence extension and contract modification without justified grounds which may affect the program schedule and lead to additional costs.</b></p> <p>Contractors may decide to bribe supervision engineers and MCA-T personnel to manipulate the procedure for extensions/modifications of contracts.</p>
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Proposed Action(s)	<ul style="list-style-type: none"> <li>a) Close follow up by MCA-T management and MCC HQ of the justifications for modifications of contracts.</li> <li>b) Internal control and regular audits to verify compliance on the procedures for contracts modifications.</li> <li>c) Awareness education among MCA-T staff on fraud and corruption and its effects.</li> </ul>
Timing	<ul style="list-style-type: none"> <li>a) MCA-T and MCC regular follow up of the procurement procedures are in place,</li> <li>b) The audits by internal auditors and OIG is done quarterly,</li> <li>c) DAWASA and MORUWASA are keeping all the records of the projects in coordination of MCA-T and MCC</li> <li>d) Internal awareness education among MCA-T staff to be held semiannually with effect from October 2011</li> </ul>
Additional Cost (if any)	N/A
Staff Member/Office Responsible	<ul style="list-style-type: none"> <li>a) Director for Water Sector (a).</li> <li>b) Internal Auditor (b)</li> <li>c) Anti fraud Team (c).</li> </ul>

**Project: Procurement**

**1. Development of ToRs and Specifications targeting a particular contractor/consultant**

Unmitigated Risk - Ranked L/H	<p><b>Conflict of interest between Procurement Agent and contractors/consultant (preference or special interest) which could lead to the risk of MCA-T over specifying the TOR to skew the bid toward one contractor/consultant</b></p> <p>Procurement Agent is the advisor of the Procurement Director and sector Directors in all matters relating to procurement, and this pose a risk for the PA to influence the preparation of ToR which might be designed to limit competition in order to exclude some competent contractors/consultants in favor of targeted specific contractors or consultants whom the PA has an interest.</p>
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Proposed Action(s)	<p>a) Full involvement of MCA-T and MCC technical people in preparation of the TORs.</p> <p>b) Requirement for disclosure of interests including actual, perceived and potential in advance, for all people involved in the procurement processes.</p> <p>c) Adherence to the requirement for all people involved in procurement processes to sign confidentiality forms. Once a person lie on the confidential form will be declared ineligible and where necessary charged with perjury.</p>
Timing	<p>a) MCA-T and MCC are following up by reviewing and providing necessary approvals before the issuing of bid/tender documents.</p> <p>b) Declaration of interest and signing of confidentiality forms is being done in accordance with PPG.</p>
Additional Cost (if any)	N/A
Staff Member/Office Responsible	<p>a) Procurement Director (a), (b) and (c)</p> <p>a) General Counsel (C).</p> <p>b) All sector Directors (a)</p>

## 2. Disclosure of confidential Information

Unmitigated Risk - Ranked L/M	<p><b>Risk of deliberate disclosure of the confidential information by the MCA-T Procurement Team or POA.</b></p> <p>Procurement process involves procurement officers who are the custodian of all confidential procurement details. The risk is for entrusted officers to use the information which is in their possession to gain profit by releasing the confidential information to targeted individuals or firms.</p>
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Proposed Action(s)	<p>a) Include in PPG, a requirement to Document the interactions with suppliers and potential suppliers in the presence of more than one individual.</p> <p>b) Avoid one person to operate alone in many steps of the procurement process, especially in evaluation of and negotiations with suppliers.</p> <p>c) Ensure information disclosure is done consistently to all potential suppliers and strict adherence to procedures during the solicitation, evaluation and award processes.</p>
Timing	<p>a) Prepare and submit the proposal for amendment of PPG to include, a requirement to Document the interactions with suppliers and potential suppliers in the presence of more than one individual by January, 2012.</p> <p>b) Avoidance of entertaining or answering queries from bidders on the phone, unless the question and the responses will also be captured in detail and shared in writing to other bidders.</p>
Additional Cost (if any)	N/A
Staff Member/Office Responsible	<p>a) Procurement Director (a), (b), (c) and</p> <p>b) General Counsel (a)</p>

