



MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA

Program Closure Guidelines

May 9, 2011

Version DCO-2011-1.1

Submitted by:

Department of Compact Operations, Policy Owner

Millennium Challenge Corporation

875 15th Street N.W.

Washington, DC 20005

Program Closure Guidelines



Index Number: DCO-2011-1.1
Approval Date: May 9, 2011

ACTION:	APPROVER:	DATE:
APPROVAL:	Patrick Fine, Vice President, Department of Compact Operations	May 9, 2011

Table of Contents

- 1 PURPOSE4
- 2 SCOPE4
- 3 AUTHORITIES4
- 4 KEY DEFINITIONS4
- 5 GUIDELINES.....7
- 5.1 Governing Principles7
- 5.2 Program Closure Plan.....8
 - 5.2.1 Timeline for Submission, Approval, and Execution of the Program Closure Plan 8
 - 5.2.2 Modifications to the Program Closure Plan..... 9
- 5.3 Expenditures of MCC Funding after the Compact End Date.....9
- 5.4 Disposition of Program Assets10
 - 5.4.1 Overview..... 10
 - 5.4.2 Options for the Disposition of Program Assets 11
 - 5.4.3 Special Considerations for Certain Asset Types..... 13
- 5.5 Accountable Entity and Other Key Personnel.....17
 - 5.5.1 Winding-Up or Continuing the Accountable Entity 18
- 5.6 Budgeting for Closure18
 - 5.6.1 Overview..... 18
 - 5.6.2 Re-budgeting Within the Compact Amount 19
 - 5.6.3 Reconciliation of the Accountable Entity and MCC Financial Books of Account 19
 - 5.6.4 Spending Authority for Final Disbursement Period 19
 - 5.6.5 New Commitments 20
 - 5.6.6 Cash Flow Management 20
 - 5.6.7 Taxes..... 20
- 5.7 Environmental Assessments.....21
- 5.8 Legal Agreements.....21
 - 5.8.1 Approval of Program Closure Plan..... 21
 - 5.8.2 Modification of Existing Agreements..... 21



5.8.3	Designation of Principal and Additional Representatives	21
5.9	Reporting and Auditing	21
5.9.1	Overview	21
5.9.2	Compact Completion Report	21
5.9.3	The Fiscal Accountability Plan	22
5.9.4	Final Financial Audit	22
5.9.5	Final Financial Report.....	23
5.9.6	Final Procurement Performance Report.....	23
5.9.7	Final Conditions Precedent Report	23
5.9.8	Taxes	23
5.10	Retention and Safekeeping of Records	23
5.11	Marking and Communication with Stakeholders	24
5.12	Monitoring and Evaluation.....	25
5.13	Procurement and Contract Closure.....	26
5.13.1	Deadline for Procurement Actions for Implementation Activities	26
5.13.2	Procurement Communication	27
5.13.3	Retention and Custody of Procurement Records	27
5.13.4	Contractor Past Performance Reporting System Evaluations (CPPRS).....	27
5.13.5	Final Procurement Performance Report.....	27
6	EFFECTIVE DATE.....	28

ANNEX I: OUTLINE OF THE PROGRAM CLOSURE PLAN



1 PURPOSE

Millennium Challenge Corporation (“MCC”) wishes to provide guidelines to assist governments and accountable entities with the closure of programs funded under a Millennium Challenge Compact (“Compact”).

2 SCOPE

These guidelines apply to the closure of programs in the context of a normal expiration of a Compact and, to the greatest extent possible, to the closure of Programs in the context of a suspension or termination of assistance under a Compact. Guidance concerning the application of these guidelines in the context of a suspension or termination of assistance under a Compact is provided in section 5.14 below. Although these guidelines do not specifically apply to the closure of activities funded under a grant or other agreement pursuant to section 609(g) of the Millennium Challenge Act, MCC may apply certain principles and mechanisms contained in these guidelines in those circumstances. The guidelines do not apply to the closure of MCC threshold programs.

These guidelines apply to any country that submits a Program Closure Plan (as defined below) after the effective date of these guidelines. With respect to countries that have submitted a Program Closure Plan pursuant to the previous version of these guidelines, but have not yet entered the Closure Period (as defined below), MCC will notify the country and the Accountable Entity (as defined below) of any changes to the Program Closure Plan that may be required prior to the commencement of the Closure Period.

3 AUTHORITIES

- Millennium Challenge Act of 2003, as amended (22 U.S.C. 7701, et seq.)
- Cost Principles for Government Affiliates Involved in Compact Implementation
- Guidelines for Accountable Entities and Implementation Structures
- Program Procurement Guidelines

4 KEY DEFINITIONS

Accountable Entity – The principal entity designated to implement a Compact.

Activity – Any activity undertaken in furtherance of a Project, including any sub-activities.

Closure Date – The last day of the Closure Period.

Closure Expenses – Expenses incurred after the Compact End Date for activities necessary for the orderly closure of the Program and, if applicable, the winding-up of the Accountable Entity, as described in Section 5.3 below.



Closure Period – The period beginning on the Compact End Date and ending no later than 120 calendar days after the Compact End Date.

Common Payment System – The system by which MCC Funding is disbursed to permitted accounts or directly to providers of goods, works, and services under a Program, as further described in the FAP.

Compact – The Millennium Challenge Compact between the United States, acting through MCC, and the Government of a country.

Compact Completion Report – An assessment prepared by the Accountable Entity that describes the history and evolution of the Compact, results achieved and lessons learned.

Compact End Date – The last date of the Compact Term.

Compact Term – The period beginning on the date of entry into force of the Compact and ending on the date that the Compact expires or is terminated in accordance with its terms. The Compact End Date for a Compact with a five-year or other annual term will be the date that is the anniversary of the date of entry into force. For example, a five-year Compact that entered into force on September 15, 2010 will have a Compact End Date of September 15, 2015, whether or not such day is a business day.

Disbursement Request – An official request by an Accountable Entity for spending authority of MCC Funding.

FAP – A fiscal accountability plan that identifies the principles and mechanisms to ensure appropriate fiscal accountability for the use of MCC Funding.

Final Financial Audit – The last audit performed after the Compact End Date to complete the financial auditing.

Final Financial Report – The last financial report submitted by an Accountable Entity after the Compact End Date to complete the financial reporting. The Final Financial Report will use the formats of the Quarterly Financial Report and the Detailed Financial Plan.

Financial Asset – Any Program Asset of a financial nature, including without limitation, any cash, check, deposit account, security, loan, guarantee, retention money, beneficial interest in a trust, fund, or other instrument owned by the Accountable Entity or any other entity obtained using MCC Funding.

Financial Asset Agent – A bank, trust, fund or other financial institution that holds or manages a Financial Asset on behalf of the Accountable Entity or any other Government entity.



Funds in Transit – Funds that have been drawn to pay an invoice that is due and which will pass through the permitted account en route to the final beneficiary. Such funds are not meant to reside in the permitted account longer than three business days.

Government – The government of the country that has entered into a Compact with the United States, acting through MCC.

Implementation Letter – A letter issued by MCC, from time to time, to furnish additional information or guidance to assist the Government in the implementation of the Compact.

Implementing Entity – Any entity of the Government engaged by the Accountable Entity to assist in the implementation of any Project or Activity carried out in furtherance of the Compact.

Implementing Entity Agreement – An agreement, memorandum of understanding or other document between an Accountable Entity and an Implementing Entity that sets forth the roles and responsibilities of such Implementing Entity.

Imprest Funds – Limited working capital that may be held in a permitted account to meet immediate cash needs.

ITT – The indicator tracking table produced by an Accountable Entity to track the results of the Compact.

M&E – Monitoring and evaluation of Program impact and performance.

