

Policy on Program Closure

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MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

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1 PURPOSE

Millennium Challenge Corporation (MCC) sets forth the following policy to assist governments and accountable entities with the closure of programs (Programs) funded under a Millennium Challenge Compact (Compact).

2 SCOPE

This policy applies 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 the same. Guidance concerning the application of this policy in the context of a suspension or termination of assistance under a Compact is provided in Section 5.16 of this policy. Although this policy does not specifically apply to the closure of activities funded under a grant or other agreement pursuant to section 609(g) or section 616 of the Millennium Challenge Act, MCC may apply certain principles and mechanisms contained in this policy in those circumstances. For agreements under section 616 of the Millennium Challenge Act this determination must be made by MCC and the Accountable Entity at least 12 months before the end date of the program and established via Implementation Letter.

3 AUTHORITIES AND RELATED MCC POLICIES

- Millennium Challenge Act of 2003, as amended (22 U.S.C. 7701, et seq.)
- Cost Principles for Government Affiliates
- Guidelines for Financial Audits Contracted by the MCC's Accountable Entities
- MCC Guidelines for Accountable Entities and Implementation Structures
- MCC Program Grant Guidelines
- MCC Program Procurement Guidelines
- MCC Policy on Suspension and Termination
- Country Contributions Policy
- The Standards for Global Marking: Guidelines for Millennium Challenge Account Accountable Entities and Threshold Program Countries and Implementers
- MCC Policy on Preventing, Detecting, and Remediating Fraud and Corruption in MCC Operations
- MCC Guidelines for Transparent, Reproducible, and Ethical Data and Documentation (TREDD)
- MCC Counter-Trafficking in Persons Policy
- MCC Environmental Guidelines
- MCC Guidance on Processing Accountable Entity Requests for No-Objection

4 KEY DEFINITIONS

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

Act – The Millennium Challenge Act of 2003, as amended (22 U.S.C. 7701, et seq.).

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

Asset Transfer Agreement – A written agreement that serves to pass ownership of and responsibilities for an asset from one party to another.

Closure Date – The last day of the Closure Period.

Closure Expenses – Expenses incurred after the Compact End Date for activities ordinary and necessary for the closure of the Program and the winding-up of the Accountable Entity.

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.

Compact – The agreement between the United States, acting through MCC, and the Government of an eligible country that establishes a multi-year plan for achieving shared development objectives in furtherance of the Act.

Compact End Date – The last day of the Compact Term. The Compact End Date for a Compact with a five-year or lesser term will be the date that is the anniversary of the date of entry into force.

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.

Disbursement Request – An official request by an Accountable Entity for authority to expend a portion of the grant in a given disbursement period.

DNP – Defect notification period.

FIDIC – International Federation of Consulting Engineers (*Fédération Internationale Des Ingénieurs-Conseils*).

Final Audit – The last audit performed near or after the Compact End Date.

Final Financial Report – The last financial report submitted by an Accountable Entity after the Compact End Date to complete the financial reporting.

Final Procurement Performance Report – The last procurement performance report submitted by an Accountable Entity after the Compact End Date.

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.

Fiscal Accountability Plan (FAP) – A financial operations manual for each Accountable Entity that sets forth the principles, mechanisms, and procedures to ensure appropriate use of MCC Funding and Government funding, including the process to ensure that open, fair, and competitive procedures will be used in the administration of grants or cooperative agreements and in the procurement of goods, works, and services.

Funds in Transit – Funds that have been drawn to pay an invoice that is due and that 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 – An official 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 – A limited amount of 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 – Millennium Challenge Corporation.

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

MCDR – Monthly Commitments & Disbursements Report

MYFP – Multi-year financial plan.

PII – Personally Identifiable Information is any information that permits the identity of an individual to be directly or indirectly inferred, including any information which is linked or linkable to that individual.

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

PPP – Public-Private Partnership.

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

PRF – Payment Request Form.

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 Assets can be further distinguished into three broad categories of tangible and intangible assets such that include intellectual property, financial assets such as cash securities/stock bonds or loan agreements and fixed assets such as furniture and/or equipment.

Program Closure Plan – The plan developed by an Accountable Entity in accordance with this policy.

Procurement Closure Tracking Tool – The tool developed by the Accountable Entity to track the status of all contracts and to plan and schedule procurement wind-down work in connection with closure of the Program.

Project – Any project defined as such in a Compact.

PAP – Project Affected Person.

QFR – Quarterly Financial Report.

Records – All books, papers, maps, photographs, machine readable materials or other documentary materials, regardless of physical form or characteristics, made or received by MCC and the Government in connection with the Program and preserved or appropriate for preservation by MCC or the Government as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of MCC and the Government or because of the informational value of data in them. Records include but are not limited to accounting records (books of account), procurement files including contracts, electronic mail (“email”) correspondence, photos, surveys, fixed asset registers, compliance reports, tracking indi-

cators, engineer's reports, and all manner of other reports and documents relating to the implementation and closure of a Compact.

Sensitive PII – Personally identifiable information, which if lost, compromised, or disclosed without authorization, could result in substantial harm, embarrassment, inconvenience, or unfairness to an individual. Some categories of PII are sensitive as stand-alone data elements. Examples of such Sensitive PII include government identification number, passport number, or biometric identifier. Other data elements such as driver's license number, financial account number, citizenship or immigration status, or medical information, in conjunction with the identity of an individual (directly or indirectly inferred), are also Sensitive PII.

SEA – Sexual Exploitation and Abuse

SGIP – Social and Gender Integration Plan

SPRF – Special Payment Request Form.

TIP – Trafficking in Persons

VAT – Value added tax

5 GUIDELINES

5.1 GOVERNING PRINCIPLES

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

- The Compact Term may not exceed five years. Unless the Government and MCC have identified committed sources of funding other than MCC Funding to continue the Program or fund the Accountable Entity after the Compact End Date, the Accountable Entity will begin no later than 12 months prior to Compact End Date to take reasonable steps to close the Program in an orderly and efficient manner and to close 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, completing the compact activities, and sustaining the results achieved by the Program during the Compact Term.
- Given MCC's commitment to gender equity and social inclusion as development objectives supporting economic growth and poverty reduction, it is expected that this cross-cutting priority will continue to be supported and respected throughout the Compact closure process.
- 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 and 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, making the Records available on short notice, and cooperating with any audit of the Program.
- Programs face increased risks of fraud and corruption as they approach closure, due to increased pace of work and expenditures; pressing and immovable time constraints; and perceptions of reduced disincentives as contracts and employment agreements come to an end. The Accountable Entity should reflect any of these closure-related risks that are of particular relevance to the program in the final update to its anti-fraud and corruption action plan.

5.2 PROGRAM CLOSURE PLAN

To ensure an orderly and efficient closure to the Program, the Accountable Entity will develop a detailed plan (typically in the form of a body plus several annexes) describing the schedule and steps it will take to close each Project and Activity of a Compact, the closure or continuation of the Accountable Entity, and other important aspects as detailed in this policy (the "Program Closure Plan").

The content of the Program Closure Plan will vary by Program; however, a Program Closure Plan must include the components outlined in **Annex I**, as explained below.

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

The Accountable Entity will submit a draft Program Closure Plan to MCC for review at least 15 months prior to the Compact End Date.

MCC and the Accountable Entity will consult in good faith with a view to reaching agreement on the Program Closure Plan 12 months prior to the Compact End Date or at a date as otherwise communicated in writing by MCC. In the time between draft submission and final approval, MCC will review and resolve specific issues related to the draft Program Closure Plan in consultation with the Government and Accountable Entity so that it can be approved by MCC, the board of the Accountable Entity, and the Government, acting through its Principal Representative. Once approved, the Program Closure Plan will become effective and binding through an Implementation Letter or a supplemental agreement among MCC, the Government, and the Accountable Entity.

At the time of submission to MCC, 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, that it complies with applicable laws and regulations of the country. The final signed legal opinion should be delivered to MCC at the same time the Program Closure Plan is submitted to MCC for final approval.

During the Closure Period, the Government will close the Program and the Accountable Entity. As further described later in this policy, activities during the Closure Period may include the review of contract deliverables and the processing of final invoices submitted by contractors, finalizing accounting and other Records, and preparing final financial reports.

During the Closure Period, limited key Accountable Entity personnel, the fiscal agent, and the procurement agent may remain to close the Program.¹ If necessary, the fiscal agent agreement and procurement agent agreement may be amended to end no later than the Closure Date. For a period established by the Program Closure Plan, designated Accountable Entity personnel may be retained to review final contract deliverables, grant milestones and approve final invoices for payment (see Section 5.5 below). The fiscal agent must close the Accountable Entity books and submit all final reports before the Closure Date. The auditor must conclude its field work on or before the Closure Date and submit its draft audit report to MCC no later than 30 days after the end of the Closure Period.

The timeline may be adjusted to comply with any statutorily applicable timeline permitted or required for the closure of a Program in connection with a suspension or termination of MCC assistance.

5.2.2 Modifications to the Program Closure Plan

The Accountable Entity should review and update (as needed) the Program Closure Plan to reflect material changes and to revise the Program Closure Plan for material new closure activities, facts, and circumstances that arise after the plan has been approved by MCC. A material change to the Program

¹ This policy has been prepared based on the assumption that a procurement agent has been selected to perform all procurement activities of the Compact. In case the program does not include a procurement agent, all references to procurement agents must be substituted by the Accountable Entity procurement director or procurement unit, whichever is appropriate.