### 3. Abusing the Sole source and direct contracting

Unmitigated Risk - Ranked M/M	<p><b>Collusion between the Procurement office and consultants/service providers/suppliers in awarding direct contract and sole source selection method of procurement without sufficient justifications.</b></p> <p>Direct contracting and sole source selection method is the method which, if not properly managed, can be abused.</p>
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Proposed Action(s)	<p>a) Reinforcing ethical behavior as MCA-T staff and particularly in procurement areas. This should be supported by adequate training and opportunities to receive advice on ethical dilemmas.</p> <p>b) Ensuring adequate procurement planning such as identification and assessment of risks, capacity to address such issues in the procurement Unit.</p> <p>c) Ensuring separation of duties of procurement officers.</p> <p>d) MCA-T and MCC Management ensuring supervision. Sector Directors must personally engage in a regular check of procurement transactions, including the regular review of the files, specification of goods and terms of references for services. Also it is important that, background checks are conducted with all suppliers to ensure they are bona fide companies/firms.</p> <p>e) Preparing annual reports on procurement activities and paying particular attention to the number of waiver regardless of the amount involved.</p>
Timing	<p>a) Training on ethical dilemmas should be conducted by December, 2011</p> <p>b) The procurement Plan is always in place.</p> <p>c) increasing the number of procurement staff at headquarters and in the field</p> <p>d) Regular checks are always conducted by MCA-T management and MCC.</p> <p>e) Weekly procurement reports are prepared.</p>
Additional Cost (if any)	N/A
Staff Member/Office Responsible	<p>a) Procurement Director (a), (b), (c) and (e).</p> <p>b) All sector/unit Directors (d)</p>

**4. Collusion among bidders on presentation of Bid documents**

Unmitigated Risk - Ranked M/M	<p><b>Collusion among bidders on presentation of Bid documents to fix their prices so they can either take turns winning bids or to "fix it" so that one contractor wins and promises to give a sub-contract to</b></p>
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	<p><b>another.</b></p> <p>Some of the suppliers and service providers may collude to submit bids and agree on the price which will lead to one of them to win award and subcontract the other. The risk is for such supplier or service provider to push the increase of price after award hence become the highest price than the next bidder who could win if the winner could present the actual price.</p>
Proposed Action(s)	<p>a) MCA-T should act in a transparent manner during procurement processes, such as posting in advance the procurement schedules and plans, solicitations and contract awards on the MCA-T website and in other relevant web sites, newspapers and trade journals.</p> <p>b) Regular monitoring by MCA-T and MCC on all procurement processes and provides formal approval before award.</p> <p>c) Declare a firm ineligible, either indefinitely or for a stated period of time, to be awarded a contract if it at any time determines that the firm has engaged in corrupt or fraudulent practices in competing for, or in executing, contract.</p>
Timing	<p>a) Posting of procurement plan, solicitation and contract award is in place.</p> <p>b) Necessary approvals by MCA-T and MCC are sought and obtained</p> <p>c) The contracts always provide the clauses for the consequences of fraud and corruption.</p>
Additional Cost (if any)	N/A
Staff Responsible	<p>Member/Office</p> <p>a) Procurement Director (a), (b), b) General Counsel (c).</p>

**Project: Contract Administration**

**1. Collusion between MCA-T staff and Consultant**

<p>Unmitigated Risk - Ranked L/M</p>	<p><b>Collusion between MCA-T staff and Consultant to accept deliverables that do not meet contract terms</b></p> <p>In instances where the consultant is found in a situation of not being able to produce the requisite deliverables timely, there could be</p>
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	collusion with the responsible MCA-T staff to accept the deliverables out of time or in poor quality.
Proposed Action(s)	a) Regular monitoring by MCA-T and MCC on all the deliverables and provide formal approval before formal acceptance of deliverables. b) Regular Audits by internal and external auditors.
Timing	a) MCC and MCA-T approval system is in place b) Semiannual audits by external auditors and OIG are in place.
Additional Cost (if any)	N/A
Staff Responsible	Member/Office a) Procurement Director (a). b) All Sector Directors (a). c) Chief Internal Auditor (b).

## 2. Collusion between MCA-T staff and Suppliers or Services Providers

Unmitigated Risk - Ranked L/M	<p><b>Collusion between MCA-T staff and suppliers or services providers to accept fraudulent invoices.</b></p> <p>Service providers and suppliers, driven by ill motive, may tend to manipulate the invoices with the view to receive payments higher than what they deserve. The risk is for the suppliers or service providers to collude with MCA-T responsible staff to accept the falsified quality of supplies in the invoices which are higher than the quality supplied or service delivered or receive the payment before delivery of goods and services.</p>
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Proposed Action(s)	<ul style="list-style-type: none"> <li>a) Regular monitoring by MCA-T and MCC on all the supplies and services delivered.</li> <li>b) Include in all contracts financed by MCA-T funds a provision requiring consultants, suppliers and contractors to permit the MCA-T to inspect their accounts and records relating to the performance of the contract and to have them audited by auditors appointed by MCA-T.</li> <li>c) Form acceptance receiving team for supplies which will verify quality and quantity of the deliverables.</li> <li>d) Regular audits by internal and external auditors</li> </ul>
Timing	<ul style="list-style-type: none"> <li>a) Regular monitoring by MCA-T and MCC is in place.</li> <li>b) All MCA-T contracts are standard contracts which include a provision allowing MCA-T to audit the suppliers/service providers/ consultant's accounts by independent auditors appointed by MCA-T.</li> <li>c) The receiving verification team be formed for accepting deliverables with effect from October, 2011.</li> <li>d) Semiannual audits by internal auditors are done.</li> </ul>
Additional Cost (if any)	N/A
Staff Member/Office Responsible	<ul style="list-style-type: none"> <li>a) Procurement Director (a), (b) and (c).</li> <li>b) All sector Directors (a) and (c).</li> <li>c) Chief Internal Auditor (d)</li> </ul>