MCC – The Millennium Challenge Corporation.

MCC Funding – All funding provided by MCC under a Compact.

MYFP – Multi-year financial plan.

OIG – The Office of the Inspector General for MCC.

PPG – The Program Procurement Guidelines issued by MCC, as amended from time to time.

Principal Representative – The person specified as the legal representative of the Government or MCC, as applicable, under a Compact.

Program – The program established by the Government and MCC to achieve the goal and objectives of a Compact, including any Projects and Activities defined therein, program administration, and M&E.

Program Asset – MCC Funding, interest accrued thereon, and any assets, goods, or property (real, tangible, or intangible) purchased or financed in whole or in part (directly or indirectly) by MCC Funding.

Program Closure Plan – The plan developed by an Accountable Entity in accordance with these guidelines to close the Program.

Project – Any project defined as such in a Compact.

QFR – Quarterly financial report.

Records – Accounting records (books of account), procurement files, photos, surveys, fixed asset registers, compliance reports, tracking indicators, engineer’s reports, and all manner of other reports and documents, whether in physical or electronic form, relating to the implementation of a Compact.

VAT – Value added tax.

Winding-up – The process of settling the accounts and disposing of assets of the Accountable Entity and its eventual dissolution as a legal entity.

5 GUIDELINES

5.1 Governing Principles

The following governing principles apply to the closure of a Program:

- The duration of a Compact must not exceed five years. Unless the Government and MCC have identified committed sources of funding other than MCC Funding to continue the Program or the Accountable Entity after the Compact End Date, the Accountable Entity will begin to take all reasonable and necessary steps, no later than the Compact End Date, to close the Program in an orderly and efficient manner and to wind-up the Accountable Entity.
- In closing the Program, the Government, the Accountable Entity and MCC should be guided by the shared goals of reducing poverty through economic growth and sustaining the results achieved by the Program during the Compact Term.
- The Government, the Accountable Entity and MCC will focus on facilitating evaluation of the results of the Compact and communicating those results in a transparent manner to their respective stakeholders.
- Certain Government responsibilities in the Compact extend beyond the Compact End Date, including issuing any authorization or certification or taking any other action required to be taken by, or fulfilling any obligation of, the Accountable Entity, retaining and archiving all Records for a minimum of five years after the Compact End Date, and cooperating with any audit of the Program.

5.2 Program Closure Plan

To ensure an orderly and efficient closure to the Program, the Accountable Entity will develop a concise plan (typically 15 to 30 pages, plus annexes) describing the closure strategy for each Project and Activity of a Compact, the winding-up or continuing of the Accountable Entity, and other important aspects as detailed in these guidelines (the “Program Closure Plan”).

The content of the Program Closure Plan will vary by country, Project, and Activity; however, a Program Closure Plan must include the components outlined in Annex I, and explained in the respective sections of these guidelines.

5.2.1 Timeline for Submission, Approval, and Execution of the Program Closure Plan

No later than 15 months prior to the Compact End Date, the Accountable Entity will submit a draft Program Closure Plan to MCC for approval. MCC and the Accountable Entity will consult in good faith with a view to reaching agreement upon the Program Closure Plan at least 12 months prior to the Compact End Date. During the months in between submission and approval, MCC will review and resolve specific issues related to the draft Program Closure Plan with the Accountable Entity so that it can be cleared and finalized for approval by MCC, the board of the Accountable Entity, and the Government, acting through its Principal Representative. Once approved, the Program Closure Plan will be agreed upon through an Implementation Letter or a supplemental agreement among MCC, the Government, and the Accountable Entity.

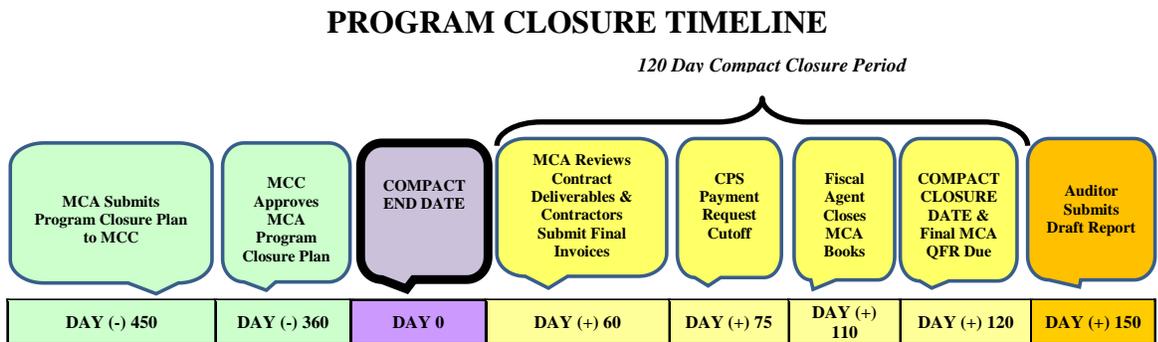
When submitted, the Program Closure Plan should be accompanied by a draft opinion from legal counsel engaged by either the Accountable Entity or the Government confirming that the Program Closure Plan is in accordance with the provisions of the Compact and supplemental agreements and complies with applicable laws and regulations of the country. The final opinion should be delivered at the same time as the implementation letter described in section 5.8.1 is executed by MCC, the Accountable Entity and the Principal Representative of the Government.

Following the Compact End Date, the Government has up to 120 calendar days to close the Program and, if applicable, wind-up the Accountable Entity (the “Closure Period”). As further described in these guidelines, activities during the Closure Period may include the review of contract deliverables and the processing of final invoices submitted by contractors. Additionally during the Closure Period, the Accountable Entity will take actions necessary to finalize its accounting records and prepare the Final Financial Report.

During the Closure Period, limited key Accountable Entity personnel and the Fiscal Agent, financed by MCC Funding, may remain to close the Program. If necessary, the fiscal agent agreement and procurement agent agreement must be amended to end no later than 120 days after the Compact End Date. For a period consistent with the Program Closure Plan, designated Accountable Entity personnel may be retained to review contract final deliverables and approve final invoices for payment. The fiscal agent will close the Accountable Entity books and submit the Final Financial Report and other final reports before the fiscal agent agreement term expires.

The auditor will submit its draft Final Financial Audit to the Office of the Inspector General for MCC no more than 30 days after the Closure Period.

The Program closure timeline depicted below outlines key events before and after the Compact End Date. The timeline illustrates the maximum intervals to accomplish the key events; the specific dates in the timeline may be shortened to fit specific circumstances. The timeline may be adjusted to comply with any statutorily applicable timeline permitted or required pursuant to a closure of a Program in the context of a suspension or termination of assistance under a Compact.



5.2.2 Modifications to the Program Closure Plan

The Accountable Entity should periodically update the Program Closure Plan to reflect necessary changes to the planned execution of Program closure or new circumstances that arise after the plan has been approved by MCC. The Accountable Entity should submit any proposed modifications to the Program Closure Plan to MCC for no objection prior to formal inclusion in the plan. Such modifications should be documented in a separate annex for easy reference. The Accountable Entity will be authorized to make modifications to the Program Closure Plan, provided that any modifications that affect the overall closure strategy or the responsibilities of the Government should be approved by the board of the Accountable Entity and confirmed by the Principal Representative of the Government.

5.3 Expenditures of MCC Funding after the Compact End Date

No expenditures of MCC Funding may be made after the Compact End Date unless MCC and the Accountable Entity have an agreed Program Closure Plan in place. Once a Program Closure Plan is agreed, the Accountable Entity may incur commitments or make expenditures with MCC Funding after the Compact End Date for:

- (i) goods, works, or services that were properly incurred under or in furtherance of the Program before the Compact End Date, provided that an invoice for such expenditures is submitted within 60 days after such date; and



- (ii) Closure Expenses that are properly incurred in connection with the Program Closure Plan prior to the Closure Date, which may be invoiced and paid prior to the Closure Date.