Closure Plan could include (but not be limited to) any change to the plan's content that impacts or causes a deviation from a previously approved closeout strategy. Questions about whether a proposed change constitutes a material change should be addressed to 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. Any adopted modifications may be documented in a separate annex or list for reference.

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 approved Program Closure Plan in place. Once a Program Closure Plan is approved, the Accountable Entity may expend MCC Funding after the Compact End Date for:

- i. goods, works, or services delivered, handed over, or otherwise completed under or in furtherance of the Program on or 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 and approved in connection with the Program Closure Plan and are 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 final invoices and settlement of claims related to work completed prior to Compact End Date; closing of accounts; preparation of final reports by the Accountable Entity; financial and performance audits; disposition of assets; M&E activities conducted during the closure period; public outreach to disseminate results; moving and storage services; hosting the Accountable Entity website; legal services for closure-related activities; retention and safeguarding of Records; and compensation for limited Accountable Entity and Implementing Entity staff and consultants conducting closure activities. Closure Expenses **may not include** expenditures primarily incurred to undertake or continue activities that should have been completed on or before the Compact End Date.

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

5.3.1 Project-specific Considerations

Project-specific allowable closure expenses, subject to approval by MCC in the Program Closure Plan or otherwise, **may include** expenses for activities such as certification of final invoices and settlement of claims for work or claims submitted prior to Compact End Date. This includes payment of grievances and compensation² for grievances filed and/or compensation agreements signed before the Compact End Date. In accordance

² In accordance with entitlements set forth in the Resettlement Action Plan and/or Livelihood Restoration Plan

with MCC Environmental Guidelines, allowable closure expenses may include costs to secure unfinished project sites against potential environmental, health, or safety hazards.

Closure Expenses **may not include** expenditures primarily incurred to undertake or continue activities that should have been completed on or before the Compact End Date, including expenses for activities such as completion of works³; work with respect to the testing and commissioning of works, or handover of project assets from the Accountable Entity to an Implementing Entity; review and approval of variation orders (unless variation orders result from a claim for work performed before the Compact End Date); supervisory engineer services (except as set forth in the following paragraph); consulting services (except for necessary closure activities); and the compensation of PAPs without agreements signed before Compact End Date.

To the extent that construction supervision services (or FIDIC Engineer) may be required after the Compact End Date, as is generally the case during a defects notification period (DNP) under a FIDIC contract, such services are not considered Closure Expenses and may not be paid with MCC Funding if incurred after the Compact End Date. Exceptions may include verification of quantities used under the construction contracts where the taking over certificate has been issued on or just prior to Compact End Date, verification of completion of “punch list” items, and finalization of the Engineer’s completion report. Expenses may not be paid in advance prior to the Compact End Date to cover services rendered after such date. In some cases, it may be necessary for the Government to hire a FIDIC Engineer to independently assess the progress of any outstanding works during the DNP.

In the Program Closure Plan, the Accountable Entity should identify the closure risks and identify any activities which may continue beyond Compact End Date, such as the DNP. For all project activities, the Accountable Entity should describe in its Program Closure Plan arrangements for the continuation of construction or construction supervision services with sources of funding other than MCC Funding. The Accountable Entity should identify arrangements for the continuation of construction or construction supervision even if they anticipate the projects will be completed ahead of Compact End Date. The Program Closure Plan should identify the entity that will take over the contracts, the steps necessary to secure funding and note any country specific issues such as legal or public procurement requirements that would factor into the project takeover process. The detail in this plan should be appropriate to the level of risk to non-completion and at a minimum would anticipate how to move forward in case an unforeseen circumstance prohibit project completion.

5.3.2 Guiding Principles on the Purchase of Licenses within 18 Months of Compact End Date

During program closure planning, Accountable Entities must commonly make decisions about the extent to which software or other licenses can be purchased using MCC Funding. Since such licenses are paid up front but extend for a set period after the initial payment, it is important to ensure that the entire amount paid is allocable to the Compact and therefore an allowable cost under the *MCC Cost Principles for Government Affiliates*.

³ Punch list items may be completed after Compact End Date. However, new costs related to the remedy of punch list items, such as those associated with engineer oversight and verification of work, are not allowable.

In general, expenses are allocable and therefore allowable when they are incurred for the implementation or closeout of a Compact. With this in mind, the Accountable Entity should ensure that unless otherwise stated in the Compact or agreed to by MCC in writing, that licenses purchased with MCC funding will end as close as commercially practical to the Compact End Date (if used solely for implementation) or the Closure Date (if necessary for program closure activities). The exception for commercial practicality is in recognition of the fact that licenses are rarely available for purchase for durations that can be customized to exactly match program closure milestones. When applying this exception for an instance where a license purchased with MCC Funding extends beyond the Compact End Date or the Closure Date, respectively, the Accountable Entity must show evidence that that the license(s) purchased are of the shortest duration practical given commercial availability.

The only other exception to the above is for instances when the compact's explicit purpose is to purchase the long-term capabilities – including the long-term licenses – to fulfill an explicit compact objective.

Licenses which extend beyond the Closure Date are considered Program Assets and should be disposed of by the Accountable Entity no later than the Closure Date in the same manner as all other program assets pursuant to Section 5.4 of this policy. Licenses that will expire between the Compact End Date and the Closure Date are assumed to cease to be Program Assets before program closure and can be formally disposed of, or not, at the discretion of the Accountable Entity and considering the specific circumstances and value of the license in question.

5.4 DISPOSITION OF PROGRAM ASSETS

5.4.1 Overview

The disposition of Program Assets by donation, transfer, assignment, or other methodology must be documented in the Program Closure Plan and implemented in an orderly and timely manner. Any Financial Assets remaining in the possession of the Accountable Entity and any Imprest Funds not expended before the Compact End Date, plus accrued interest, must be transferred to MCC or its designee prior to the deadline established to close all Accountable Entity permitted accounts.

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.

No Program Asset may be used for the personal gain of any individual, including any employee, consultant, part-time employee, or contractor of the Government, Accountable Entity, or Implementing Entity, or be used as a reward or form of compensation made in connection with the termination of an employment or contractual relationship.

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, petty cash, cash in permitted accounts (including Imprest Funds), Funds in Transit, real property, works, works in progress, grants, and Financial Assets such as credit facilities, revolving funds, grant facilities, retention monies, bid securities, and loan guarantee programs. Records of the status of Program Assets are contained in documents that include but are not limited to the Accountable Entity fixed asset register as required by the Fiscal Accountability Plan, Implementing Entity and/or grantee asset lists as required by respective agreements with the Accountable Entity, financial records and contract management records maintained by the Accountable Entity.

Program Assets may be physically located in different locations and used by different parties during the compact. Regardless, the Accountable Entity's tracking of Program Assets should be comprehensive and regularly updated to ensure complete coverage as part of program closure planning. For instance, if assets are financed by MCC Funding but utilized by Implementing Entities, grantees or other parties during the compact and have not otherwise been disposed of prior to Program closure planning in accordance with the terms and conditions of a formal agreement with the Accountable Entity, they must be included as part of the Program Closure Plan.

No earlier than six months and no later than 90 days prior to the Compact End Date, the Accountable Entity is required to complete a physical count of all fixed Program Assets. The precise required timing of each respective Program will be stated in the Program Closure Plan. The fixed asset verification report must include the results of the physical count, inspection, and reconciliation, including explanations for any discrepancies noted, and approved by MCA and MCC.

All Assets of the Compact must be accounted for and disposed of in an orderly manner prior to the Closure Date. 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 in Section 5.4.2 below, however, in some cases MCC may require that the Program Assets be sold to third parties, returned to MCC, or transferred 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 and purpose 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 including grant, sale, discard/recycle, or other methodology as approved by MCC. For each category of Program Asset, the Accountable Entity will include its preferred disposition method. 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 and custody of such Program Assets transferred to MCC if such Program Assets are in a deliverable state.

The Accountable Entity should use the following criteria (in the order of importance stated) when evaluating the suitability of potential recipients of Program Assets. Potential recipients of Program Assets should have:

- A clear need for the Program Assets;
- The ability to further the Compact objectives and use the Program Assets to sustain the results of the Compact; and
- The ability to maintain the asset, including:
 - Financial capacity to pay expenses to operate or sustain the assets, such as taxes (including sales and use, transfer, and VAT), insurance, registration, and other expenses;
 - The technical and human resource capacity to effectively use the asset and sustain the Compact objectives;
 - Proven budgeting and availability of funds for asset maintenance (and/or contracts in place for third party maintenance services); and
 - Procedures in place to ensure the proper use of assets.

The Accountable Entity (or its Procurement Agent) shall verify the eligibility of any potential recipient of Program Assets prior to transfer of any assets to that recipient.

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 (in no particular order):

- 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,
 - A contractor or other private entity; or
 - A Program beneficiary.

With respect to each entity to which Program Assets are to be 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 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 *Proposal 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 agreement with the recipient entity, along with the specific list of assets and market values, and provides MCC with a copy of these agreements; and
- The Accountable Entity or its fiscal agent records the disposition of each asset in its overall asset registry.

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 in advance of a sale, whether the proceeds 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 market value, supported by empirical data, 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. 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 to avoid, or otherwise use the proceeds from the sale 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 no useful life remaining, have been irreparably damaged or depleted, or where the cost of other disposition methods would be greater than the residual market value of the Program Asset. This method is to be used sparingly and with regard to issues of perception of discarding assets that may still appear to be useful.

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 may 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 financial and management capacity to maintain the vehicle. Such entities may include another Government entity, a non-governmental organization, and, when specified as part of the project logic and design, a Program beneficiary.

