

MCC Guidance to Accountable Entities on the Quarterly Disbursement Request Package

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MILLENNIUM
CHALLENGE CORPORATION
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MCC Guidance to Accountable Entities on the Quarterly Disbursement Request Package

Owner: Department of Compact Operations, Office of the Vice President

APPROVER	DATE
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EFFECTIVENESS

This guidance was approved on March 31, 2020 and is effective as of September 1, 2020. For the avoidance of doubt, this guidance will remain in effect with respect to any successor position or office performing the functions of its predecessor until this policy is modified, revoked, or superseded. In addition, this guidance supersedes any prior policy or guidance with respect to the subject matter hereof, including the previous version of the MCC Guidance to Accountable Entities on the Quarterly Disbursement Request Package, including its associated annexes, dated March 1, 2018, and the Guidance on Out-of-Cycle Disbursement Requests, dated March 2009.

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Acronym List

Acronym	Definition
AE	Accountable Entity
CDF	Compact Development Funding
CDR	Contract Detail Report
CFF	Compact Facilitation Funding
CP	Condition Precedent
DFP	Detailed Financial Plan
DRL	Disbursement Response Letter
EIF	Entry into Force
HACR	Historical actual change request
IBC	Interior Business Center
ITT	Indicator Tracking Table
M&E	Monitoring and Evaluation
MCC MIS	MCC's Management Information System
N/A	Not applicable
OOB	Out of cycle
PIA	Program Implementation Agreement
PP	Procurement Plan
PPG	Program Procurement Guidelines
PPR	Procurement Performance Report
PPS	Program Partnership Solicitation
QDRP	Quarterly Disbursement Request Package
QFR	Quarterly Financial Reports
RCD	Resident Country Director
SPRF	Special Payment Request Form

Introduction

The objectives of the Quarterly Disbursement Request Package (QDRP) are for (1) MCC to obtain and assess information related to program progress, compliance with program requirements, and projected commitment and disbursement needs; and (2) the Accountable Entity (AE)¹ to obtain disbursement authority to access funds from MCC. These objectives are fulfilled through a process of information and document exchange.

The QDRP identifies resources needed for program implementation in the upcoming quarter and should be based on the current status of projects and activities, as reflected in the program's work plan(s). The package provides information on execution of program activities; financial management; procurement, grant, and partnership actions; progress towards compact or threshold program goals (as defined by monitoring and evaluation (M&E) indicators and targets); and the status of conditions precedent (CP) to disbursement. The package also details projected commitments and disbursements for the life of the grant.

In cases where the AE is not requesting any funds for the upcoming quarter, the AE should submit a non-financial QDRP, which provides a simplified approach for reporting on projected commitments and procurement and M&E data, but does not require submission of most financial reports or other required documentation. Should funding needs change within the quarter, the AE may also submit an out of cycle (OOC) QDRP to request a change in budget and/or disbursement authority, or to request an adjustment of existing disbursement authority.

Process and timing

Separate QDRP submissions are required for all AE-managed fund types, including: compact development funds (CDF) provided in a standalone agreement, compact facilitation funds provided within a compact (CFF), compact program funds and threshold program funds.²

The AE is responsible for drafting all of the documents required for the QDRP and is encouraged to develop and implement an internal preparation process with the necessary financial and quality control procedures to ensure that the QDRP submission meets the requirements laid out in this guidance. To facilitate this, MCC recommends that the AE review the following information as inputs into the preparation of the QDRP:

- Updated project level and integrated work plans;
- Contractors' cash flow projections and past contractor performance against cash flow projections;
- Consultants' deliverable and payment schedules, including the amounts in the months that each deliverable is expected to be paid by the FA;
- Grantee and partner reporting and fund disbursement schedules; and
- Non-reoccurring commitments such as pending contracts, grants, or cooperation agreements to be signed.

Based on the review of the pertinent documents, the AE should update its financial system to reflect the latest projections on funding requirements, deliverables and planned procurements, grants and partnership agreements, and determine if any budget reallocations are necessary.