Subject to approval by MCC in the Program Closure Plan or otherwise, Closure Expenses **may include** expenses for activities such as settlement of final invoices and claims; securing unfinished project sites against potential health or safety hazards; closing of accounts; preparation of final reports by the Accountable Entity; financial and performance audits; disposition of assets; M&E activities; public outreach to disseminate results; moving and storage services; legal services; retention and safeguarding of Records; and compensation for the Accountable Entity and Implementing Entity staff and consultants conducting closure activities. Closure Expenses **may not include** expenses primarily incurred to undertake or continue activities which were planned for completion within the Compact Term, including expenses for activities such as completion of works (other than “punch list” items after acceptance of works); supervising engineer services (except as necessary for certifying invoices and payments); and consulting services (except for necessary closure activities).

MCC may, in its sole discretion, with MCC Funding or other resources, make payments on behalf of the Accountable Entity after the Compact End Date (including after the Closure Date) for certain Closure Expenses which for reasons of practicality cannot be made by the Accountable Entity, such as the payment of the Final Audit.

Except as may be provided in the Program Closure Plan, the Accountable Entity may not make advance payments prior to the Compact End Date for goods, works or services that are delivered or performed after the Compact End Date.

MCC will notify the U.S. Department of Treasury, Financial Management Service, Kansas City Financial Center and the U.S. Department of the Interior, National Business Center of:

- 1) the beginning and end date (if known) and nature of any restrictions imposed on processing Common Payment System payments; and
- 2) cancellation of the applicable pseudo-Agency Location Code (ALC) used by the Accountable Entity after final payments and refunds have been processed

Payments being made by MCC on behalf of the Accountable Entity will be made using the MCC headquarters ALC.

5.4 Disposition of Program Assets

5.4.1 Overview

Except as may be provided in the Program Closure Plan, all Program Assets that were acquired using MCC Funding must be disposed of in an orderly manner and accounted for by the Accountable Entity. Any Program Assets or the cash equivalent thereof remaining in the



possession of the Accountable Entity and any MCC Funding disbursed by MCC but not expended before the Compact End Date, plus accrued interest, must be transferred to MCC or its designee within 30 days after the Accountable Entity receives MCC's request for such transfer.

Certain Program Assets may continue to be subject to restrictions on their use as set forth in the Program Closure Plan even after they are disposed of. If MCC determines that such Program Assets are used in violation of such restrictions, MCC may require that the Government refund to MCC the cash equivalent of the value of such misused Program Asset. This right of MCC terminates one year after MCC learns of the misuse of such Program Asset.

No Program Asset may be used for the personal gain of any individual, including any employee or consultant of the Government, or be used as a reward or form of compensation made in connection with the termination of an employment or contractual relationship, except for reasonable compensation arrangements approved by MCC in the FAP or as a grant to a Program beneficiary provided for in the Program Closure Plan.

Program Assets include any MCC Funding in permitted accounts, interest accrued and any other proceeds of such funding, and any assets, goods, or property (real, tangible, or intangible) purchased or financed in whole or in part (directly or indirectly) by MCC Funding. Accordingly, Program Assets can take many forms and include without limitation: information technology equipment, vehicles, furniture, survey equipment, intellectual property, photos, surveys, specialized software, Records, cash on hand (including petty cash), cash in permitted accounts (including Imprest Funds), Funds in Transit, real property, works, works in progress, and Financial Assets such as credit facilities, revolving funds, grant facilities, retention monies, bid securities, and loan guarantee programs.

Generally, all Program Assets of the Accountable Entity must be accounted for and disposed of in an orderly manner no later than the Closure Date. If the Accountable Entity proposes any exceptions to this principle, such exceptions should be set forth in the Program Closure Plan. MCC expects that at the end of the Closure Period the majority of Program Assets will be granted for the purpose of sustaining the objectives of the Compact to the Government, other donors, nongovernmental organizations, private entities, and in certain circumstances, program beneficiaries. As set forth in more detail below, however, in some cases MCC may require that the Program Assets be sold to third parties, returned to MCC, or given to another U.S. Government agency. Moreover, certain Financial Assets may be transferred to a fiduciary institution to preserve and manage the Financial Assets for a defined period after the Closure Date.

5.4.2 Options for the Disposition of Program Assets

The Accountable Entity has several options regarding disposition of Program Assets as explained below. The Accountable Entity should use the following criteria in order of importance when evaluating the method of disposition of Program Assets:

- the ability to use the Program Asset to sustain the results of the Compact;
- the depreciated value and remaining useful life of the Program Asset; and
- the practicality of the disposition method.

For each category of Program Asset in a given Project, the Accountable Entity will include its preferred disposition method and selection process in the case of grants in the Program Closure Plan. MCC may request a different disposition method prior to approving the Program Closure Plan. If MCC and the Accountable Entity are not able to agree on an appropriate disposition method, MCC may, at its expense, have title to such Program Assets transferred to MCC if such Program Assets are in a deliverable state.

5.4.2.1 Grant

The Accountable Entity may propose to grant all or a portion of the Program Assets to any of the following entities:

- a Government entity, such as an Implementing Entity;
- another donor;
- a non-governmental organization;
- a fiduciary institution; or
- when specified as part of the project logic and design:
 1. a contractor or other private entity; or
 2. a program beneficiary.

With respect to each entity to which Program Assets are granted, the Accountable Entity should complete a *Proposal for Granting Program Assets* (or such other format as MCC may provide), which includes a basic needs and/or capacity analysis to determine that the Program Assets will be properly used and maintained, and that the receiving entities (including non-governmental organizations) have the financial and human resource capacity, as well as procedures in place, for the proper use and oversight of Program Assets. To the extent the Accountable Entity is transferring assets to a non-governmental organization or other private entity, MCC may require that the receiving entity provide appropriate documentation on their legal status. Following MCC approval of the Program Closure Plan and the *Proposal for Granting Program Assets*, the Accountable Entity and the receiving entity should enter into an appropriate grant or transfer agreement. The analysis and documentation will help ensure that Program Assets will be used to sustain the objectives of the Compact and will not be used for any purpose that would have been prohibited under the Compact.

Generally, the process should proceed according to the following steps, unless otherwise agreed in the Program Closure Plan:

- Agreement on the general asset disposition strategy outlined in the Program Closure Plan;

- Specific justifications and description of assets provided by the Accountable Entity in the *Proposals for Granting Program Assets*;
- MCC approves the grant to each recipient, allowing the Accountable Entity to move ahead with the transfer;
- The Accountable Entity signs a grant or transfer agreement with the recipient entity, along with the specific list of assets and values. and provides MCC with a copy of these agreements; and
- The Accountable Entity or its fiscal agent records asset disposition on overall asset inventory.

In certain cases, MCC may request the Accountable Entity to transfer control and title to the Program Assets to MCC, another U.S. Government agency, or another Accountable Entity.

5.4.2.2 *Sale*

The Accountable Entity may propose that certain Program Assets be sold. MCC will determine whether the funds received from a sale may be used by the Accountable Entity in pursuit of the objectives of the Compact, or if such funds should be returned to MCC. The Accountable Entity will provide an estimated value of the Program Assets it intends to sell and the method of sale. Except as agreed by MCC, all sales of Program Assets must be conducted in a transparent and competitive manner such as a public auction. To the extent that a buyer of a Program Asset would be obligated under local law to pay VAT on the purchase, the buyer will be solely responsible for paying the VAT. The Accountable Entity must not reduce the sale price of the Program Asset or otherwise diminish the proceeds from the sale in order to pay VAT or any other tax.