5.4.3.2 *Financial Assets Used in Credit Facilities*

Certain Financial Assets are intended to sustain Activities after the Closure Date. Examples of these Financial Assets include cash reflows from interest and principal repayments and accounts receivable in the form of outstanding payments due on outstanding loans. Due to their convertibility, liquidity, and potential misuse, 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, MCC and the Accountable Entity should update the governing 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 Agent might be a government entity, an NGO, or a private entity.

The Financial Asset Agent may be the independent entity originally engaged to manage specific Financial Assets during the Compact Term or a different entity to which the Financial Assets will be transferred for management after the Compact Term. The contract with the Financial Asset Agent should include how the Financial Assets are to be used and monitored, 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 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 disposition of Financial Assets.

Unless specified in the Compact or approved by MCC, no Financial Asset should have an initial maturity beyond the date that is four years after the Compact End Date, and final dispositions of Financial Assets should occur not later than five years after the Compact End Date.

5.4.3.3 *Public Private Partnerships*

Compact funding for PPPs can flow either to an Accountable Entity where investments are made and ownership is held, (at least during the term of a Compact) or through an Accountable Entity directly to a government entity that will hold an ownership stake in the PPP. If the Accountable Entity is the initial stakeholder in the PPP, its investment and ownership need to be transferred to another government entity prior to the end of the Compact. Normally, the beneficiary will be identified in the Compact. If an Accountable Entity is not a legal owner, no such transfer is required. The Program Closure Plan should include a timetable for completing that transfer, if applicable.

However, in either case, a monitoring mechanism needs to be in place to measure progress against Compact objectives and the performance of the PPP itself during both the Compact and the post-Compact periods. Special attention should be given to any contractual clauses regarding milestones pertaining to completion or performance. Deviations should be reported to MCC.

5.4.3.4 *Guarantees and Retention Monies Securing Contractor Obligations*

Certain Program Assets may have DNPs that end after the Closure Date. Depending on the contract, the DNP for certain Program Assets may last for several months after the assets have been accepted by the Accountable Entity. In these instances, MCC will direct that the Accountable Entity institute a mechanism to address the issuance of performance certificates at the conclusion of the DNP and any associated final payments. In most cases, the final acceptance of the Program Asset at the end of the DNP will result in either the cancellation of a bank demand guarantee provided by the contractor against final payment (retention associated with issuance of the performance certificate) or a final payment to the contractor of any remaining retention money. If the DNP extends beyond Compact End Date, the Government is responsible for continued oversight of contractors and engineer(s) and the associated contract management, including oversight of contractor performance securities and or calling on the same in the event defects are not resolved, per the Engineer's assessment.

Generally, 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 DNP. At the commencement of the DNP, 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 DNP. If the DNP 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 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 DNP in the event that work to remedy defects is necessary. Assuming no defects have been identified at the end of the DNP, 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 DNP, the Program Closure Plan should name an entity responsible for accepting the Program Asset and drawing upon or canceling the demand guarantee (i.e., the beneficiary of the 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. MCC may require evidence of specific commitments from these sources.

5.4.3.5 *Intellectual Property, Intangible Assets, and Accountable Entity Website*

Any intellectual property or intangible assets 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. Intangible assets are defined as any assets that are not physical in nature. Intellectual property includes, but is not limited to, patents, trademarks, copyrights, business methodologies, 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 (i.e., capture and permanently record) of the Accountable Entity website in the final month before it is shut down and provide this snapshot to MCC for its records.

5.4.3.6 *Cash in Permitted Accounts*

The total amount of cash remaining in permitted account(s) on the Compact End Date may not exceed \$250,000 or such other amount as agreed in writing with MCC.

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 directly to providers of goods, works, and services or indirectly through the permitted Accountable Entity bank accounts. No later than 105 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, pre-paid expenses, advances, and similar items must be collected no later than 90 days after the Compact End Date. A provision for their collection should be included 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 105 days after the Compact End Date. The Accountable Entity should check that the terms of the bank agreement are consistent with this requirement and amend the bank agreement as necessary.

Subject to approval by MCC in the Program Closure Plan, other Program income derived or generated from Program activities (e.g., cash from the call of bank guarantees, performance guarantees, bid securities, advance payment guarantees, etc.) may be used by the Accountable Entity to fund certain Closure Expenses. Program income may include cash collateral for loan guarantee programs, principal and interest from credit facilities, and securities from fund investments.

5.4.3.7 *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 the United States 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.

5.4.3.8 *Treatment of Personally Identifiable Information or Sensitive Information*

When disposing of Program Assets and storing Records, the Accountable Entity should take all reasonable steps to safeguard or remove Sensitive PII, 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 or Record. Sensitive information may include Sensitive PII, personnel files, procurement documentation, some data within individual PAP files or other resettlement-related 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, financial and procurement staff as well as other staff responsible for administrative closure. The Accountable Entity should also consider retention of limited communications team staff to manage high-quality closure events and communications needs. The Accountable Entity should also plan to retain limited ESP and GSI staff should environmental, gender or inclusion concerns warrant ongoing oversight. For more information, see Section 5.8. 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 consistent with the Accountable Entity's Human Resource Manual 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. MCC may require modifications to existing staff contracts to include closeout related tasks to ensure payment for only those services/tasks that were completed during the Closure Period. **Annex II** hereto sets forth guidelines for such compensation and arrangements. 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.

By the end of the Program, the names and logos of most Accountable Entities will have become intrinsically linked with MCC and the Government. Accordingly, the Accountable Entity name, logo and related brands are considered Program Assets to be disposed of by the end of the Closure Period. To the extent that an Accountable Entity will continue operations after the Closure Period 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 been selected as eligible to develop a subsequent 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 anticipation of Program closure, the Accountable Entity will need to periodically review and adjust budgets as necessary for the following reasons:

- To provide for the compensation of Accountable Entity personnel, the auditor and other entities during the Closure Period, as well as to 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 relevant Closure Expenses, and to more precisely plan typical end-of-Compact financial events such as payout of retentions to contractors and final liquidation of outstanding advances;
- 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; 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 that the work will be performed, and the Program will be completed in an orderly and cost-effective manner. This may include a re-budgeting exercise to economize – e.g., use savings from other activities to help fund Closure Expenses.

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 on a monthly basis throughout the Compact Term and through the end of the Closure Period. This reconciliation is part of the Accountable Entity's MCDR. If any reconciling items are discovered, the

Accountable Entity must clear them within 30 calendar days, i.e., by the due date of the next MCDR. The final reconciled MCDR is due to MCC no later than the Closure Date.

5.6.4 Disbursement Authority for Final Disbursement Period

All disbursement requests, including for the closure period, must be made in accordance with the *MCC Guidance to Accountable Entities on the Quarterly Disbursement Request Package (QDRP)*, or other instructions as issued from time to time by MCC.

In order to have MCC Funding available to pay for Closure Expenses, the Accountable Entity may either continue to request disbursement authority through QDRP submissions on the normal 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). In no case shall an Accountable Entity submit a QDRP that covers a period greater than four and a half months (137 days). The intended approach to QDRP submissions for the closure period should be outlined in the Program Closure Plan. If disbursement authority approved for the final disbursement period is not sufficient, additional disbursement authority may be requested through an out of cycle disbursement request.

5.6.5 New Commitments during the Closure Period

The Accountable Entity may incur new commitments after the Compact End Date for Closure Expenses. These commitments must be described or anticipated in the Program Closure Plan and are typically small purchases directly related to closure. It is acceptable to budget a small contingency 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. In planning these late-stage commitments for closure requirements, consideration must be given to whether qualified resources will be in place during the procurement process and for contract administration in order to ensure that all relevant procurement and contract management procedures are complied with.

5.6.6 Cash Flow Management

Expenditures (and hence spending authority) is likely to increase considerably toward the end of the Compact Term. Disbursement authority for the final disbursement period should include projections for all MCC funding needed to conclude the Compact, including remuneration for all parties, customary progress payments to vendors, retention monies, and any new small commitment for closure activities, etc. The Accountable Entity will no longer use the Common Payment System starting approximately 90 days after Compact End Date. This date may be adjusted in case the Closure Period crosses a typical holiday period or other major period of inoperability. After this date, the Accountable Entity may no longer request the disbursement of funding independently. Any disbursement after this date in the approved Program Closure Plan must be requested through a PRF for additional approval from the MCC PFS Lead and to be uploaded into the Common Payment System directly by MCC. The procedures governing the use of PRFs can be found in the *Common Payment System Financial Management Division Procedure*. MCC's approval of these PRFs in no way removes or reduces the responsibility of the Accountable Entity

and its fiscal agent when approving payments. MCC's approval is only for purposes of ensuring that the PRF in question is for an expense consistent with the requirements of the Program Closure Plan as a Closure Expense. The amount of the expense in question, the underlying support for disbursing the funds, and all payment information remains the responsibility of the Accountable Entity and its fiscal agent. While the dates to discontinue disbursements for the program vary on several factors, no disbursement of Compact funds may occur beyond the Closure Date.

5.6.7 Reimbursement of Taxes to MCC

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.

5.6.8 Reimbursement of the Government for Agreed Upon Expenses

In the course of implementation, MCC and the Government may undertake an agreement for the Government to provide financial contributions to the Program for expenses which might otherwise be paid with MCC Funding. For example, if costs for a project are expected to exceed available MCC Funding, the Government may provide a financial contribution above the required amount to the Accountable Entity in order to ensure sufficient funding and allow the project to proceed. Such a contribution may be part of, or in addition to, the Country Contribution⁴ required under the Compact. In such cases, MCC may determine it to be appropriate to allow the Government to request a reimbursement of a portion of the funds the Government disbursed if certain conditions are met.