**Project: Environment and Social Issues**

**1. Collusion between independent Valuer and PAPs**

Unmitigated Risk - Ranked M/H	<p><b>Collusion between independent valuer and PAPs to inflate compensation schedules</b></p> <p>The valuers are working independently without the close follow up by MCA-T staff because the MCA-T staff cannot be on site always to accompany the valuer in valuation process. The risk is for some of the people living in the corridor of impact to bribe the valuers to inflate the compensation schedule and be paid more than what they deserve.</p>
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Proposed Action(s)	<p>a) Regular monitoring by MCA-T and MCC and revise the proposed compensation schedule and provide formal approval before making payments.</p> <p>b) Conduct random check of the valuation process and ensure that appropriate policies and procedures concerning issues such as gifts, benefits and bribes are in place and reviewed on a regular basis</p>
Timing	<p>a) Regular monitoring by MCA-T and MCC should be strengthened by allowing the MCA-T responsible officers to be on site to verify the compensation schedule starting by October, 2011.</p> <p>b) Procedural policies for bribes and corruption be introduced by December, 2011</p>
Additional Cost (if any)	Travelling expenses for verification of the valuation process.
Staff Member/Office Responsible	<p>a) Director of Environment and Social Impact (DESI) (a) and (b)</p> <p>a) All Sector Directors (a)</p> <p>b) General Counsel (b)</p>

## 2. Risk of Fraudulent misrepresentation by PAPs

Unmitigated Risk - Ranked M/M-H	<p><b>Risk of fraudulent misrepresentation by unscrupulous persons taking advantage of improper identification of the true owner by the valuers and fraudulently claim right over the property in corridor of impact in representative capacity or estate administrators</b></p> <p>In instances the valuers may inadvertently or with ill motive include in the compensation schedule a person not a true owner of the property considering that the valuers are working independently in the absence of MCA-T staff to accompany the valuer in valuation process. The risk is for some of the people not living in the corridor of impact to fraudulently present themselves as the owner of the property or are legal representative of the true owners and receive the compensation which they are not entitled.</p>
Proposed Action(s)	a) MCA-T staff responsible for resettlement be fully involved in the valuation process and

	<p>identification of PAPs.</p> <p>b) Conduct random checks of the lists of PAPs and ensure that only PAPs properly identified are included in the compensation schedule.</p> <p>c) Involve the local leaders in all identification process to avoid confusion and misrepresentation as the identity of PAPs.</p>
Timing	<p>a) The close monitoring of resettlement officer is put in place by December, 2011.</p> <p>b) The random checks of list of PAPs are in place.</p> <p>c) Local Leaders are always involved in the identification process of PAPs.</p>
Additional Cost (if any)	Allowances for travelling of MCA-T staff to accompany the evaluators process.
Staff Responsible	<p>Member/Office</p> <p>b) Director of Environment and Social Impact (a), (b) and (c)</p> <p>c) Sector Directors (b)</p>

## V. Monitoring and Reporting

The MCA-Tanzania anti-fraud and corruption team members will monitor implementation of this Action Plan and report progress to the MCA-Tanzania Management. The MCA-T Management will then compile semi annual implementation reports in written format for presentation to the Governing Board and the MCC Resident Country Director. Additionally, the anti-fraud and corruption team members will be available for consultation on any issue pertaining to the progress of the Action Plan and can present specific-area/item reports as requested by MCA-Tanzania Management, the Governing Board, MCC Head Quarters and/or MCC Resident Country Director.

MCA-Tanzania will publish in its website and in the MCA-Tanzania's Newsletters, currently issued quarterly, overall progress of implementation of the action Plan to the general public. Reporting progress may be done more frequently depending on occurrence of fraud and corruption events or as may otherwise be required by the Governing Board or MCC.

## VI. Revisions

MCA-T Management, MCC Resident Country Director or Governing Board may propose for amendment, or review of the Action Plan. The Governing Board and MCC shall approve the proposed modification, cancel or amendment of the Action Plan having regard to the same considerations, which guided their initial establishment by any contractual or statutory obligations and in particular, the provisions of the substitute thereof.

This Action Plan does not provide for every eventuality. In all circumstances not directly covered under this Action Plan, the MCC's Policy on Preventing, Detecting and Remediating Fraud and Corruption and other MCC Guidelines shall apply. Other relevant Laws or Regulations or Administrative Orders and Instructions which relate to the matter shall also apply.

Where further guidance is required, MCA-T Management or MCA-T Governing Board shall consult the Resident Country Director or DC Lead for clarification.