5.4.2.3 *Discard/Recycle*

In limited instances, certain Program Assets may be discarded or recycled. This option may be appropriate for items that have little or no useful remaining life and where the cost of other disposition methods would be greater than the value of the Program Asset.

5.4.3 **Special Considerations for Certain Asset Types**

Certain asset types require special considerations given their nature or value as set forth below.

5.4.3.1 *Vehicles*

A vehicle is likely to have a significant remaining useful life after the Compact Term. A vehicle should only be granted to an approved entity that will use the vehicle to pursue the objectives of the Compact and demonstrates the capacity to maintain the vehicle. Such entities include another Government entity, a non-governmental organization, and, when specified as part of the project logic and design, a program beneficiary. Otherwise, the vehicle should be sold as set forth in section 5.4.2.2.

5.4.3.2 Financial Assets Used in Credit Facilities and Similar Activities

Certain Financial Assets are intended to sustain Activities after the Closure Date. Examples of these Financial Assets include cash collateral for loan guarantee programs, loans or cash used to support credit facilities, and stocks representing fund investments. Due to their convertibility and liquidity, Financial Assets pose unique concerns, and their treatment requires careful planning and execution.

In many cases, the nature and disposition of Financial Assets will have been contemplated in the Compact or supplemental agreements that governed their use and implementation during the Compact Term. To the extent that the documents governing the use of Financial Assets do not specify the disposition of such assets after the Compact End Date, the Accountable Entity should update the documents in a timely manner. The Accountable Entity may propose a plan to engage a Financial Asset Agent prior to the Compact End Date to hold and manage Financial Assets used in credit facilities, guarantee programs, and similar activities.

The Financial Asset Agent may be the independent entity originally engaged to manage specific Financial Assets or a different entity to which the Financial Assets will be transferred. The contract with the Financial Asset Agent should include how the Financial Assets are to be used, for how long, the ultimate disposition of the funds, and what reports will be provided to MCC. Management of the Financial Asset after the Compact End Date may also require that a financial audit, limited review, or another limited form of review be performed at intervals after the Compact End Date. The selection of the Financial Asset Agent and the final plan for disposition of the Financial Assets will be subject to approval by MCC.

Except as agreed by MCC, if no Financial Asset Agent is selected by the date that is six months prior to the Compact End Date, all new activities using Financial Assets will cease as quickly as practicable. In this instance, MCC may choose, through its own procurement process, a liquidation agent to oversee the liquidation and disposition of Financial Assets.

Unless specified in the Compact or approved by MCC, all final dispositions of Financial Assets should occur by a date no later than five years after the Compact End Date.

5.4.3.3 Guarantees and Retention Monies Securing Contractor Obligations

Certain Program Assets may have defects notification periods that end after the Closure Date. Depending on the contract, the defects notification period for certain Program Assets may last for several months after the assets have been accepted by the Accountable Entity. In these instances, MCC may request that the Accountable Entity institute a mechanism to accept the final completion of the Program Asset following the Closure Date. In most cases, the final acceptance of the Program Asset at the end of the defects notification period will result in either the cancellation of a bank demand guarantee provided by the contractor or a final payment to the contractor of any remaining retention money.

Generally, pursuant to the terms of a FIDIC contract for construction, which serves as the basis for MCC-funded construction contracts, an Accountable Entity will retain money from payments made to the contractor to secure the contractor's obligation to cure any defects to the Program Asset during the defects notification period. At the commencement of the defects notification period, the Accountable Entity may pay a portion of the retention money to the contractor (generally 50 percent) and retain the balance of the retention money until the end of the defects notification period. If the defects notification period will end after the Compact End Date, the Accountable Entity shall request that, in lieu of the Accountable Entity retaining the remaining retention money, the contractor shall obtain a demand guarantee equivalent to the amount of remaining retention money, with the Accountable Entity, or the ultimate owner of the Program Asset, as the beneficiary, issued by a bank acceptable to MCC. This demand guarantee would be drawn upon during the defects notification period in the event that work to remedy defects is necessary. Assuming no defects have been identified at the end of the defects notification period, the Accountable Entity, or the ultimate owner of the Program Asset, in conjunction with MCC and possibly an independent engineer, will accept the Program Asset and return the demand guarantee to the contractor. In the event that the contractor does not provide a demand guarantee and a payment of retention money is owed to the contractor after the Closure Date, MCC Funding cannot be used to satisfy this payment obligation.

The Program Closure Plan should include a description of any mechanism used to make payments relating to the final acceptance of Program Assets following the Compact End Date. In the event that the Accountable Entity will not exist at the end of the defects notification period, the Program Closure Plan should name an entity responsible for accepting the Program Asset and drawing upon or canceling the demand guarantee. If necessary, the Program Closure Plan should indicate a source of funding for any payments made to the contractor following the Compact End Date.

To the extent that construction supervision services (other than services related to settlement and payment of claims and final invoices) may be required after the Compact End Date, as is generally the case during a defects notification period under a FIDIC contract for construction, such services are not considered Closure Expenses and may not be paid with MCC Funding if incurred after the Compact End Date. Similarly, such expenses may not be paid in advance prior to the Compact End Date to cover services rendered after such date. The Accountable Entity should describe in its Program Closure Plan any arrangements for the continuation of construction supervision services with sources of funding other than MCC Funding.

5.4.3.4 Intellectual Property

Any intellectual property created as a result of the Program should be disposed of in a manner that will further the objectives of the Compact or sustain the results of the Program. Intellectual property includes, but is not limited to, software, cadastral mappings, photos, studies, designs, reports, surveys, and other data. To the extent possible, intellectual property should remain with the Government or in the public domain and not be sold or donated to third parties that may use

it for private financial gain. MCC must be given, upon its request, rights to use any intellectual property useful to it.

The Government will maintain and update the Accountable Entity website until the Closure Date and fund the hosting of the website for a minimum of 12 months following the Closure Date. The Accountable Entity should work with MCC to take a snapshot of the Accountable Entity website. The snapshot should be taken the final month before it is shut down and the snapshot should follow the U.S. National Archives and Records Administration's guidelines for taking snapshots of U.S. websites. <http://www.archives.gov/records-mgmt/initiatives/web-content-records.html>.

5.4.3.5 Cash

The total of cash assets remaining in permitted account(s) on the Compact End Date may not exceed US\$100,000 or such other amount as agreed in writing with MCC. After the Compact End Date, Imprest Funds may no longer be kept or drawn, and the only funds allowed in the permitted accounts will be Funds in Transit. Funds in Transit must not remain in a permitted account longer than three business days.

After the Compact End Date, funds needed to pay contractors' final invoices (that are received during the Closure Period) and administrative expenses (such as rent and salaries) will be made solely through the Common Payment System, either via the permitted accounts or directly to vendors. By 90 days after the Compact End Date, the balance(s) of the permitted account(s) and any petty cash boxes must be zero.

Unless otherwise agreed by MCC, rent and security deposits, advances, and similar items must be collected no later than 90 days after the Compact End Date and a provision for their collection should be stated in the Program Closure Plan.

Accrued interest on undisbursed MCC Funding held in any permitted account must be remitted to the account designated by MCC, using the same procedure as during implementation of the Compact, by no later than 90 days after the Compact End Date. The Accountable Entity should check that the terms of the bank agreement are consistent with this requirement or amend the bank agreement as necessary.

Accrued interest or other income generated as a result of MCC Funding that has been disbursed and applied for a Compact purpose (referred to as program income) may be used by the Accountable Entity to fund expenses during the Closure Period and other post-Compact activities to the extent approved by MCC in the Program Closure Plan. Program income may include cash collateral for loan guarantee programs, principal and interest from credit facilities, and securities from fund investments. For additional guidance, see Section 5.4.3.2.

