

MCC Fund Management Services

Challenges

As part of the Millennium Development Goals and the Paris Declaration on Aid Effectiveness, donor agencies attach greater political value to the principles of ownership, alignment, and harmonization. Enhancing accountability and transparency is of paramount importance because development funding nowadays is carefully scrutinized by tax payers, beneficiaries, and other stakeholders.



In many cases, a partner government's administration does not possess the required capacity to safeguard proper and transparent fund management. Consequently, funding agencies require the financial and procurement management of their projects to be overseen by independent agents who provide fiduciary assurance against waste, fraud, or abuse of donor funds. While the basis of such control is universal, reporting structures and particular processes are customized for each funding agency.

Fiscal agents have to accomplish two tasks. They diligently oversee, discharge, and perform all services necessary to obtain optimum value for the funds expended while ensuring that all financial transactions are conducted in strict compliance with all relevant contracts, principles, rules and procedures. In addition, fiscal agents have to provide the aid recipient with data required for proper contract management, programming, and budgeting.

GFA Concept and Services

For over 25 years, the GFA Consulting Group has been offering fund and procurement management services for major donor and funding agencies as well as for government organizations. Experts of GFA Consulting Group and GFA B.I.S. have developed, customized and implemented a comprehensive financial management system for the specific needs of funds management. It comprises accounting and reporting and standard internal control functions that can be quickly and efficiently adapted to the particular needs of a donor agency or partner country.

Since 2006, GFA has been operating as fiscal and procurement agent for Millennium Challenge Account (MCA) countries funded by the US Government Millennium Challenge Corporation (MCC). MCC provides assistance through a compact to those countries that fulfill certain criteria regarding economic freedom, investing in its people, and good governance. The volume per compact has reached up to 700 million US Dollars for a five year period.

GFA has focused on customizing software solutions for accounting, budgeting and reporting as well as standard internal operating procedures that are in compliance with MCC's reporting and oversight requirements. Yet, the software is flexible enough to accommodate financial reporting for partner country clients as well. GFA implements an accounting system based on either IFRS or other internationally recognized accounting standards. It defines the processes and procedures, sets up an internal control system, elaborates a flexible and tailor-made reporting system with an easy-to-use analysis tool, and creates a management information system.

GFA has been the fiscal agent of record of over 50% of MCC funds provided to partner countries, and in up to 11 MCA countries that use private-sector fiscal agents. Total MCC funds managed amount to 4.6 billion US Dollars. In a consortium with Charles Kendall & Partners Ltd (CKP), GFA also has been assigned procurement agent services in three MCA countries. GFA's automated accounting, budget and reporting system, and its internal processes and control system have met the requirements of MCC's rigorous audit requirements in all of the countries.

GFA at Work

Millennium Development Authority, Ghana MCC, 2006 – ongoing

GFA, in cooperation with CKP, acts as procurement and fiscal agent on behalf of the Millennium Development Authority (MiDA) to manage the acquisition of a broad range of goods, works and services funded by MCC at a total of 547 million US Dollars. As GFA provides both procurement



and fiscal services, we are able to fully utilize our integrated procurement and financial accounting and reporting system to streamline reporting and provide data to MiDA's management team.

Contract Value: US Dollars 13,255,027

Millennium Challenge Account, Morocco MCC, 2008 – ongoing

The Millennium Challenge Account Morocco, executed by Agence du Partenariat pour le Progrès (APP), aims at sustainable economic growth and poverty reduction in Morocco through investments in five strategically selected projects. GFA, together with CKP, operates as fiscal agent. The investments, amounting to 697.5 million US Dollars, will increase productivity and improve employment in high potential sectors such as fruit tree productivity, small-scale fisheries, and artisan crafts. Additional investments in financial services and enterprise will support the establishment of small enterprises and economic growth.

Contract Value: US Dollars 6,605,000

Millennium Challenge Georgia Fund MCC, 2007 – 2011

In Georgia, GFA together with CKP, took the financial management over from another consulting company. Accordingly, the special challenge of this project was the mitigation of the predecessor's data into GFA's system. The volume of the fund is 395 million US Dollars. GFA provided additional fiscal agent services to the Georgia Regional Development Fund which is also based on a MCC grant. When MCC funding for Georgia ended in 2011, the consortium managed the financial closure of the fund as scheduled.

Contract Value: US Dollars 5,782,000

Millennium Challenge Account, Mongolia MCC, 2008 – ongoing

The Millennium Challenge Account Mongolia aims at sustainable economic growth and poverty reduction in Mongolia by rehabilitating road infrastructure and supporting favorable framework conditions for entrepreneurial activities. GFA, together with CKP, acts as fiscal agent to manage related services. The funds amount to 285 million US Dollars. Specific goals are the rehabilitation of a major North-South road, the development of a land registration system, support to vocational training as well as the eradication of non-communicable diseases.

Contract Value: US Dollars 6,167,200



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