In order to provide sufficient time for review and approval before the start of a new disbursement period, the QDRP should be submitted to MCC for approval at least twenty (20) days prior to the end of each quarter (on March 10, June 10, September 10 and December 10; or the following business day if the 10th falls on a weekend or holiday). For funds related to CDF, CFF and compact programs, the QDRP must be submitted, reviewed and approved via the MCC Management Information System (MCC MIS³); for threshold programs,

¹ Prior to the creation of the MCA, this reference refers to the Permitted Designee, as defined in the relevant grant agreement.

² In cases where certain funds are MCC-managed, there is no need to submit a QDRP for those funds; QDRPs are only submitted when the partner country is requesting a disbursement for country-managed funds.

³ Technical guidance on submitting the package in MCC MIS can be found in the MCC MIS User Guide.

the request is submitted, reviewed and approved via email. Final submissions are expected to be approved by MCC before the final day of the quarter, following any necessary revisions by the AE to respond to comments issued by MCC.

While most QDRP quarters span exactly a three-month period, the length of the first and last quarters of the compact vary based on the date of Entry into Force (EIF). The first quarter of a compact will be a long first quarter only if the compact entered into force within 45 days of the start of a new fiscal quarter (i.e. EIF dates between August 16 – September 30; November 16 – December 31, February 14 – March 31, or May 16 – June 30). In all other cases, the compact will have a short first quarter. For the closeout period, the AE may continue with submissions on the normal QDRP submission dates (March 10, June 10, September 10 and December 10), or submit a separate QDRP that would start on the first day of the closure period and cover the entire 120 day period (or a lesser portion thereof).⁴ In no case shall an AE submit a QDRP that covers a period greater than four and a half months (137 days).

MCC recommends as a best practice that the AE submit a draft QDRP for technical review approximately 10 days prior to the required QDRP submission date. It is recommended that the draft QDRP include, at a minimum, the detailed financial plans (DFPs), contract detail reports (CDRs) or itemized DFPs (as applicable), Indicator Tracking Table (ITT), CP report, Schedule A and the Explanatory Notes. MCC may also request that additional documents be submitted as part of the technical review. Recognizing that financial data for the current quarter will still be evolving, from a financial perspective, MCC’s technical review will primarily focus on the request for the upcoming quarter rather than deviations within the current quarter.

QDRP Components

The QDRP consists of a set of core documents that are required across funding types. These documents are summarized in the following table and further described below.

Required Components	CDF and CFF	Compact	Threshold
Explanatory Notes	Yes	Yes	Yes
DFP – Cash	Yes	Yes	Yes
DFP – Commitments	Yes	Yes	Yes
Schedule A	Yes	Yes	Yes
Schedule B ⁵	No	No	Yes
Disbursement Request and signed Disbursement Request Form	Yes	Yes	Yes
CDRs or Itemized DFPs (cash and commitments) ⁶	Yes	Yes	Yes
Procurement Plan (PP) ⁷	Yes	Yes	Yes
Procurement Performance Report (PPR) ⁸	Yes	Yes	Yes

⁴ The approach to QDRP submissions for the closure period should be outlined in the Program Closure Plan.

⁵ For compacts, Schedule B is automatically calculated and available through a report in MCC MIS. Threshold Programs, which do not currently use MCC MIS, must update Schedule B as appropriate and include it as part of the overall QDRP submission.

⁶ Countries with SAP should submit CDRs for all applicable fund types. Countries without SAP should submit itemized DFPs.

⁷ Note that the AE is only required to submit one consolidated PP per quarter; it is not expected that there will be separate PPs submitted for each fund type.

⁸ Note that the AE is only required to submit one consolidated PPR per quarter; it is not expected that there will be separate PPRs submitted for each fund type.