Cash from the liquidation of any Program Assets may remain in permitted accounts temporarily but must be remitted to MCC for remittance to Treasury at regular intervals not to exceed two weeks, unless MCC agrees otherwise as provided in the Program Closure Plan.

5.4.3.6 Real Property

Real property owned by the Accountable Entity should only be donated to another Government entity to the extent the property will be used to sustain the results or further the objectives of the Compact. In all other cases, the property should be donated to a non-Government entity or sold. Unless otherwise provided in the Program Closure Plan, proceeds of the sale will be remitted to MCC for remittance to Treasury. The Accountable Entity should propose in the Program Closure Plan the process to manage the sale and the transfer of proceeds in the event that a sale cannot be accomplished before the Closure Date.

5.4.3.7 Treatment of Sensitive Information

When disposing of Program Assets, the Accountable Entity should take all reasonable steps to safeguard or remove sensitive data and information. The Accountable Entity should include in its Program Closure Plan the procedures it will take to safeguard or remove any data or information that may be sensitive prior to the disposition or storage of such Program Asset. Sensitive information may include personnel files, procurement documentation, survey documentation that identifies respondents who provided personal or income-related information, or private business and financial information. The procedures may vary depending on the nature of the information and should take into account the country's relevant laws on privacy.

5.5 Accountable Entity and Other Key Personnel

Only the Accountable Entity staff required to complete closure activities should be retained during the Closure Period. While needs will vary across countries, and should be detailed in individual Program Closure Plans, the typical required staff includes: the executive management of the Accountable Entity, project directors to the extent they are required for completion of reporting requirements or validating invoices, limited monitoring and evaluation staff, fiscal and procurement staff as well as other staff responsible for administrative closure. The Accountable Entity may take measures to encourage key staff and personnel to remain available for duty until the Compact End Date. MCC Funding may be used after Compact End Date and during the Closure Period to retain only personnel necessary to ensure that closure is conducted in an efficient and orderly manner. The Program Closure Plan should set forth any special compensation or other arrangements proposed to retain staff through the Compact End Date and any personnel that will be retained during the Closure Period, in addition to a clear justification as to why such arrangements are reasonable and necessary. Upon request from MCC, the Accountable Entity will separately provide individual compensation information that is not disclosed in the Program Closure Plan.

5.5.1 Winding-Up or Continuing the Accountable Entity

In most cases, the Accountable Entity was created specifically to implement the Program and its operations are funded solely by MCC under the Compact. If no committed sources of funding other than MCC Funding have been identified by the Government to continue the Accountable Entity, the Program Closure Plan should include a description of the administrative, financial and legal steps necessary to wind-up the Accountable Entity by the end of the Closure Period.

In case the Accountable Entity will continue beyond the Closure Period, and committed sources of funding other than MCC Funding have been identified, the Program Closure Plan should include a description of the source and amount of such other funding. The description should also set forth the activities that will be pursued after the Compact End Date. Depending on the sources of funding or the activities to be pursued, if MCC is no longer involved in such activities or the activities are inconsistent with the objectives of the Compact, appropriate steps will be taken to ensure that MCC has no legal or financial liability and will not otherwise be viewed as sponsoring such activities. The Program Closure Plan should include any such proposed steps, including any amendments required to the organizational documents of the Accountable Entity (charter, by-laws, or governance agreements).

By the end of the Program, the names and logos of most Accountable Entities will have become intrinsically linked with MCC Funding and involvement. Accordingly, the Accountable Entity name, logo and related brands are considered Program Assets to be disposed of at the end of the Compact Term. To the extent that an Accountable Entity will continue operations after the Compact End Date with sources of funding other than MCC Funding, the Accountable Entity must cease to use the name and logo that it used during Compact implementation, except as may be agreed by MCC. The Program Closure Plan must specify that the Accountable Entity will change its name and logo and specify the procedure for doing so (including any amendments required to its constituent documents). If MCC will allow continued use of the names and logos, MCC may specify the conditions by which the Accountable Entity may continue to use the name and logo for a period of time and in a manner described in the Program Closure Plan. In general, MCC will only consider allowing the Accountable Entity to continue to use a name and logo to the extent that the Accountable Entity is completing or continuing projects funded by MCC in the Compact, such as pursuant to co-financing and parallel financing arrangements, or has become eligible for a second Compact.

5.6 Budgeting for Closure

5.6.1 Overview

The Accountable Entity must carefully budget MCC Funding towards the end of the Compact to ensure that all expenses can be paid and that appropriate amounts of funds are planned and reserved for Closure Expenses.

In most cases, the Accountable Entity will need to adjust budgets for the following reasons:

- To provide for the compensation of Accountable Entity personnel, the auditor and other entities during the Closure Period, and Financial Asset Agents, if applicable, if not provided for earlier;
- To ensure that there will be enough MCC Funding or other resources left to pay all expenses relating to the Closure Period;
- To determine if the Government or another source will need to pay any expenses (if MCC Funding is not sufficient);
- To finance new activities (*i.e.*, new commitments) specifically related to Program closure;
- To ensure that the Accountable Entity's and MCC's books of account match; and
- To determine appropriate reallocations of budget for approval in the Disbursement Request process.

5.6.2 Re-budgeting Within the Compact Amount

The amount of MCC Funding available under the Compact will not be increased to pay Closure Expenses. Therefore, the Accountable Entity must determine the most appropriate way to ensure to the extent possible that the work will be performed and the Program will be completed in an orderly manner. The re-budgeting exercise may entail finding ways to economize.

Similarly, the Accountable Entity should evaluate which Projects and Activities can be properly concluded by the Compact End Date. If not already performed, it may be necessary to evaluate whether the scope of the work in some Projects, and therefore the relevant budget line, will be reduced and/or curtailed. A preliminary analysis of Project/Activity completion should be conducted prior to submission of the Program Closure Plan such that any adjustments to the budget may be included in the Program Closure Plan.

5.6.3 Reconciliation of the Accountable Entity and MCC Financial Books of Account

The Accountable Entity must also perform a full reconciliation of its books of account with those of MCC at least one year before the Compact End Date. This reconciliation will ensure that enough funds are available and that any reallocations that take place during the final Compact year will be accurate. The reconciliation must be performed before any new reallocations are made following the approval of the Program Closure Plan by MCC.

5.6.4 Spending Authority for Final Disbursement Period

In order to have MCC Funding available for the Closure Period, the final disbursement period of the Compact will be extended to longer than the usual three months. Generally speaking, the

length of the final disbursement period will be about 150 days (composed of the normal three months plus two additional months during which invoices may still be submitted), but may be slightly shorter or longer depending on details of the Compact. The final Disbursement Request will request spending authority for the elongated final period (see also Section 5.10.5 - Final Financial Report). The final Disbursement Request will contain all of the documents required pursuant to the *MCC Guidance on Quarterly MCA Disbursement Request and Reporting Package*. There is no working capital allocation for the final disbursement period. If spending authority approved for the final disbursement period is not sufficient, additional spending authority must be requested and approved on a case-by-case basis.

5.6.5 New Commitments

The Accountable Entity may incur new small commitments after the Compact End Date for Closure Expenses if MCC Funding is available. These commitments must be anticipated in the Program Closure Plan and will typically be small and directly related to closure. It is also acceptable to plan a small contingency amount (a budgeted amount) to cover unexpected Closure Expenses. New commitments should be reflected on the final Disbursement Request (specifically on the detailed financial plan – commitments schedule of such Disbursement Request). No other new commitments may be made that were not approved by MCC in a Disbursement Request.