This type of transaction is not intended for use simply based on the realization near the end of the Program that MCC Funding may not be completely disbursed while Country Contributions have exceeded a specific threshold. Per the *Country Contributions Policy*, "once a Country Contribution is agreed by MCC and a country and is documented in a compact and program implementation agreement, then the Country Contribution is considered 'required' hereunder, whether it specifically relates to satisfying Section 609(b)(2) of the Act or not."

With the above in mind, eligibility for reimbursement will be considered when all of the following conditions are met:

- a. Government funding was made necessary due to insufficient funding for works or activities funded by MCC.

⁴ [As defined in MCC's Country Contributions Policy.](#)

- b. Government funding above the minimum Country Contribution was provided in cash to be managed by the Accountable Entity⁵, and that Government funding was managed as if it was MCC funding, applying all applicable procedures governing the use of MCC funding, including:
 - i. Deposited in an account managed by the Accountable Entity;
 - ii. Committed for use on contracts which were procured consistent with the Program Procurement Guidelines;
 - iii. Paid for goods, works or services that are consistent with the *MCC Cost Principles for Government Affiliates* using procedures that are consistent with the Fiscal Accountability Plan.
 - iv. Audited consistent with the *Guidelines for Financial Audits Contracted by the MCC's Accountable Entities*.
- c. MCC determines prior to CED that MCC Funding will remain unexpended at Program Closure, and that the Government has made Country Contributions in excess, at a minimum, of the amounts required to satisfy the thresholds included in the *Country Contributions Policy*.

If eligible, MCC may consider requests to reimburse the Government for a portion of the amount disbursed by the Accountable Entity as described above. To ensure that such a request is documented and processed in an orderly manner, MCC and the Government must:

- a. Update the Program Closure Plan to include the description of the potentially eligible expenses of the Government for reimbursement, the timeline for submission and consideration of requests for reimbursements, and any conditions associated with the Government's use of the funding after the compact (e.g. - for post compact completion or sustainability, for instance) if not already included, in anticipation of a reimbursement request.
- b. Document MCC's approval of the applicable section of the Program Closure Plan in an Implementation Letter which specifies that the amount of Government funding considered eligible for reimbursement is no longer a required Country Contribution under the Compact. In doing so, MCC must be certain that the remaining Country Contribution amount already put into the service of the Program by the Government meets or exceeds the minimum required by the *MCC Country Contributions Policy*.
- c. The Accountable Entity must submit an out of cycle Disbursement Request no later than thirty days prior to CED (and to be approved by MCC no later than CED) that includes:
 - i. A projected disbursement of the amount requested, integrated into the Accountable Entity's Detailed Financial Plan.
 - ii. A description of the expenses undertaken in the justification memo, along with the certification that the amount requested for reimbursement with MCC Funding does not exceed that which will be available at the end of the Program.

⁵ In-kind contributions managed by the Government outside of the Accountable Entity are not eligible for reimbursement.

- iii. A full accounting record certified by the Fiscal Agent of the transactions underlying the Government funding expended by the Accountable Entity. This record should include reference to the contracts which were financed by the disbursements requested for reimbursement.
- iv. The audit report, consistent with the *Guidelines for Financial Audits Contracted by the MCC's Accountable*, covering the transactions in question.

At its discretion, MCC may approve some or all of the out of cycle Disbursement Request. MCC will reject some or all of this request if it determines that the Government funding was not utilized for the purposes agreed or if there is concern that the conditions above are not met in their entirety.

Once the out of cycle Disbursement Request is approved, the Accountable Entity shall submit a SPRF for MCC review and approval of an amount not to exceed that approved in the Out of Cycle Disbursement Request. This SPRF must be submitted no later than sixty days after CED. If the SPRF is submitted later than the period covered by the out of cycle Disbursement Request (i.e., the Disbursement Authority from the out of cycle Disbursement Request has expired), the Accountable Entity should reiterate this disbursement requirement as part of its final closure Disbursement Request and Detailed Financial Plan, with the amount intended for reimbursement to the Government clearly stated in the Disbursement Request explanatory notes.

5.7 ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY

Closure of the Program must be conducted in a manner that does not create or leave unresolved any environmental, social, health, or safety hazards and that promotes environmental and social sustainability of Compact investments. In preparation for Compact closure the Accountable Entity must review the status of environmental, social health, and safety aspects associated with the implementation, closure, and handover of Compact activities. The Accountable Entity in consultation with MCC must create a list to identify and track any on-going environmental, social, health or safety hazards required to be resolved prior to CED or handed over as part of the program activities. The list should include an assessment of the completion risk for each activity. These activities may include health and safety actions to protect workers and public (during construction, handover and demobilization, and operations), completion of compensation for involuntary resettlement, land acquisition or economic displacement, resolution of contractor damage or other grievances, and the resolution of any other ongoing hazard, e.g., borrow pits, waste disposal, hazardous material handling, etc. The full list can be submitted as an Annex to the PCP.

For each program activity, the Accountable Entity must identify in the PCP those mitigation activities that are likely to extend beyond or be unresolved at CED. The Accountable Entity must identify how these hazards will be mitigated and if any expenditures would be required during the closure period to address them. For program activities that are not expected to be completed by CED, the Accountable Entity should indicate if there are any hazards which may require mitigation during the closure period as a result of handing work over to another competent authority. For example, if construction activities are expected to be paused for a prolonged period of time, the site may require specific mitigation measures to ensure the safety of people and the environment. These should be identified in the closure plan and jointly determined if such activities will be allowable expense beyond CED. In certain circumstances, it may be

determined that a Waiver to this policy should be submitted in order to allow MCC funds to be expended during the closure period to resolve serious hazards which are likely to exist beyond CED.

5.8 GENDER AND SOCIAL INCLUSION (GSI)

5.8.1 Gender and Social Programmatic Considerations

Closure of the Program must be conducted in a manner that does not create new (or leave unresolved as a result of program interventions) gender or inclusion risks, and that completes and ensures sustainability and orderly wind-down of GSI interventions and activities. In preparation for Compact closure, the Accountable Entity must review the status of any outstanding gender and inclusion complaints and grievances related to workers and/or communities near project sites (such as employment-related discrimination, or gender-specific community complaints regarding safety risks) and identify and implement any measures required to ensure that these are addressed prior to CED or the Closure Date, as determined in consultation with MCC. Examples of outstanding issues include sexual harassment allegations against contractor's workers, or gender-specific health and safety risks arising from completed infrastructure. These actions should be clearly documented in the Program Closure Plan, along with a clear definition of who will be responsible for the actions, necessary resources and corresponding timeframe. Sustainability of GSI interventions, such as any community outreach and training on TIP, should be considered, with actions undertaken during the closure period to support the sustainability of such efforts.

Social and gender objectives are integrated into relevant sections of the Program Closure Plan, with a clear identification of parties responsible, conditions for achievement and relevant timeframes. These are reflected in the cross-cutting elements of the closure planning (e.g., budget, infrastructure punch lists, records management, the management of PII and the associated Data Sharing Agreement). Accountable Entity GSI staff also contribute to the Accountable Entity's sustainability plan(s), addressing social dimensions of sustainability and identifying key needs, opportunities, and entry points for continuing social and gender integration among implementing entities and successor agencies.

5.8.2 Trafficking in Persons

At the time of Program Closure, the Accountable Entities will review any outstanding grievances related to Trafficking in Persons (TIP). The Accountable Entity will review with the partner country government its commitment and the required resources to address any such grievances after the Program Closure. TIP issues are integrated into relevant sections of the Program Closure Plan with a clear identification of parties responsible, conditions for achievement and relevant timeframes.

5.9 LEGAL AGREEMENTS

5.9.1 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 MCC, the Government, and the Accountable Entity.

5.9.2 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.

5.9.3 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. If the Government has proposed to continue the operation of the Accountable Entity following the Closure Date, the Government may designate the executive director of the Accountable Entity as an additional representative.

5.10 REPORTING AND AUDITING

5.10.1 Overview

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

5.10.2 The Fiscal Accountability Plan

The FAP is one of the documents that may be modified to accommodate procedural, process, and rule changes pertaining to closure activities. The Accountable Entity is encouraged to make any changes to the FAP 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.

5.10.3 Final Audit or Review Engagement

The Final Audit or Review varies slightly from prior audits in that it also includes a review of the Accountable Entity's compliance with terms and provisions of the Program Closure Plan. The scope of the Final Audit or Review should conform with the *Accountable Entities Guidelines for Contracted Financial Audits*, as periodically revised, and should have been incorporated into the audit contract with the auditor performing audits of the Accountable Entity during the second half of the Compact Term.

The Final Audit or Review period begins prior to the Compact End Date and continues through the end of the Closure Period. As the auditor's field work continues until the Closure Date, staff of the Accountable Entity must be available to answer any questions, respond to document requests, attend the exit interview(s), and provide management comments to the Final Audit report. Since the Final Audit report is due to MCC at the end or after the Closure Period, special arrangements may be made for final payment(s)

to the audit firm. In such cases, the auditor may invoice MCC to make final payment(s) on behalf of the Accountable Entity. Compact funds cannot be used to pay for audit deliverables after the Closure Date. The MCC Country team should ensure that other funding sources will be available for such payments.