Required Components	CDF and CFF	Compact	Threshold
ITT ⁹	N/A	Yes	Yes
ITT Progress Report	N/A	As required by MCC	As required by MCC
CP Report	Yes	Yes	Yes
Certificates: Fiscal Agent Certificate, Procurement Agent Certificate Accountable Entity Certificate	As required by MCC	Yes	Yes
Work Plans ¹⁰	As required by MCC	As required by MCC	As required by MCC
Disbursement Response Letter (DRL) (drafted by MCC)	Yes	Yes	Yes

Explanatory Notes

The Explanatory Notes are meant to provide succinct information related to the overall QDRP. They should briefly explain any deviations between the current quarter's disbursement and commitment projections and actual disbursements and commitments, describe the significant factors behind the upcoming quarter's requested funding and identify any key risks or constraints to meeting the expected commitment and disbursement targets for the upcoming quarter.

The Explanatory Notes should also present trend data, showing prior quarters' performance against commitment and disbursement requests. Any reallocations or other special requests should also be justified in the Explanatory Notes.

The Explanatory Notes should align with all documentation submitted as part of the QDRP, including the DFPs, CP report, etc. In particular, the AE should ensure that the activities outlined in the Explanatory Notes are consistent with the items submitted and/or approved in the PP (and their corresponding procurement timelines) and the progress of any procurements observed over the current quarter.

The Explanatory Notes should not provide detailed information on program progress or duplicate information that can be found in other parts of the QDRP or is already available in contractor reports or other pieces of information that have been shared with MCC.

Information may be presented in tables or short bullet points; long text is not expected.

The template in Annex 1 shall be used as the standard format for the Explanatory Notes. However, MCC reserves the right to require the inclusion of additional information as part of the Notes or the broader QDRP submission.

Quarterly Financial Reports (QFR)

The required financial reports, including Schedule A, the DFPs, the Disbursement Request and signed Disbursement Request Form and the CDRs, provide an overview of the AE's financial activities over the current and previous quarter(s), show plans for future quarters, and justify the proposed request for disbursement authority in the upcoming quarter. They are also used to propose adjustments to the budget (originally derived from the grant agreement's Multi-Year Financial Plan).

The AE financial director (or interim fiscal representative, during compact development, or similar entity if required for threshold programs), with support from the Fiscal Agent and MCC Program Financial Services staff, is responsible for preparation of the financial reports, based on inputs from and consultations with AE

⁹ Note that the ITT is not a required component of the QDRP until after the approval of the initial M&E Plan

¹⁰ The Program Implementation Agreement (PIA), or in the case of threshold programs, the grant agreement, includes up to date work plans as a requirement for disbursements. Please consult the PIA or Threshold Program Grant Agreement.

project staff.

Templates for the QFR can be found in Annex 2. Annex 2a provides more detailed guidance on preparation of the QFR. Individual QFR components are described further below:

Schedules A and B

Schedule A includes the original budget from Annex II of the signed grant agreement (the summary of the Multi-Year Financial Plan), the current approved budget, and space for the AE to propose a reallocation of funds across projects and/or across activities within projects. A summary of all previously approved budget adjustments is captured in Schedule B.

In cases where the AE is requesting a budget reallocation (Schedule A adjustment), the AE must submit additional information related to the requested change(s) and clearly describe the reason(s) for the request. Annex 3 includes the budget reallocation request template, which outlines the information that the AE must submit. This includes applicable background related to the reallocation (is it the result of new feasibility studies or detailed designs, etc.) and information necessary to inform any additional economic assessment that may be required. The AE should also describe any potential risks associated with the reallocation, including the implications for costs, schedule, beneficiaries, achieving expected results, economic rates of return, and, where applicable, implementation arrangements. This information required by Annex 3 may be submitted as part of the Explanatory Notes or as a separate attachment to the QDRP.

Note that budget reallocations may require new economic analysis and senior-level management approvals at MCC.

Detailed Financial Plans (DFPs - commitments and cash)

The DFP-commitments and DFP-cash allow the AE to forecast the amounts it expects to commit and disburse for the remainder of the grant. The DFPs calculate total projected commitments and disbursements and compare them to the current approved budget. This allows the AE and MCC to track their forecast versus their plan and identify any projected surpluses, shortfalls or need for budget reallocations. Templates for the DFPs can be found in Annex 2.