5.6.6 Cash Flow Management

Required cash flow (and hence spending authority) may increase considerably toward the end of the Compact. Spending authority for the final disbursement period *must include all cash expected to be necessary to conclude the Compact*, including remuneration for all parties, customary progress payments to vendors, retention monies, any new small commitment for closure activities, *etc.* Once that spending authority is used, new spending authority will be granted on a case-by-case basis. The Common Payment System will have a specified deactivation date approximately 75 days after Compact End Date. The deactivation date may be adjusted in case the Closure Period crosses a typical holiday period or other major period of inoperability. Funds not requested by the deactivation date may no longer be available.

5.6.7 Taxes

The Program Closure Plan must include a section indicating how any outstanding (not yet reimbursed) tax amounts will be reimbursed by no later than 60 days after the Compact End Date. To the extent that Program Assets are transferred to individuals or entities for purposes unrelated to the Program or the sustainability of the Program, the Government may apply its regular tax procedures to such transfers or the Program Asset itself, once it is no longer in the possession of the Accountable Entity or a Program beneficiary.

5.7 Environmental Assessments

Closure of the Program must be conducted in a manner that does not create any environmental, health, or safety hazards. The Accountable Entity should ensure that sites are safe and any potential hazards will be effectively mitigated and monitored prior to the Closure Date. The Accountable Entity should include its strategy to ensure such compliance and any proposed mitigation or monitoring actions in the Program Closure Plan.

5.8 Legal Agreements

5.8.1 Approval of Program Closure Plan

Following the approval of the Program Closure Plan by MCC, the board of the Accountable Entity and the Principal Representative of the Government, MCC will deliver an Implementation Letter to the Principal Representative of the Government. The Implementation Letter will indicate that the Program Closure Plan has been approved by MCC and will be binding among the MCC, the Government and the Accountable Entity.

5.8.2 Modification of Existing Agreements

Prior to submitting the Program Closure Plan to MCC, the Accountable Entity, working with its legal adviser, should perform a review of all existing legal agreements to determine whether they need to be modified to carry out the Program Closure Plan. Any modifications to material legal agreements in connection with the Program Closure Plan must be submitted to MCC for review.

5.8.3 Designation of Principal and Additional Representatives

The Government will confirm the existing Principal Representative or designate a new Principal Representative to represent the Government after the Compact End Date and at least until the disposition of all Program Assets. In the event that the Government has proposed to continue the operation of the Accountable Entity following the Compact End Date, the Government may designate the executive director of the Accountable Entity as an additional representative.

5.9 Reporting and Auditing

5.9.1 Overview

This section describes the treatment of various documents, data, and reports before and after the Compact End Date.

5.9.2 Compact Completion Report

The Accountable Entity must prepare a Compact Completion Report (CCR). The CCR is intended to provide the Accountable Entity's perspective on a) the performance of the Compact relative to its stated objectives, b) factors (positive and negative) that affected implementation

and the achievement of outcomes, and c) key lessons learned during the implementation period. MCC will provide the Accountable Entity with an indicative template for this report, which may be adapted for specific Compacts.

Accountable Entity staff should prepare the CCR in a collaborative manner. The expectation is that the full Accountable Entity staff will contribute to the CCR. The Accountable Entity should consult with implementers, beneficiaries and other key stakeholders in preparing the CCR. The Accountable Entity may choose to hire consultants to support them in preparing elements of the CCR or in performing analyses that will feed into the CCR.

Preparation of the CCR should begin approximately one year prior to end of the Compact; especially if external consultants are to be hired to support the effort. The Accountable Entity should submit its final report to MCC not later than 45 days prior to the Compact End Date.

5.9.3 The Fiscal Accountability Plan

The FAP is one of the documents that may be modified relatively easily to accommodate procedural and rule changes pertaining to closure activities. The Accountable Entity may make detailed cases of procedural changes in the FAP and; the Accountable Entity is encouraged to do so as early as possible. It may also be advisable for the Accountable Entity to create a streamlined procedure for approval of the FAP so that changes can be made rapidly and efficiently when necessary.

5.9.4 Final Financial Audit

The Final Financial Audit varies slightly from prior audits. The terms of reference for this audit should already have been incorporated in the request for proposals to procure the audit firm for the second half of the Compact Term and thus communicated to the auditors. The principal difference between the Final Financial Audit and the regular audit is that the auditors will assess and express an opinion of the post-Compact arrangements for Financial Assets, and compliance with the provisions of the Program Closure Plan.

The Final Financial Audit begins prior to the Compact End Date and the final report may be due to the OIG (as set forth in the existing audit agreement) after the Compact End Date or after the Closure Period. Since the due date may be after the closure of the Accountable Entity, there will typically be no exit interview or corrective action plan for this audit, and special arrangements will have to be made for final payment to the audit firm. In some cases MCC may pay final invoice(s) on behalf of the Accountable Entity.

The OIG may elect to provide a special statement of work for the Final Financial Audit, and may elect to perform the Final Financial Audit itself or to commission an audit firm to perform the Final Financial Audit. If that is the case, the OIG will advise the Accountable Entity at least six months prior to the Compact End Date. A Final Financial Audit commissioned by the OIG may be paid by MCC; if such a Final Financial Audit occurs it will obviate the need for the final audit

already contracted for by the Accountable Entity, and the Accountable Entity will not need to exercise the option for the final audit period of the contract.

5.9.5 Final Financial Report

Except as agreed with MCC, the Accountable Entity must submit a Final Financial Report, no later than the Closure Date. The purpose of the Final Financial Report is to state actual disbursements and contract commitments incurred since the last QFR and through the final disbursement period. Since the Accountable Entity's books of account will already have been closed by this time, the Final Financial Report will state only actual disbursements; no projections of any kind are included. Similarly, the Final Financial Report will not include any requests for new commitments, reallocations, or spending authority. In addition, MCC will require the Accountable Entity to submit interim financial information (e.g., Schedule C of the QFR) at the end of each quarter (March, June, September and December) between the Compact End Date and the Closure Date. In addition, MCC will also require a Schedule C of the QFR 30 days prior to the Closure Date to ensure that the MCA's and MCC's books are reconciled prior to the submission of the Final Financial Report. In the event that MCC pays any administrative expenses on behalf of the Accountable Entity (e.g. final audit invoice, and rent) the Final Financial Report will be net of those expenses. MCC will then adjust the Final Financial Report to account for the expenses it pays on behalf of the Accountable Entity.

5.9.6 Final Procurement Performance Report

The Accountable Entity must submit a Final Procurement Performance Report concurrently with the Final Financial Report.

5.9.7 Final Conditions Precedent Report

To the extent the Conditions Precedent Report submitted with the Final Disbursement Request included any conditions precedent that were not yet satisfied, a Final Conditions Precedent Report should be submitted with the Final Financial Report.

5.9.8 Taxes

The Accountable Entity must submit a final report at the end of the Closure Period indicating that all taxes have been exempted or reimbursed by the Government in accordance with the arrangements agreed with the Government in the Compact and any supplemental agreement.

5.10 Retention and Safekeeping of Records

The Accountable Entity and the Government must comply with the provisions in the Compact and any applicable law for the retention of Records. In addition, the Program Closure Plan should include a list of the types of Records the Government will retain and a brief description of the form and manner in which they will be kept. The Accountable Entity will submit a more



specific Record retention schedule for MCC approval prior to the Compact End Date. MCC may request that copies of certain records on the Records schedule be delivered to MCC prior to the Closure Date.