5.10.4 Final Financial Report

Except as agreed in writing with MCC, the Accountable Entity must submit a final QFR (including Schedule A, DFP Commitments, DFP Cash and CDR) and MCDR no later than the Closure Date. The purpose of the final QFR and MCDR is to state actual cumulative disbursements and commitments through the end of the Closure Period. The Schedule A in the QFR will initiate any available de-obligation. As the Accountable Entity's books of account will be closed by this time, the final MCDR and final QFR state only actual cumulative disbursements and commitments at that time.

In order to initiate the final de-obligation with MCC's Department of Administration and Finance, the MCC PFS Lead will submit the final Schedule A, and a final reconciliation of MCC-Managed funding, if applicable, along with a letter from MCC's Office of General Counsel. The final de-obligation usually occurs after the Closure Date. If the final MCDR or Schedule A requires updating after the Accountable Entity is closed, a representative of MCC's PFS will execute the update and submit it to the Department of Administration and Finance.

During the post-compact closure period, the Accountable Entity will provide a final report on the country's contribution as part of its final financial report.

5.10.5 Final Procurement Performance Report

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

5.10.6 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.

5.10.7 Taxes Report

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.

5.11 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. The Program Closure Plan should include a list of the types of

Records the Government will retain and a description of the form and manner in which they will be kept. The Government through its Principal Representative is encouraged to appoint a specific custodian of the Records who will be responsible for the long-term maintenance of the Records and especially for ensuring rapid access to any Records after the Compact.

The Records to be retained should include those documents identified in **Annex III**. The list of documents included in Annex III is indicative and not exhaustive. MCC may in its review of the Program Closure Plan request that additional records be retained. The Accountable Entity and the Government should make provisions for the safekeeping of the 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, fireproof, and acclimatized to ensure the protection of the Records and the proper treatment of sensitive information. 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.

Auditors may need to have rapid and frequent access to Records during the Closure Period, including for viewing by the auditors for the Final Audit and MCC staff and external parties conducting an evaluation. Therefore, Records should be stored in such a way that they can still be made available after the Closure Date upon short prior notice by MCC (10 days).

MCC may request that copies of certain Records be delivered to MCC prior to the Closure Date. If this is the case, MCC will specify the format and provided detailed guidance about the storage procedure and delivery to MCC. The format and detailed guidance are expected to be similar to that set forth in **Annex III**.

5.12 MARKING AND COMMUNICATION WITH STAKEHOLDERS

*The Standards for Global Marking: Guidelines for Millennium Challenge Account Accountable Entities and Threshold Program Countries and Implementers*⁶ require that all completed Projects must be marked with a sign, plaque, or other device that will last, indefinitely. MCC or Accountable Entity marking or signs retained beyond the Compact End Date should be detailed in the Program Closure Plan, with specific attention directed to infrastructure signage deployed per the *Technical Specifications for Infrastructure Signage*. 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 closure communications plan 15 months prior to the Compact End Date. This timeframe allows for possible additional surveys or data gathering requirements. It also provides time to conduct an inventory of multi-media content – including success and beneficiary stories, high-quality photos, and short videos – and create new multi-media content for amplification in

⁶ Found at: https://assets.mcc.gov/documents/guidance-2011001020309-standards_for_global_marking.pdf.

country and from MCC headquarters as part of a closure campaign on the internet, social media, with the press and at closure events. The plan should take into account any requirements set forth in the Compact's Stakeholder Engagement Plan and will generally include the following, depending on the Compact context:

- Objective for closure communications;
- Topline Compact messages and highlights;
- Key audiences targeted for closure communications;
- Strategy for reaching these audiences, which may include sharing and promoting success stories, stories of people, families, or communities positively impacted, high-quality digital content like photos and videos, press releases, media and stakeholder engagement, and digital media covering closure events;
- Statistics and data points that convey the outputs and other early results of MCC's investment (prepared in coordination with the Accountable Entity and MCC M&E teams);
- An asset transfer plan for delivering copies of multimedia assets to MCC for potential use in U.S. closure communication campaigns; and
- A milestones calendar and timeline detailing key compact events (groundbreakings, inaugurations, high level stakeholder visits, and in-country closure events), their corresponding projects, media components, and specific stakeholders for each event. A notional budget for these events should be included as well.

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 should 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 closure 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.

5.13 MONITORING AND EVALUATION

5.13.1 M&E Section of the Program Closure Plan

The M&E section of the Program Closure Plan should provide a brief overview of the closure strategy for M&E disaggregated by Project or Activity as appropriate. Such closure strategy should account for the orderly conclusion of all MCC-funded M&E efforts and transfer of M&E responsibilities to a post-compact counterpart.

To prepare for the orderly conclusion of Compact-funded M&E efforts, the Program Closure Plan will: (a) highlight any ongoing activities, such as data collection, evaluations, or other M&E-funded efforts 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 and before the Closure Date as agreed by MCC.

To prepare for the orderly transfer of M&E responsibilities to a post-Compact counterpart, the Program Closure Plan 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 (ideally there will be a central point of contact as well as points of contact within each government entity that was involved in compact implementation); (b) identify the actions these representatives are required to take to fulfill the Government's obligations, including whether a separate agreement with MCC must be established and by when; and (c) detail the process and timeline for incorporating the Government's post-Compact responsibilities into the M&E plan and getting signature of the acknowledgement and acceptance of the M&E plan by an appropriate authority.

The closure strategy shall also consider the need for coordination of M&E activities with communications requirements, particularly in advance of the Compact closure communications campaign. Any such planned coordination shall be described in the Program Closure Plan. The Program Closure Plan should also describe Government contributions to post-Compact M&E activities as described further below.

5.13.2 Funding for M&E Activities

MCC Funding budgeted for M&E is available to the Accountable Entity after the Compact End Date for the closure of M&E activities implemented during the Compact and for M&E activities set forth in the Program Closure Plan as Closure Expenses. Unless otherwise agreed with MCC M&E, uncommitted MCC Funding for M&E activities in the MYFP may not be reallocated in support of other Compact activities.

MCC typically conducts and funds additional M&E activities (i.e., those associated with independent evaluations of the compact investments) after the Compact End Date. MCC and the Accountable Entity should discuss and document in the Program Closure Plan whether the Government also intends to provide any funding or in-kind support for such post-Compact monitoring, evaluation and/or dissemination activities.

5.13.3 Closeout M&E Documentation

In addition to the orderly closure of any MCC-funded M&E activities described in the Program Closure Plan, as further described below, the Accountable Entity must also prepare and submit ITTs and supporting documentation, other key deliverables, and the Government's endorsement of the M&E plan.

The Accountable Entity must submit an ITT as part of the QDRP deadline closest to Compact End Date. This ITT will contain final data for quarter 19 and preliminary data for quarter 20.⁷ The Accountable Entity must also submit a "Closeout ITT" (with final data for quarter 20), along with the Closeout ITT supplemental tables, no later than 70 days after the Compact End Date, or as otherwise agreed with MCC, in compliance with the format provided by MCC.

MCC and the Accountable Entity will use data from the most recently approved ITT for Compact closure events and publications until the Closeout ITT is approved, after which all future Compact closure documents will report the Closeout ITT figures. Previously released Compact closure documents may be updated using Closeout ITT data, although this is not required.

On or before the Closure Date, the Accountable Entity must deliver to MCC (or to the independent evaluator, where appropriate, according to MCC's Transparent, Reproducible and Ethical Data and Documentation Guidelines (TREDD)) electronic copies of: (a) all MCC-funded survey data sets and supporting materials, such as questionnaires or qualitative protocols, enumerator field guides, data entry manuals, data dictionaries, metadata and final reports, (b) other analyses, evaluations, data quality reviews, and other studies that were funded out of the M&E budget; and (c) supporting documentation not previously provided for data reported in the ITT and for any new or updated data. All submissions must comply with MCC's TREDD Guidelines.

On or before the Closure Date, the Accountable Entity will facilitate the Government's acknowledgement and acceptance of the M&E plan and ensure that government entities that have post-Compact M&E duties have been duly notified.

5.14 PROCUREMENT, CONTRACT ADMINISTRATION, AND CONTRACT CLOSURE

The Accountable Entity will properly carry out the closure of all ongoing contracts, ensuring that all deliverables have been received and that obligations have been fulfilled in a timely manner by Compact End Date or Closure Date as applicable. Under the Program Closure Plan procurement section, the Accountable Entity shall include a general overview of procurement and contractual risks and contingency plans to mitigate these risks.

5.14.1 Procurement/Contracts List and Procurement Tracking Tool

The Accountable Entity shall identify and prepare a list of active and planned procurements and open contracts approximately one year before the Compact End Date. This list will be the basis of the

⁷ This assumes a standard program, with 20 quarters. If a program is terminated early or, conversely is extended, references to "quarter 19" and "quarter 20" should be replaced with "the second to last program quarter" and "final program quarter," respectively.

Procurement Closure Tracking Tool and should be cross-referenced with the financial data within the Accountable Entity as a way of verifying that the information is consistent with the procurement agent and fiscal agent's records.

As part of the Program Closure Plan, the Accountable Entity procurement director with the support of the Procurement Agent shall develop a Procurement Closure Tracking Tool. The Procurement Closure Tracking Tool shall be used to report and track the status of all ongoing and expired contracts, ensuring that all deliverables have been received and accepted and that obligations have been fulfilled in a timely manner by the Compact End Date or Closure Date, as applicable. The Procurement Closure Tracking Tool should include information on pending deliverables (and due dates), pending payments, managing defects and liabilities, claims, disputes, guarantees, contract status, procurement or award method employed, expected completion date, key dates for milestones, information on contract identification, among other relevant information. The Procurement Closure Tracking Tool shall also include a specific course of action for each contract and that may include additional contract management support, notifications to parties of pending deliverables, cure letters, or termination notices. The Procurement Closure Tracking Tool shall also include information that reports on planned and ongoing procurements, including expected completion date, key dates for milestones and deadlines.