Formal submission of the DFPs forecasts the financial data at the sub-activity level (or beyond, where appropriate given the level of detail included in the budget). To provide more granular details about the projected commitment and disbursement forecasts, MCC also requires the AE to submit CDRs or itemized DFPs, with information provided at a lower level of program activity (see below for additional details).

The DFPs track cumulative commitments and disbursements through the current period and break down the upcoming quarter (next period) by month for more detailed planning. For CDF and CFF, the DFPs must provide commitment and disbursement projections for at least the upcoming four quarters (and further out where appropriate). For compact and threshold funds, the DFPs must provide commitment and disbursement projections for the entire grant period, and the projections should reflect the total amount the AE expects to commit and disburse over the life of the grant. If the AE is using a financial and procurement management system, such as SAP, the DFPs should be generated from that system.

The total projected disbursement amount needed for the upcoming quarter (from the DFP-cash) will represent the disbursement authority requested in the Disbursement Request. Once approved, the disbursement authority may not be exceeded at the activity level during the disbursement period without additional MCC approvals, as detailed in the OOC guidance below.

Different from the cash projections, AEs can commit funds during the disbursement period above what is in the approved DFP-commitments without any additional approvals, so long as the commitments are in accordance with all MCC procurement and financial rules.

Disbursement Request and Disbursement Request Form

The Disbursement Request is a form that AEs use to request disbursement authority for the upcoming quarter. The amount requested in the Disbursement Request should match the total projected for the upcoming quarter in the DFP-cash. For countries using MCC MIS, the Disbursement Request is automatically populated from the DFP-cash and should be printed from the system for signature. The printed Disbursement Request Form is executed by authorizing signatures from individuals authorized to do so under the grant agreement. Note that the dates of the authorizing signatures must be the same as or earlier than the date on the Disbursement Request. For compacts, both the Disbursement Request in MCC MIS and the signed Disbursement Request Form must be submitted with the QDRP in order for the package to be approved; thresholds are only required so submit the signed Disbursement Request Form.

Contract Detail Reports (CDRs)/Itemized DFPs (commitments and cash)

As noted above, the DFPs normally provide information down to the sub-activity level; however, additional detail is typically required for MCC to understand the disbursement request.

CDRs are reports generated from SAP which provide detailed commitment and disbursement information down to the contract, grant or cooperative agreement level. The reports have been designed to align with the structure of the DFP, but provide information below the sub-activity, including earmarks (i.e. fund reservations), planned procurements, grants, or cooperative agreements (i.e. purchase requisitions), contracts and non-procurement payments. For each of these items, the actual and forecasted commitment and disbursement data are reported consistent with the DFPs.

The CDR is required for all programs that have SAP in place at the time of the QDRP submission. For countries or programs that do not have SAP, the AE should attach itemized DFPs which include actual and forecasted data below the sub-activity level.

Procurement Plan (PP)

The PP is a coordinated projection of all procurement activity expected over the next 12 months and is a key program planning and implementation document prepared by the AE. The primary function of the PP is to serve as a management tool by which MCC monitors the AE's approach to procurement. The AE shall ensure that all goods, works, consulting and non-consulting services are procured using the procurement methods approved in the PP.

The PP shall be updated at least quarterly and submitted as part of the QDRP. The PP shall (a) list all (regardless of the threshold amount) planned procurements for the goods, works, non-consulting and consulting services required to implement the grant agreement for the period covered in such PP; (b) identify the proposed method of procurement for such contracts as determined according to the rules set out in the Program Procurement Guidelines (PPG); and (c) set forth the estimated value for each contract.

All financial projections, timelines, work plans, and reports included in the QDRP shall be consistent with the PP. Note that the AE is only expected to submit one PP per quarter, which should include all expected procurements. The AE is not required to submit separate PPs for each fund type.

In the event that additional procurement needs arise during the quarter, an amended PP may be submitted for approval, either as part of an OOC QDRP submission (as detailed below), or on its own.

If the AE determines that one or more aspects of program implementation are best achieved through a partnership rather than procurement, the AE should also develop a Program Partnership Solicitation (PPS) Plan and attach it to the QDRP.