Records agreed in the Program Closure Plan should be stored in such a way that they can still be made available after the Compact End Date upon prior notice for a number of purposes, including the auditors for the Final Financial Audit and MCC staff and external parties conducting an evaluation. It should be noted that auditors may need to have rapid and frequent access to Records during the Closure Period with prior notice (15 days). After the Closure Period, Records must be made available upon sufficient prior notice by MCC (30 days).

The Records retained should include the M&E and procurement records described in these guidelines. The Accountable Entity should make provisions for the retention of the agreed forms of Records for a period of at least five years after the Compact End Date and should ensure that fiscal agent and procurement agent Records are also retained for this period. The Records must be maintained at a site that is secure, locked, and acclimatized to ensure the viability of the Records and the proper treatment of sensitive information (see Section 5.4.4. above). The Government, through the Accountable Entity as applicable, will, at MCC's discretion, provide MCC with electronic copies of the Records during the Closure Period or afterwards. The fiscal agent agreement and procurement agent agreement may also require these agents to produce electronic copies of accounting records in a specified format. Such data must also be included in safekeeping of Records.

5.11 Marking and Communication with Stakeholders

The Standards on Global Marking: Guidelines for Millennium Challenge Account Accountable Entities and Threshold Program Countries and Implementers require that all completed Projects must be marked with a sign, plaque, or other device that will last, at a minimum, the duration of the Compact. To the extent that any MCC or Accountable Entity marking or signs on sites will be retained beyond the Compact End Date, the Program Closure Plan should include the specific sites that will retain such marking or signs and the time that such markings will remain in place. Any MCC markings on Program Assets that will be disposed of must be removed prior to the transfer or sale of such Program Assets.

The Accountable Entity will begin preparing a closeout communications plan 15 months prior to the Compact End Date. (This timeframe is expected to allow for possible additional surveys or data gathering requirements). The Accountable Entity will provide this plan to MCC to ensure proper collaboration on key messages and results between MCC and the Accountable Entity. A final plan will be provided to MCC six to nine months prior to Compact End Date. The Accountable Entity shall incorporate the need for effective coordination between communications and M&E products and activities as it develops its closeout communications strategy and plan.

The Accountable Entity and MCC will cooperate to ensure consistency in results figures in its closure materials. It is important to identify and resolve data discrepancies as early as possible. This is especially important during events related to the closure of the Compact to ensure the partner Government, the Accountable Entity and MCC are utilizing consistent data.

After approval of the Program Closure Plan, the Accountable Entity should ensure that it is communicated to personnel, Implementing Entities and other Project stakeholders, as appropriate. As part of its strategic communications plan, the Accountable Entity should implement a strategic campaign to communicate the results and activities related to the Compact to key stakeholders through a variety of channels. This information and campaign should be closely coordinated with MCC and any related products or events should be shared with U.S. Government counterparts (e.g., U.S. Embassy) and other donors in the country whenever possible.

5.12 Monitoring and Evaluation

The Monitoring and Evaluation (M&E) section of the Program Closure Plan should provide a brief overview of the closure strategy for M&E disaggregated by Project. Such closure strategy should: a) highlight any data collection activities, such as surveys, impact evaluations, and special studies, that are at risk of not being completed by the Compact End Date; and b) include a description of all M&E activities that are planned to be conducted after the Compact End Date as agreed by MCC. This strategy shall consider the need for coordination of M&E activities with communications requirements, particularly in advance of the compact closeout communications campaign.

MCC and the Accountable Entity should consult to discuss the appropriate source of funding, contract mechanism and implementation timeframe if any payments or contracts are required for conducting post-compact monitoring and/or evaluation activities. The Accountable Entity must submit a summary Indicator Tracking Table (Quarter 1 to Quarter 20) within 76 days of the Compact End Date, or as otherwise agreed with MCC, in compliance with a report format provided by MCC. The Accountable Entity will be required to submit an updated Quarter 19 Indicator Tracking Table not later than six weeks prior to the Compact End Date in order to ensure Accountable Entity and MCC coordinated messaging of compact results in support of Compact closure events.

By not later than the Closure Date, the Accountable Entity must deliver to MCC electronic copies of: (a) all MCC-funded survey data sets and supporting materials, such as questionnaires, enumerator field guides, data entry manuals, data dictionaries, meta data and final reports; and (b) other analyses, evaluations, data quality reviews and/or special studies that were funded out of the M&E budget within the Compact.

By not later than the Closure Date, the Accountable Entity will: a) identify designated representatives that will serve as the primary points of contact for any M&E-related obligations

of the Government that extend beyond the Closure Date; and b) aid in the compilation of a final inventory of all M&E assets.

MCC Funding budgeted for M&E will not be available to the Accountable Entity after the Compact End Date other than for the closure of M&E activities set forth in the Program Closure Plan. MCC may fund additional M&E activities after the Compact End Date. Unless otherwise agreed with MCC, uncommitted MCC Funding for M&E activities in the MYFP should not be reallocated in support of other Compact activities. Any unexpended M&E funds will be de-obligated after the Closure Date. MCC will seek to prioritize post-compact M&E activities in its use of de-obligated M&E funding. .

5.13 Procurement and Contract and Grant Closure

The Accountable Entity will properly carry out the closure of all ongoing contracts and grants, ensuring that all deliverables have been received and that obligations have been fulfilled in a timely manner by the Compact End Date or Closure Date as applicable. To carry out this activity, the Accountable Entity should develop a tracking document (such as a work plan) that reviews all open contracts and grants, pending deliverables and due dates, and key dates for milestones to ensure an effective closure. The format and content of the closure tracking document should be agreed with MCC and the format should be included in the Program Closure Plan. The format for the information may vary to accommodate the information and reporting procedures already in place at the Accountable Entity. Its specific content should include information on contract identification, contract or grant status, procurement or award method employed, expected completion date, pending deliverables and actions pending, final deliverable date, and termination letter date as applicable. The tracking document should be modified and updated as necessary during the Closure Period.

The preparation of the tracking document will require the Accountable Entity to identify a specific course of action for each contract and grant that may include additional contract or grant management support, notifications to parties of pending deliverables, cure letters or termination notices. The preparation of the tracking document is expected to require a cross-reference of procurement and fiscal information within the Accountable Entity, as a way of verifying any pending commitments or deliverables.

5.13.1 Deadline for Procurement Actions for Implementation Activities

Accountable Entities should not initiate any procurement actions for Program implementation less than 30 days before the Compact End Date, unless and the resulting contract will be awarded and fully executed before the Compact End Date. Under special circumstances, as determined by MCC, the Accountable Entity may request Procurement Plan amendments up to 15 days prior to the Compact End Date. Per the PPG, lack of time to conduct a competitive procurement is not an acceptable justification for sole sourcing or direct contracting. The Accountable Entity should ensure that all contracts that will not be completed as scheduled are addressed appropriately through negotiations or applicable contractual remedies.

5.13.2 Procurement Communication

Not less than 30 days prior to the Compact End Date, the Accountable Entity should widely publish in media agreed with MCC, a public advertisement of the Compact End Date, the deadline to submit deliverables to remain eligible for payment and a point of contact for any inquiries. This general notification is separate from the direct written communications that the Accountable Entity will issue to contract parties to notify them of specific contractual requirements (*e.g.*, pending deliverables, notices of termination, pending deliverable dates). Any such communication must be consistent with the relevant communications protocols of the Accountable Entity.

5.13.3 Retention and Custody of Procurement Records

As required by the Compact or other relevant provisions, including these guidelines, the Accountable Entity must maintain contract and procurement documentation as part of its Records.

5.13.4 Contractor Past Performance Reporting System Evaluations (CPPRS)

The Accountable Entity must deliver to MCC no later than 60 days after the Compact End Date the corresponding Contractor Past Performance Reporting System final evaluations. These evaluations shall be carried out according to paragraph P2.4 Contractor Past Performance Reporting System in the PPG.