The format and content of the Procurement Closure Tracking Tool should be agreed with MCC and included in the Program Closure Plan. The format may vary to accommodate the information and reporting procedures already in place at the Accountable Entity. The Procurement Closeout Tracking Tool should be modified and updated as necessary during the last year of the Compact Term, as well as through the end of the Closure Period. The Accountable Entity procurement director is responsible for updating and sharing the Procurement Closeout Tracking Tool with MCC on a regular basis; revisions should be discussed with the Accountable Entity's CEO and relevant members of MCC's country team (including lawyers, sector leads, and finance director).

In the event that a significant amount of Compact Funding will not be expended as originally planned, it may be necessary for the Accountable Entity to adjust its budget to maximize use of Compact Funding (see Section 5.6.2 on re-budgeting). These exercises will need to take into consideration the number of possible procurements; the Accountable Entity will need to develop an action plan that reviews and assesses the category of the procurement, the number of procurements, the procurement methodology, the estimated duration of the contract and the time left in the Compact Term. In some cases, MCC will need to approve such a plan before these additional procurements are formally considered and added to the Procurement and Grants Plan package. MCC may also require the Accountable Entity to list this action plan as part of the Program Closure Plan and to identify, with respect to any such action plan, the related risks, mitigants, deadlines, specific payment and legal contractual terminology, and possible contingency plans. Additional and similar planning exercises will apply when the Accountable Entity has a significant number of open contracts. MCC may also invoke the right to opt in and review any procurement activity regardless of the threshold.

5.14.2 Deadline for Procurement Actions for Implementation Activities

When entering into new contracts or amending existing contracts in the final year of the Compact, particular scrutiny must be applied to ensure that contract implementation timelines are reasonable and executable prior to Compact End Date.

The Accountable Entity must initiate any procurement actions for program implementation at least 30 days before the Compact End Date. All Compact procurements must be awarded and fully executed before the Compact End Date. The Accountable Entity will use its best effort to request any amendment of the Procurement and Grants Plan package 60 days prior to the Compact End Date. Under special circumstances, as determined by MCC, the Accountable Entity may request amendments to the Procurement and Grants Plan package up to 45 days prior to Compact End Date. As set forth in the PPG, lack of time to conduct a competitive procurement is not an acceptable justification for sole sourcing or direct contracting.

The Accountable Entity may incur small new commitments after Compact End Date for closure-related activities. These small commitments must be anticipated in the Program Closure Plan and must be directly related to closure. All of these deliverables must be received and completed before the Compact Closure Date. In order to verify that these deliverables have been submitted prior to Compact End Date, MCC may require the Accountable Entity to demonstrate written proof of the actual submission date of any deliverables submitted during the final two weeks of the Compact Term. In addition, consideration must be given to whether qualified resources will be in place during the procurement process and for contract administration in order to ensure that all relevant procurement and contract management procedures are complied with.

It may also be necessary to specify additional actions that need to be taken if the deadline is not met or the deliverable/task is not completed. The Accountable Entity may consider utilizing the following potential contract actions:

5.14.2.1 *Negotiation of Contract*

The Accountable Entity may prefer to renegotiate the terms of the original contract. The most common type of negotiation is re-scoping. Re-scoping shall only be done when it can be demonstrated that it is both in the best interest of the Compact and/or the Accountable Entity while being designed to ensure the most responsible use of MCC Funding. Re-scoping cannot be done for the primary purpose of releasing the consultant/contractor from a liability or avoiding collecting on performance guarantees/liquidated damages, etc. Negotiations shall be based within the current scope of work, the rates, remaining payments, remaining deliverables, etc. noted within the contract. Negotiations shall result in a contract amendment and or a possible amicable settlement. In either case, the Accountable Entity shall include these contracts in the Program Closure Plan and must receive MCC approval before proceeding with the re-scoping of the contract. Since re-scoping a contract may result in not receiving some contracted deliverable(s), this may impact the realization of Project/Compact objectives.

5.14.2.2 *Assignment of Contract*

Although contract closure is performed at the expiration date of the contract, tasks and deliverables associated with the contract may not be completed before the Compact End Date (e.g., infrastructure, M&E, and consultant contracts). When this occurs, under exceptional circumstances and by mutual agreement of both parties to the contract and approval of MCC, the Accountable Entity has the authority to assign the contract to a new party to complete. The new contract assignment shall include the following⁸:

- Assignment of all rights and obligations under the contract to the new party;
- Handover of all documentation related to the contract and the deliverables/reports submitted and approved to-date (including designs and as-built drawings);
- Assignment of performance guarantees-warranties-insurances;
- A financial summary report that includes all payments made and remaining payments; and
- Transfer of all responsibilities of the contract, including disputes, claims and/or ongoing arbitration or any other legal implication.

5.14.2.3 *Termination of Contract*

As a last option, the Accountable Entity may need to terminate a contract. If contract termination is required, the Accountable Entity shall make its best efforts to identify this action as early as possible so that it can plan ahead for possible liquidations due to a termination without cause. Under these circumstances, the Accountable Entity shall follow the specific procedures for termination under the contract. Some of the considerations to be taken into account include advance notices, timelines, and applicable clause of termination. The Accountable Entity shall ensure that, during the termination process, it will continue to document all formal notices and communications, collect performance guarantees, liquidated damages, and will issue a final payout, if applicable. The Accountable Entity shall make its best efforts to solve any disputes and claims that arise during this period. MCC can invoke third party rights to review and approve any settlement as a result of a dispute. Whenever this is not possible, the dispute/claim shall be turned over to the corresponding new party. Since terminating a contract may result in not receiving some contracted deliverable(s), this may impact the realization of project/Compact objectives.

5.14.3 Procurement Communication

At least 30 days prior to the Compact End Date, the Accountable Entity should widely publish in the media a final procurement notice. This final procurement notice is a public advertisement of the Compact End Date and should also provide information for stakeholders (contractors, suppliers, consultants, etc.) regarding the deadline to submit deliverables to remain eligible for payment and an Accountable Entity point-of-contact for any inquiries. This general final procurement notice is separate from any 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

⁸ The unique circumstances associated with each Compact – and each contract – may necessitate additional steps or requirements beyond those outlined in this section. In all circumstances, the new party to whom the contract is assigned must possess the requisite skillset to successfully administer the entire range of activities associated with the contract.

dates). Additionally, the Accountable Entity may also host closure informational outreach sessions with the general public and relevant stakeholders to inform them of the next steps for Compact closure.

5.14.4 Retention and Custody of Procurement Records

As required by the Compact or related agreements, including this guidance, the Accountable Entity must maintain procurement and grant documentation (including contract amendments and contract assignments) as part of its records. In order to do this in a comprehensive manner, it is recommended that the Accountable Entity develop during Compact implementation a quality assurance ex-post review for all procurement files to be carried out periodically throughout the Compact Term. These files should also include the procurement agent's procurement files. The objective of this review is to ensure compliance with all requirements stated in the PPG and this policy for each procurement process. The Accountable Entity, through its procurement agent, will be in charge of creating an inventory of all record files that will include an index/registry of all the procurement files, detailing documents that are included in the record, the location of the record, the number of documents, among other relevant information. This index/registry will serve as a useful resource for the entity that will be responsible for the safekeeping of these documents after the closure of the Compact, especially for future audits that may require the review of procurement records. All procurement files will be saved in digital format.

For guidance on retention of additional Compact-related documents, see **Annex III**.

5.14.5 Contractor Past Performance Reporting System Evaluations

The Accountable Entity must deliver to MCC the Contractor Past Performance Reporting System final evaluations (even in the cases when contracts are reassigned) no later than 60 days after the Compact End Date. These evaluations shall be carried out according to the paragraph pertaining to Contractor Past Performance Reporting System in the PPG.

5.14.6 Final Procurement Performance Report

The Final Procurement Performance Report, as described in Section 5.10.5, shall be submitted to MCC through the MCC management information system no later than 10 days prior to the Closure Date and will be reviewed by MCC to ensure it reflects the final status of all contracts completed under the Compact.

5.14.7 Level of Effort and Procurement Staffing Plan

In order to sufficiently prepare for Compact closure, the Accountable Entity is encouraged to define adequate procurement staffing requirements for closure to properly address procurement-related issues. The staffing requirements typically include at the least the continuation of the procurement director through Closure Date. In cases where there are early departures of procurement staff, the Accountable Entity's procurement director shall ensure that there is an established mechanism that allows a smooth and uninterrupted transition of personnel in a timely and organized manner and ensure compliance with the Program Closure Plan.

During closure and regardless of the operational staffing rearrangements, the Accountable Entity shall maintain the concept of segregation of duties to mitigate any fraud and corruption risks. While overseeing of operational contracts is the responsibility of the Accountable Entity finance director, the Accountable Entity procurement director shall work closely with the finance director to ensure that the Program Closure Plan includes a section on how to close operational contracts (e.g., lease, telephone, and other services and utilities). This section may contain a list of contracts, possible penalties, advance termination notice requirements, deposits, etc. The Accountable Entity procurement director shall continue to work closely with the finance director until all contracts have been closed.