For the template and additional details on completing the PP, the AE should refer to the PPG. For additional details regarding the PPS and the PPS Plan template, please consult MCC.

Procurement Performance Report (PPR)

The PPR is a reporting tool for procurement actions initiated by the AE. The purpose of the PPR is for each AE to provide MCC with a summary of the current status of procurements across its program and thereby assist MCC in monitoring AE compliance with the PIA or relevant grant agreement and the PP. The report is cumulative and provides a comprehensive overview of procurement activity.

The PPR should include all approved, initiated, ongoing, and completed procurement actions valued at or above US\$25,000. This includes actions in the currently active and approved PP, even if these actions have not yet begun. The PPR includes unique IDs for each procurement action for easy sorting. It has six sections:

- Procurement Information
- Expression of Interest/Pre-Qualification
- Bidding/Solicitation Documents
- Evaluation of Bids/Proposals/Quotes
- Contract Award
- Implementation

Annex 4 provides the PPR template. For additional details on filling out the PPR, the AE should refer to the PPG.

Indicator Tracking Table (ITT)

The ITT is a quarterly reporting tool that tracks the progress of indicators included in the compact or threshold program's M&E Plan towards program targets. Data reported in the ITT is used for public reporting and by MCC in communications with senior management.

All monitoring indicators specified in Annexes I and II of the most recently approved M&E Plan for the compact or threshold program are included in the ITT and must be reported on per the frequency indicated in that plan. The ITT includes detailed information for each indicator, including (i) indicator name; (ii) indicator details such as level, classification, and unit; (iii) indicator baseline, annual targets, and end of program target; (iv) indicator data (actuals) for the current quarter and all previous quarters; and (v) indicator progress towards annual and end of program targets.

On a quarterly basis, the AE is responsible for updating the current and previous quarter's data and verifying that all historical data is accurate. For the current quarter, the AE shall provide the most recent data available, although complete reporting on the full quarter is not possible due to the fact that the QDRP is due 20 days before the end of the quarter. For the previous quarter, the AE shall update data to be accurate as of the end of the quarter and report any new data that has become available. The AE is not able to update data from further back than one quarter in the ITT directly. If historical data from more than one quarter ago is inaccurate, the AE shall submit a historical actual change request (HACR), which clearly identifies the indicators and quarters to be updated and provides a justification for the request. This process may either be done by email or through MCC MIS (for compacts).

The ITT should only include indicators and indicator information approved in the most recent M&E Plan. Modifications to indicators, their names, details, and/or baselines and targets must be approved in an M&E Plan revision before they are made in the ITT. Occasionally, a lag of several quarters may occur between compact or threshold EIF and the approval of a program's initial M&E Plan. The ITT is not a required component of the QDRP until after the approval of the initial M&E Plan.

The ITT must be submitted in MCC MIS for compacts and Excel for thresholds. For compacts, MCC may request that Excel versions of the ITT also be submitted as attachments in MCC MIS.

Please see Annex 5 for the ITT template in Excel¹¹.

¹¹ For additional information related to the ITT, please refer to MCC's *Guidance on the Indicator Tracking Table*.

In addition to the ITT, the AE shall provide source documentation for ITT actuals and a quarterly ITT Progress Report, as requested by MCC. The ITT Progress Report provides further context for ITT actuals, and shall be presented in a format agreed upon by MCC and the AE. Please see Annex 5a for ITT Progress Report Guidance.

Conditions Precedent (CP) Report

The CP report is designed to track the compliance status of the specific CPs listed in the relevant grant agreement or the PIA. Additional CPs may be introduced as a result of implementation letters, DRLs or other communications from MCC to the partner country. These CPs should also be included in the CP list for the relevant fund types.

The CP report captures information about the timing, associated project activities, status and relevant documentation for each CP. This report also tracks all CP deferrals or waivers requested by the AE. Note that conditions to EIF are not tracked as part of the QDRP-related CP reports because they are not conditions to disbursement¹².