5.13.5 Final Procurement Performance Report

The Final Procurement Performance Report, as described in Section 5.9.6, will be carefully reviewed by MCC to ensure it reflects the final status of all contracts completed under the Compact.

5.14 Suspension and Termination

To the greatest extent possible, these guidelines apply to the closure of a Program or Project in the context of a whole or partial suspension or termination of assistance under a Compact. In the event of a partial termination of assistance, the Accountable Entity will create a complete Program Closure Plan for any Projects or Activities that are terminated. During the partial or full suspension of a Compact, the Accountable Entity will undertake reasonable efforts to ensure that Programs, Activities and Program Assets are properly accounted for, and that any final disposition of all Program Assets is reported to MCC during the period of suspension. In the event of a full termination of assistance, the Accountable Entity and MCC will engage in reasonable efforts to develop a Program Closure Plan in accordance with these guidelines. The Accountable Entity will establish a Program Closure Plan committee that will endeavor to create a Program Closure Plan on an expedited basis. The Program Closure Plan will also incorporate



Index Number: DCO-2011-1.1

Approval Date: May 9, 2011

deviations to the closure timeline or any additional items that may be statutorily permitted or required.

6 EFFECTIVE DATE

These guidelines were approved on May 9, 2011 and are effective immediately.

Annex 1

OUTLINE OF THE PROGRAM CLOSURE PLAN

Program Administration Closure

1. **Accountable Entity Status**: Each Program Closure Plan must include a description of the post-Compact treatment of the Accountable Entity.

If the Accountable Entity will be closed upon the Closure Date, the Program Closure Plan must include the following:

- a. **Accountable Entity and Other Key Personnel** (per section 5.5):
 - A plan for termination of staff, including any financial obligations incurred by the Accountable Entity to effect the termination.
 - A plan for which staff will be retained for part or all of the Closure Period, as well as a brief description of why the selected staff are required for closure tasks. Include any special arrangements to retain key staff during the Closure Period, such as retention payments in addition to those already included in executed employment or consulting contracts.
- b. **Administrative Program Assets**: A brief description of the intended disposition of Program Assets used by the Accountable Entity for the administration of the Program by category. This section should include the proposed timeline for asset disposition, to ensure adequate documentation of the process and timely disposition of assets. The description should include use of any third party agents or Government entities to assist in the disposition of assets.
- c. **Website**: This section should describe how the Accountable Entity will ensure that the website will be publicly available for one year after the Compact End Date.
- d. **Treatment of Sensitive Information**: A brief description of how the Accountable Entity will ensure that reasonable steps to safeguard or remove sensitive data and information are taken for all relevant Program Assets prior to transfer, as per section 5.4.4 of the Guidelines.

If the Accountable Entity will continue operations beyond the Closure Date through sources of funding other than MCC Funding (per section 5.5.1), the Program Closure Plan must include a description of the funding and proposed operations, as well as documentation supporting commitment of such other sources' funding. The Program Closure Plan should also include any plans to use the Accountable Entity name and logo beyond the closure date.

2. Project Closure: For each Project, the Program Closure Plan must include the following components:
 - a. A brief description of the closure strategy for the Project. If applicable, the Program Closure Plan for the Project should include detail at the Activity or sub-activity level.
 - b. Identification of completion risks and sustainability risks for the Project/Activity, including how the Accountable Entity plans to address these risks, and contingency plans for how to respond if these risks materialize. An example of a completion risk to include: if construction of small works does not begin by a certain date, the works will be terminated and appropriate stakeholders will be informed, or sources of funding other than MCC Funding have been mobilized to support any construction beyond the closure date, should the schedule experience any delays. Sustainability and completion risks should be treated in detail, including a plan for how to monitor these risks during the last year of the Compact and the Closure Period.
 - c. Any environmental, social, health, safety, or gender risks and how these risks will be managed during the last year of the Compact and the Closure Period.
 - d. Plans to manage contingency amounts for the Project/Activity through the last year of the Compact and the Closure Period (when contingency funds will be released, how those funds will be utilized, *etc.*).
 - e. A brief description of the intended disposition of all forms of applicable Program Assets for the Project by asset category (*e.g.* equipment, vehicles, furniture). This section should include the proposed timeline for disposition of assets, to ensure adequate documentation of the process and timely disposition of assets. Disposition of Financial Assets as described in section 5.4.3.2 and Guarantees and Retention Monies Securing Contractor Obligations as described in section 5.4.3.3 are particularly complex issues and should be treated in detail in the Program Closure Plan.
 - f. A description and timeline for the closure and/or assignment of each contract and Implementing Entity Agreement related to the Project.
3. Financial Management:
 - a. Closure Budget. The Program Closure Plan should include a budget for the Closure Period, with a description of how the issues described in sections 5.6 have been addressed, including any anticipated reallocation of funds.
 - b. New commitments. This section should include a description of any commitments anticipated during the Closure Period, as well as plans for a contingency amount to cover unexpected Closure Expenses (if applicable).

- c. Taxes: This section should indicate how any outstanding (not yet reimbursed) tax amounts will be reimbursed by no later than 60 days after the Compact End Date (per section 5.9.8).
4. Monitoring and Evaluation:
 - a. This section should provide a brief overview of the closure strategy for M&E disaggregated by Project. The closure strategy should: a) highlight any data collection activities, such as surveys, impact evaluations, and special studies, that are at risk of not being completed by the compact end date; and b) include a description of all M&E activities that are planned to be conducted after the compact end date as agreed by MCC.
 - b. This section should describe the data and documentation to be provided as electronic copies to MCC, including: (a) all MCC-funded survey data sets and supporting materials, such as questionnaires, enumerator field guides, data entry manuals, data dictionaries, meta data and final reports; and (b) other analyses, evaluations, data quality reviews and/or special studies that were funded out of the M&E budget within the Compact.
 - c. If the individual serving in an M&E capacity will continue operations beyond the Closure Date through funding provided either by the Government or other sources, the Program Closure Plan should include a description and supporting documentation of the commitment from those funding sources.
 5. Marking and Communications with Stakeholders: The Program Closure Plan should include a brief description of how the results of the Program will be communicated to stakeholders, including the board of the Accountable Entity, the Implementing Entities, the Accountable Entity personnel, Project stakeholder groups, contractors, and the public. This section should also address how the Accountable Entity will ensure compliance with the *Standards on Global Marking* as described in section 5.11.
 6. Legal Requirements: This section should describe any modifications to legal agreements that may be required to effectively execute the Program Closure Plan, following the review described in section 5.8.2.
 7. Ongoing Government Responsibilities: This section should identify the Principal Representative for the Government, if this will change during the Closure Period, and any Additional Representatives that will be the primary points of contact for any obligations of the Government that extend beyond the Compact End Date.

8. Reports and Auditing: This section should include a plan to execute the Compact Completion Report (for example, whether the Accountable Entity intends to hire a consultant to facilitate the process).
9. Retention and Safekeeping of Records:
 - a. This section should describe how the Accountable Entity will ensure that relevant records are provided to MCC, as necessary, prior to the Closure Date, and remain accessible beyond the Closure Date as required.
 - b. This section should include an indicative list of the types of records, as well as a description of the process and timeline for finalizing these lists.

Annexes:

Legal Opinion. The Program Closure Plan should be accompanied by a draft opinion from legal counsel engaged by either the Accountable Entity or the Government confirming that the Program Closure Plan is in accordance with the provisions of the Compact and supplemental agreements and complies with applicable laws and regulations of the country. The final, signed opinion should be delivered at the same time as the Program Closure Plan is agreed to by MCC, the Government, and the Accountable Entity.