The Accountable Entity may not initiate any new procurement if the funds are not available or have not been reallocated. If the Accountable Entity expects to have funds available toward the end of the Compact Term as part of unused contingencies (e.g., as a result of de scoping/termination of contracts), the Accountable Entity must complete or close existing contracts before making these funds available, and use of the funds is subject to MCC's instructions to the Accountable Entity regarding the deadline for procurement actions for implementation activities.

5.15 GRANT ADMINISTRATION AND CLOSURE

The Accountable Entity shall follow the Program Grant Guidelines P6.1.14 Grant Closeouts in closing out grants. Many grants will be "fixed award grants". In fixed award grants the grant amount is typically disbursed in parts against performance-based milestones just as payments in contracts are made against defined deliverables and the total award value and the amount for each milestone is set up-front. Typically grants are administered by a contracted grant program manager or Accountable Entity's Director of Grants, who is responsible for the formulation, implementation, and closure of the grant programs.

Because of the similarities, many of the same rules that apply to close contracts also apply to grants. For example, the Accountable Entity should not consider making new grants near the end of the Compact Term if funds are not available or have not been reallocated, or if it is not likely that the program can be completed by the end of the Compact. In consideration of closure, the Accountable Entity Director of Grants should perform many of the same duties as a procurement director, such as checking that all milestones have been achieved and corresponding verification documentation received, establishing a tracking tool, checking grant agreements for terms that may need to be changed, payments have been made, and ensuring that all Records are in order, and similar things.

In general, the closure methodology should proceed as follows: the first major step is to perform an inventory and develop a tracking tool, much like the one described in Section 5.14.1. The Accountable Entity should prepare the Grant Closure Tracking Tool similar in form and content the Procurement Closure Tracking Tool to track the closure of program grants.

The list or tracking tool should capture characteristics and elements such as:

- Number and types of grant agreements;
- Any assets that may need to be returned to the Accountable Entity;

- Whether the grantee is up to date on terms and conditions of the grant agreement and the embedded performance milestones, as verified by an independent party, if so required by MCC;
- Whether sustainability of the grantee and project funded has been assured, if applicable; and
- Whether implementation of the grant agreement can be completed by a designated date prior to Compact End Date

Once each grant agreement has been completed and properly closed-out it should be noted in the tracking tool.

For grant agreements that have not been completed by the agreed designated date prior to Compact End Date, the Accountable Entity should maintain and update a list of steps to be taken to either complete or cancel the grant agreement by a designated date prior to Compact End Date. The Accountable Entity should notify MCC of any grant agreement that the Grants Director proposes to finalize after the designated end date for completing such grants.

After the Director of Grants has created the inventory, the Director of Grants should work in consultation with MCC to determine the next steps for closure of the grant agreements, grant programs and/or grant facilities. The steps are likely to include:

- Following up on record-keeping, including reviewing the completeness of the documentation for each grant and noting the completion of that review for each grant in the tracking tool;
- Issuing all final payments;
- Consideration of sustainability issues, if applicable;
- Transferring of authority from the Accountable Entity to another party; and
- Documenting: (a) the post-Compact procedures, if any, for monitoring and reporting on the performance of grantees; (b) the planned disposition of any Program Assets related to the grant activity; and (c) the plan, if applicable, for the sustainability of the activity and/or assets funded by the Compact. The later may include the transfer of assets to a third party.

The closure strategy for all grants should be included in the Program Closure Plan as its own section.

5.16 APPLICATION TO SUSPENSION AND TERMINATION OF ASSISTANCE UNDER A COMPACT

To the greatest extent possible, this policy also applies 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 this pol-

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

6 WAIVERS TO THIS POLICY

Any waiver to this policy must be requested in advance by the Accountable Entity with a written justification that identifies the relevant section(s) of the policy and documents why the waiver is required. A waiver does not create a permanent change to this policy, but, rather, functions as a one-time exception necessary to support the closure of the Program and applies only to the specific Accountable Entity requesting the waiver. A waiver request form can be found in **Annex IV**.

The MCC Resident Country Mission is responsible for determining the magnitude of waiver requests. A waiver requesting minor deviations from the requirements of this policy must be approved by the MCC Resident Country Director and requires clearance by relevant technical experts on the country team (e.g., infrastructure, land, agriculture, financial, environmental, M&E, economists, procurement, etc. as applicable), as well as the lawyer(s) assigned to such team. A waiver requesting a significant deviation from this policy must be approved by the appropriate MCC Deputy Vice President and requires clearance by the Resident Country Director, the relevant technical Practice Lead/Senior Director (PLSD), and the MCC General Counsel.

7 EFFECTIVE DATE

This policy was approved on September 7, 2023 and applies to any Accountable Entity that submits a draft Program Closure Plan on or after this date. With respect to any Accountable Entity that has submitted a Program Closure Plan pursuant to the previous version of this policy, but has not yet entered the Closure Period, MCC will notify the Accountable Entity of any changes to the Program Closure Plan that may be required prior to the commencement of the Closure Period.

ANNEX I

OUTLINE OF THE PROGRAM CLOSURE PLAN (PCP)

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 release or termination of staff, including any financial obligations incurred by the Accountable Entity to affect the plan.
 - A plan for which staff will be retained for part or all the Closure Period, as well as a brief justification of why the selected staff are required for closure tasks. Include any special arrangements to retain key staff during the Closure Period. MCC may require modifications to existing staff contracts to include closeout related tasks to ensure payment for only those services/tasks that were completed.
- b. Asset Disposition: A brief description of the intended disposition of Fixed and Program Assets the Accountable Entity. 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 specifically described in this policy.

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 and 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. These risks should be presented by Sub activity, and by contract. An example of a completion risk includes: if construction of 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. 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. Sustainability risks should be addressed through the development of sustainability plans for major project activities. The PCP should outline when the plan will be completed, how it will be approved and implemented, and describe the mechanism for ongoing monitoring post-CED.
- c. Clear definition of standards for the taking over of works, and the institutional coordination required.
- d. Any environmental, social (including resettlement), health, safety, gender or inclusion risk mitigation or closure activities and how these will be managed during the last year of the Compact, the Closure Period, or beyond.
- e. 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.).
- f. A brief description of the intended disposition of all forms of applicable Program Assets by Activity and 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 5.4.3.4 are particularly complex issues and should be treated in detail in the Program Closure Plan.
- g. An inventory, description, and timeline for the closure and/or assignment of each contract, grant, and Implementing Entity Agreement related to the Project.
- h. For any works and/or DNPs continuing post-CED, a description of the plans newly assigned Owners will execute for oversight, including engagement with and management of the Engineer.
- i. Plans to hand over to MCC the project documentation necessary to complete post-compact monitoring and evaluation activities, the geo-coordinates of investment locations, engineering as-built drawings, final project status reports and final written deliverables from any Accountable Entity contractors, and final detailed costs of investments.

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 section 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 5.10.7).
- d. Country Contributions. This section will include a report on the status of country contributions, with a description of any actions that may need to be taken to ensure that all contributions are received prior to Compact End Date.

4. *Procurement:*

- a. The Program Closure Plan should include a template tracking tool to be approved as part of the PCP.
- b. This section shall include a deadline for all procurement actions to begin and that shall be at least 30 days before the Compact End Date.
- c. This section shall include a deadline for the publication of the Final Procurement Notice, a deadline to carry out Contractor Past Performance Evaluations (CPPRS) and a deadline to finalize the Final Procurement Performance Report (PPR).

5. *Grants:*

- a. The Program Closure Plan should include a template for a grants tracking tool to be approved as part of the Program Closure Plan.
- b. The Program Closure Plan should include a deadline to receive all deliverables and a deadline by which any new grants are to be signed.
- c. This section should include the closure strategy for all grants.

6. *Monitoring and Evaluation:*

- a. This section should provide a brief overview of the closure strategy for M&E disaggregated by Project and Activity as structured in the M&E plan. The closure strategy should: a) highlight any ongoing activities, such as data collection, evaluations, or other M&E-funded efforts 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 and before the Closure Date as agreed by MCC.
- b. This section should describe the data and documentation to be provided as electronic copies to MCC (or to the independent evaluator, where appropriate, according to MCC's Transparent, Reproducible and Ethical Data and Documentation Guidelines (TREDD), including: (a) all MCC-funded survey data sets and supporting materials for all MCC-funded data collection, such as questionnaires or qualitative protocols, enumerator field guides, data entry manuals, data dictionaries, metadata and final reports; (b) other analyses, evaluations, data quality reviews and/or special studies that were funded out of the M&E budget within the Compact, and (c) supporting

documentation not previously provided for data reported in the ITTs and for any new or updated data. This section should describe how all submissions will comply with MCC's TREDD Guidelines

- c. This section 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 indicate who will serve as the central point of contact; (b) identify the actions these representatives are required to take to fulfill the Government's obligations, including whether a separate agreement with MCC must be established and by when; (c) detail the process and timeline for incorporating the Government's post-Compact responsibilities into the M&E plan and getting signature of the Acknowledgement and Acceptance of the M&E plan; and (d) detail the process and timeline for submission of the final ITT no later than 70 days after the Compact End Date.
- d. 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. This section should similarly describe any other Government funding or in-kind support to be provided for post-Compact M&E and/or dissemination activities.

7. *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 for Global Marking* as described in section 5.12.

8. *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 5.9.2.

9. *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.

10. *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:

There may be many annexes associated with the Closure Plan. Examples include:

Legal Opinion: 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.

Procurement/Contracts List and Procurement Tracking Tool: a comprehensive list of contracts and their characteristics used to close contracts and evaluate action steps to be taken.