Every quarter, the AE should mark each CP as satisfied, not satisfied, retired, not applicable (N/A), deferral requested, or waiver requested. These options should be used as follows:

- Satisfied: to be used when a CP is fully met.
- Not satisfied: to be used when a CP is not met or only partially met.
- Retired: to be used when a CP was only required to be met once and was satisfied in a previous quarter (for instance, a requirement for the environmental and social management system to be approved prior to initial disbursement). Retired CPs will not need to be marked in future CP reports.
- N/A: to be used when the CP is not applicable for the given quarter (for instance, when a CP needs to be met prior to Q4, but it is only Q2, or for those QDRP components not required for an out-of-cycle disbursement request).
- Deferral requested: to be used when a CP was expected to be met in the current quarter but has not been met, the AE wants to be able to draw on program funds at the start of the next quarter and not wait until the CP is satisfied, and the AE believes there is justification for deferring the requirement to a future quarter (for instance, where the AE is actively working on a required document and expects it to be completed soon, but needs a little bit of extra time).
- Waiver requested: to be used when a CP has not been met and the AE believes there is justification for fully waiving it (for instance, when national laws or regulations have changed in a way that makes the existing CP moot).

It is important for AEs to be specific about the documentation providing evidence of CP satisfaction (attaching relevant supporting documentation within the CP report where appropriate), and to include a justification for any CP waiver or deferral requests in the Explanatory Notes. Any request for CP waivers or deferrals must justify why MCC should approve the request (noting that the requirements for waiving CPs are much more stringent) as well as expected implications, if any, for program results, the economic logic, economic rate of return, or beneficiary analysis. If the requested CPs are not deferred or waived, the CP will be considered not satisfied and the related funds cannot be disbursed that quarter.

If considering a CP waiver or deferral request, the AE should discuss the upcoming request with MCC as early as possible and not wait to make the formal request through the QDRP.

Note that the CPs included in the CP report are not the only conditions and obligations that the partner country must comply with in order to receive disbursements; the partner country must be in compliance with all conditions and obligations set forth in the relevant grant agreement and PIA.

¹² CPs are specifically defined as conditions to disbursement. While there may be other conditions associated with the grant agreements, these are not CPs.

Annex 6 provides the CP report template.

Certificates

AEs are responsible for submitting certificates from the AE, the Fiscal Agent, and the Procurement Agent, in accordance with the relevant agreement, certifying compliance by each entity with the obligations arising from the compact, the PIA, the Fiscal Agent Agreement and Bank Agreement (for the Fiscal Agent) and the Procurement Agent Agreement (for the Procurement Agent). MCC’s Office of General Counsel will provide the AE with the appropriate certificate templates.

Work Plans

In accordance with the PIA, AEs are required to submit implementation/work plans on at least an annual basis. AEs are also required to update and submit these plans during any quarter in which significant changes or modifications are made or when the AE determines that the expected results, targets or milestones for the year are not expected to be achieved.

The disbursement request should be aligned with the program’s work plan, and MCC may require the AE to submit updated work plans as part of the QDRP. If the work plan does not justify the disbursement request, MCC may approve a lower disbursement authority. At a minimum, work plans must be submitted in accordance with requirements in the PIA.

Non-Financial QDRPs

For some quarters, an AE may not need to request funds at the time a QDRP is due. This situation typically arises early in the compact development or pre-implementation phase, or in cases where a key CP is not met, thereby precluding disbursement of funds. In these instances, the AE is required to submit a non-financial QDRP, which includes a subset of the standard QDRP components. For compact funds, a non-financial QDRP is required to be submitted for all quarters between EIF and the initial disbursement of funds.

The documentation required for a non-financial QDRP is detailed in the table below.

