



MCC Launches Policy for Addressing Corruption Risks in Its Operations

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TI-USA today welcomed the Millennium Challenge Corporation (MCC) publication of its *Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC Operations*. The Policy recognizes that “MCC’s success in fulfilling its mission of poverty reduction... requires effective... management of risk through a comprehensive approach to prevent, detect, and remediate... fraud and corruption MCC-financed activities.”

The MCC, a U.S. development assistance organization, makes grants to developing countries based on their meeting anti-corruption criteria. The MCC decision to award assistance based on a commitment to fighting corruption recognizes that corruption is one of the greatest barriers to effective development and the effective use of development assistance.

The Policy complements the MCC’s emphasis with “compact countries” on fighting corruption by focusing on the MCC’s own commitment to further safeguard the U.S. funds that it disburses abroad. TI-USA recognizes the MCC’s leadership within the development assistance community in articulating a comprehensive policy and calls for prompt implementation. This will help address rising public concern about the appropriate management of US taxpayer funds and help ensure that assistance benefits those it is intended to serve.

TI-USA consulted the MCC in the policy’s development and provided recommendations, drawing on best practices in corruption risk management from within the development assistance community and the private sector. Recommendations that are reflected in the Policy include:

- Senior management and board level commitment to “demonstrate leadership... by clearly communicating roles and responsibilities, providing adequate resources, and supporting training on this policy... to motivate and empower MCC staff to implement [it];”
- Prevention through project-specific risk assessments which lead to targeted mitigation measures and “refined [MCC] oversight” that facilitates detection of fraud and corruption;
- A system for responding to fraud and corruption that facilitates prompt and proportional remediation; and
- Institutional recognition that “effective risk management will require flexible, responsive, continuous learning of institutional practices, incentives, and skills,” which signals a commitment to ongoing improvements to the Policy and its implementation.

Transparency International-USA is the U.S. chapter of Transparency International, the global civil society organization leading the fight against corruption.