Pro-forma Closure Budget: a budget specifically formulated to cover necessary closure expenses; it does not contain programmatic activities.

Sample forms, e.g., Asset Transfer Agreement forms: various forms which will be needed during closure activities.

ESP Closure Checklist: a tool to track environmental, health and safety and/or social hazards which require closure by CED.

ANNEX II

GUIDANCE ON CERTAIN COMPENSATION ARRANGEMENTS

The goal of special compensation or other arrangements proposed to retain staff through the Compact End Date (referred to herein as “Retention Incentive Payments”) is to ensure that certain Accountable Entity staff members whose jobs are deemed critical to the smooth administrative closing of the Compact remain with the Accountable Entity as long as needed. Such payments represent an *incentive* to remain at the Accountable Entity until a date that is determined through developing the Program Closure Plan for each accountable entity. Staffing planning is an important part of the program closure process. Each compact situation has unique issues related to staff employment and local labor laws. Notwithstanding these particulars as well as the need to respect the sensitivity of individual employment arrangements, it is critical that the formulation of accountable entity staffing during the program closure period is completed with the rest of the overall program closure planning process, with notification of staff as well as employment agreement amendments implemented as soon as possible after approval of the overall program closure plan.

To retain the critical staff through project conclusion, MCA will have a special program closure retention incentive payment for staff whose jobs are deemed critical to the smooth administrative closing of the Compact remain with the Accountable Entity as long as needed.

As part of the Program Closure Plan, each MCA must perform an assessment of the staffing needed to successfully and responsibly close the program. This assessment must be based on project work plans and the timing of closure tasks. The final assessment must be realistic and be intended to identify only those staff who must be retained until the Compact End Date or through some or all of the Closure Period to ensure a successful program closure, and who must be incentivized to remain because the real costs to the program of replacing them and/or training replacement staff outweigh the costs associated with the retention incentive payment. MCA staff of all pay bands are potentially eligible for a retention incentive payment but must meet both of these criteria per MCA’s assessment and MCC’s No Objection. This assessment must also identify the date through which the service of each employee is required (e.g. – Compact End Date, Compact End Date + 30 days, Closure Date, etc.).

If determined to be eligible through the staffing needs assessment the retention incentive payment is structured as a growing amount based upon time in service, but vesting only upon staff separation at the closing of the project at a rate of five percent of annual base salary as of CED per year of service. MCA staff who depart (either voluntarily or are removed from their position) prior to the date previously identified and approved as critical for them to remain employed by MCA are not eligible for any part of the planned retention incentive payment.

The maximum retention incentive payment, regardless of total MCA service, will be capped at twenty-five percent of annual base salary as of CED in total for those staff who serve a total of five years or more from start date to separation date at or after CED as defined by the Program Closure Plan. This structure differentiates the experience level of staff who joined later and, with an accruing benefit, creates a strong, yet variable retention incentive for the most experienced staff.

An individual who has been subject to any of the following disciplinary measures shall not be eligible for a retention incentive payment:

- Suspension without pay for more than two working days;
- Fine; or
- Demotion.

ANNEX III

OUTLINE OF RECORDS RETENTION

The purpose of this annex is to elaborate on section 5.11 regarding Government's responsibility to store and safely maintain important Records for a period of five years after the Compact End Date. This annex provides an indicative list of the types of materials that should be maintained. The Accountable Entity's Program Closure Plan must include a specific list of Records and the related storage arrangements for each.

Records Category	Document Type
Accountable Entity Management and Administration	Board materials and minutes
	Governing Documents - legislation, relevant statues, regulatory notes, etc.
	General correspondence (including all email of all Accountable Entity staff-see below)
	Legal documents- court filings, correspondence related to contractor disputes, etc.
	Conventions and agreements (IEAs, MOUs)
	Audit reports and responses
	Vehicle logs
	Physical inventory reports
Human Resources	List of all Accountable Entity staff from establishment, including names, positions, dates of employment, personal email addresses, and personal phone numbers
	Staff employment contracts
	Performance management system
	Human resources manual
	Training materials
	Travel orders and trip reports

Records Category	Document Type
Financial Management	Financial records
	Fiscal agent records
	Payment invoices
	Interim payment certificates
	Worksheets associated with calculation of advances, retentions, etc.
	Bank statements
	Fiscal agent periodic reports
	Ledgers
	Backup of accounting software
	Fixed assets registers
	Guarantees of all types (advance, performance, retention)
	Asset Transfer Agreement forms
	Transfer agreements
	Titles (e.g., vehicles)
	Tax exemption/refund documentation

Records Category	Document Type
Procurement	Procurement agent files
	Procurement plans/amendments and general procurement notices
	Documents related to bid challenges and resolutions
	Bid challenge system
	Contracts and contract-related documents (amendments and modifications, cure and notification letters)
	Contract closeout forms
	Notifications to vendors
	Procurement Operations Manual
	Procurement Performance Reports

Records Category	Document Type
Project Management	Contractor deliverables (studies, site reports, design documents, completion certificates and defects lists, etc.)
	Geo-coordinates of investment locations
	Engineering as-built drawings
	Final detailed costs of investments
	Work plans
	Resettlement compensation documentation
	Final Approved ESIA and any amendments
	Final approved RAPs
	Documents concerning serious health and safety incidents
	Final records of livelihood restoration activities
	Environmental audit reports
Grants	Grant Operations Manual (GOM)
	Grantee selection reports
	Grant agreements and related documents (including modifications)
	Requests for reconsideration and related documents
Monitoring and Evaluation	Studies (including evaluations, program reviews, data quality reviews, and other analysis)
	Indicator data and related documentation

Records Category	Document Type
Communications	Communications materials (brochures, videos, etc.)
	Workshop materials
	Stakeholder committee meeting minutes
	Documents related to media and public outreach
	Website snapshot
	Intellectual property
	Copyrights and patents
	Photos

Accountable Entities should also establish an indexing system for the records in sufficient detail that any given record could be located quickly from its storage area. Electronic records of any type (e.g., email correspondence) must also be stored or archived in a commonly used searchable format. More details on email retention are below.

Email Retention Guidance

Email Retention	<p>Each Accountable Entity should archive all emails during the life cycle of the Compact, and for a period of five years after the Compact End Date.</p> <p>All archived emails should be protected by encryption and password.</p>
Access Control	<p>Restrictions to access emails should include a unique identification element (username) and a unique authentication element (password).</p> <p>Accounts holders should maintain their authentication element confidential and protected from unauthorized access.</p> <p>Electronic authentication elements should be encrypted using AES 256 encryption algorithm.</p>

Encryption	<p>All emails retained in a removable storage device; for example, a USB flash drive or removable hard drive, must be encrypted using an encryption algorithm of AES 256, or stronger.</p> <p>Electronically stored passwords should be encrypted at rest with an encryption algorithm of AES 256, or stronger.</p>
Passwords	<p>All passwords should be at least twelve characters and should utilize upper-case, lower-case characters, numbers, and special characters. Passwords should never be dictionary words in any language.</p>
Email Archiving Procedures and Annual Testing	<p>The Accountable Entity should devise written archiving instructions.</p> <p>Archiving and retrieval should be tested annually.</p> <p>Testing should include all operational requirements to retrieve emails.</p>
System Logging and Auditing	<p>All email access should be logged and audited. Logs should indicate the user accessing the email; the date and time of access; and the actions the user took (e.g., read, write, or delete).</p> <p>Audit logs should be protected from alteration.</p>
Separation of Duties	<p>The Accountable Entity should separate duties of personnel that have the ability to make changes to the information technology system and personnel that oversee their security and auditing functions to reduce the risk of unauthorized system or data changes/alteration.</p>

ANNEX IV

MCC POLICY ON PROGRAM CLOSURE EX-ANTE WAIVER REQUEST FORM

Policy Provision	Waiver Request
<p><i>[MCC PCG Provision Part, Section and Paragraph Numbers]</i></p>	<p><i>[Description of the provision of this policy for which the waiver is requested. Include both the text of the provision as it appears in this policy and the specific waiver being requested.]</i></p>
<p><i>Justification for waiving the policy provision(s)</i></p>	
<p><i>[Description of the anticipated impact the waiver would have on the Accountable Entity's closure activities. Explain the basis of the request, the procedure(s) to be waived, and any recommended alternative action. Detail why the waiver is in the interest of the country's Compact or Threshold program, and why it would be detrimental to the program if the waiver were denied.]</i></p>	

ACCOUNTABLE ENTITY REQUEST

Name (typed)/Title	Signature	Date
Accountable Entity CEO/Head of Accountable Entity: [Name] [subtitle if applicable]		
MCA Sector Lead(s)		

MCC CLEARANCE/APPROVAL⁹

Name (typed)/Title	Indicate Clearance/ Approval	Signature	Date
MCC Sector Lead(s) [if applicable]	<input type="checkbox"/> Clearance <input type="checkbox"/> Approval		
MCC Legal Counsel	<input type="checkbox"/> Clearance <input type="checkbox"/> Approval		
MCC Practice Lead/ Senior Director [if applicable]	<input type="checkbox"/> Clearance <input type="checkbox"/> Approval		
MCC Resident Country Director	<input type="checkbox"/> Clearance <input type="checkbox"/> Approval		
MCC Department of Compact Operations Deputy Vice President [if applicable]	<input type="checkbox"/> Clearance <input type="checkbox"/> Approval		

⁹ Please refer to Section 6, “Waivers to this Policy”, of the Policy on Program Closure for additional information.

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