Required Components	CDF and CFF	Compact	Threshold
Explanatory Notes	No	No	No
DFP – cash	No	No	No
DFP – commitments	Yes	Yes	Yes
Schedule A	No	No	No
Schedule B	N/A	N/A	No
Disbursement Request and signed Disbursement Request Form	No	No	No
CDRs	N/A	No	No
Itemized DFP	No	No	No
Procurement Plan	Yes	Yes	Yes
Procurement Performance Report	Yes	Yes	Yes
Indicator Tracking Table	N/A	Yes	Yes
ITT Progress report	N/A	As required by MCC	As required by MCC
Conditions Precedent Report	No	No	No

Required Components	CDF and CFF	Compact	Threshold
Certificates: Fiscal Agent Certificate, Procurement Agent Certificate Accountable Entity Certificate	No	No	No
Work Plans	As required by MCC	As required by MCC	As required by MCC
DRL (drafted by MCC)	No	No	No
Response letter ¹³ (drafted by MCC)	No	No	Yes

Out of Cycle (OOC) Disbursement Requests

In certain cases, the AE may need to request a change in budget and/or disbursement authority during the quarter, in between QDRP submissions. The process for this is to create an OOC request. The cases in which an OOC are required include¹⁴:

- To request a change in budget (Schedule A adjustment), involving a change in the budget amount or shift of funds from one project or activity to another, needed prior to the next QDRP;
- To request an increase in disbursement authority;
- To request a budget change and an increase in disbursement authority; or
- To request a net zero adjustment to the previously approved disbursement authority (essentially, apportioning previously approved disbursement authority to different projects or activities than the originally approved request, but without requesting a Schedule A adjustment or any additional funds).

The documentation required for each OOC reason is detailed in the table below. Note that when submitting an OOC request, it should reflect the total disbursement authority required for the entirety of the quarter, not only the additional funds required (where applicable). Further, any OOC request must be fully approved before the AE can submit another QDRP (either regular or OOC).¹⁵

Required Components	Reason for request			
	Change in budget (Schedule A adjustment)	Increase in disbursement authority	Change in budget (Schedule A adjustment) and increase in disbursement	Adjustment to disbursement authority
Explanatory Notes	No	No	No	No
Justification memo ¹⁶	Yes	Yes	Yes	Yes
DFP – cash	No	Yes	Yes	Yes
DFP – commitments	No	Yes	Yes	No

¹³ For non-financial QDRPs submitted through MCC MIS, the MCC MIS approval is considered sufficient. Response letters are only required for threshold programs, where an AE is submitting the request via email.

¹⁴ Note that OOC requests are only submitted in cases where a QDRP has already been submitted and approved for the quarter. In cases where a QDRP is simply submitted late, it is still considered a normal QDRP, not an OOC.

¹⁵ The AE must also wait until the OOC is approved before it begins entering information for the next cycle's QDRP into MCC MIS. Failure to wait until the OOC is approved may result in data being lost.

¹⁶ Please see Annex 7 for the justification memo template.

Required Components	Reason for request			
	Change in budget (Schedule A adjustment)	Increase in disbursement authority	Change in budget (Schedule A adjustment) and increase in disbursement	Adjustment to disbursement authority
Schedule A	Yes	No	Yes	No
Schedule B (for threshold programs only)	Yes	No	Yes	No
Disbursement Request and signed Disbursement Request Form	No	Yes	Yes	No
CDRs or Itemized DFPs	No	Yes	Yes	Yes
Procurement Plan ¹⁷	As required by MCC	As required by MCC	As required by MCC	As required by MCC
PPR	No	No	No	No
ITT ¹⁸	No	No	No	No
ITT Progress Report	No	No	No	No
Conditions Precedent Report ¹⁹	No	Yes	Yes	Yes
Certificates: Fiscal Agent Certificate, Procurement Agent Certificate, Accountable Entity Certificate	No	No	No	No
Out of cycle certificate	No	Yes	Yes	No
Work Plan	No	No	No	No
DRL (drafted by MCC)	No	Yes	Yes	No
OOO response letter (drafted by MCC)	Yes	No	No	Yes

An out-of-cycle disbursement request is not required when the activity level budget shortfall can be met by one of the following mechanisms:

- *Commitments are within the existing budget:* AEs are not required to submit an OOC disbursement request in order to make a commitment which is in excess of the amount forecast for a given activity on the DFP-commitments of the currently approved DFP, provided that the commitment amount does not exceed the overall amount for that activity in the currently approved budget (as given in Schedule A). In order to proceed with contract signature in these cases, AEs should include documentation in the Combined Evaluation Report of the subject procurement package which shows evidence that sufficient

¹⁷ A Procurement Plan may be submitted as part of an OOC QDRP in cases where additional procurement needs have arisen which were not included in the original Procurement Plan submission.

¹⁸ Any out of cycle changes to the ITT must be submitted as a HACR. Upon HACR approval, the changes will be made in the next QDRP's ITT.

¹⁹ For OOC QDRPs, updates to the CP report are required only if the activity or activities covered by the OOC disbursement request require the satisfaction, waiver or deferral of conditions that were not already covered in the current CP report (for instance, if the changes result from a CP being satisfied over the course of the quarter, allowing authorization of additional funds that were not previously requested or for which disbursement authority was not approved).

funding is available for contract commitment. The AE must also reflect the increased cumulative commitment amount in the subsequent QDRP.

- *Special Payments:* If the new QDRP is not approved prior to the start of a quarter, any remaining funds from the prior quarter are reinstated for use in the first thirty (30) days after the close of the period, or until the approval date of the next QDRP, whichever comes first. These funds may be used to cover expenditures that were included in the most recently approved DFP-cash.

Requests to use reinstated disbursement authority are submitted to the Interior Business Center (IBC) using a Special Payment Request Form (SPRF) and must include an additional signature by the MCC Resident Country Director (RCD) or designee in addition to the usual signatories. Similarly, expenditures from the permitted account require approval of the RCD or designee during this time period.

Expenses to be paid with the reinstated disbursement authority are considered authorized by the previous QDRP. To the extent that these expenditures can be foreseen, they should not be included in the DFP for the next period.

QDRP approvals and granting of disbursement authority

MCC's approval/clearance is given or withheld on the entire QDRP; individual documents (DFPs, Explanatory Notes, CP report, etc.) are not expected to be approved or rejected separately from the overall package. The only exception to this is the PP which, while submitted in conjunction with the QDRP, is submitted and reviewed as a separate package in MCC MIS.

MCC may, at its discretion, approve the entire disbursement request amount or a portion thereof. For cases in which MCC grants only a portion of the disbursement authority initially requested by the AE, MCC will adjust the DFP-cash and indicate in the DRL what has been approved (MCC will make this change unilaterally; the AE is not required to submit a new Disbursement Request or signed Disbursement Request Form). The AE must then ensure that the AE financial system is updated to reflect the approved disbursement authority. Within two (2) business days of receiving the DRL, the AE will also be required to submit to MCC an updated CDR or itemized DFP (in cases where the AE does not have SAP), confirming that the changes have been made.

In cases where MCC changes some part of the QDRP (authorizes less than what was requested, amends a CP, chooses not to approve a CP deferral or waiver request, etc.), the partner country's designated representative must also countersign the DRL. If MCC approves request as is, no countersignature is typically required, although at the discretion of MCC, a countersignature may be requested in order to secure acknowledgement of conditions associated with the disbursement authority granted.

Disbursement authority is granted at the activity level and is contingent on the QDRP being satisfactory to MCC in form and substance. Following review, MCC approves the QDRP via a DRL²⁰. Note that MCC's approval of the QDRP confers disbursement authority and other approvals as outlined in the DRL; it does not necessarily indicate agreement with future period projections, as reflected in the DFPs. It should also not be construed as providing approval for specific expenditures or procurements.

Note that disbursement authority does not roll over. In cases where commitments and disbursements were projected to be completed in the current quarter, but are not, the relevant funds will have to be requested again in a future quarter.

²⁰ One DRL can approve QDRPs from multiple fund types, provided that it is clearly stated in the DRL.

Annexes

- Annex 1: Explanatory Notes Template
- Annex 2: Financial Report Forms
- Annex 2a: Guidance on Financial Reports
- Annex 3: Budget Reallocation Request Outline
- Annex 4: PPR Template
- Annex 5: ITT Template
- Annex 5a: ITT Progress Report Guidance
- Annex 6: Conditions Precedent Report Template
- Annex 7: OOC Justification Memo Template