

Millennium Challenge Corporation

MCC Guidance on Quarterly MCA Disbursement Request and Reporting Package

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MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA

Each MCA Accountable Entity shall submit to MCC on a quarterly basis a Disbursement Request Package for all sources of funds to include 609(g), CIF, and compact funding. The Disbursement Request identifies resources needed for program implementation in the upcoming quarter specific for each funding source as mentioned above. The accompanying package of materials is designed to offer MCC the information necessary to approve the Disbursement Request. The package provides information on execution of program activities, financial management, procurement actions, progress towards compact goals as defined in M&E indicators, and status of conditions precedent to disbursement. The granting of a Disbursement Request will be contingent on the quarterly package being satisfactory to the MCC in form and substance. The Disbursement Request Package (including all reports) shall be submitted every quarter prior to the start of the quarter for which funds are requested, even for quarters in which the MCA is making a request of zero dollars.

The package is to be submitted to the MCC twenty (20) days prior to the end of the quarter (March 10, June 10, September 10 and December 10). Templates for all components of the package are available as annexes to this guidance on the MCC website at <http://www.mcc.gov/countrytools/compact/implementation.php>

The package consists of eight core documents that are required across funding sources as follows:

Document	Required For
1 Narrative Report	Compact funds only
2 Disbursement Request	Compact and CIF funds, and 609(g) if MCA managed
3 Quarterly Financial Report	Compact, CIF and 609(g) funds
4 Detailed Financial Plan	Compact, CIF and 609(g) funds
5 Procurement Performance Report	Compact, CIF and 609(g) funds
6 Indicator Tracking Table	Compact funds only
7 Conditions Precedent Report	Compact and CIF funds (if applicable)
8 Annual Supplemental Report	Compact funds only

In accordance with the compact agreements, MCAs will submit work plans with the quarterly disbursement request package if so required. In some cases, MCC will request that MCAs also submit additional planning documents (such as updates to the Multi-Year Financial Plan, M&E Plan and Fiscal Accountability Plan) with the DR package.

In accordance with the compact agreements, all appropriate certificates, including for the Fiscal Agent, Procurement Agent (if applicable) and all administrative certificates, are to be included as part of the submission package.

1. Narrative Report

Limited to five pages, the Narrative Report replaces the Quarterly Progress Report. The Narrative Report briefly explains how requested funds will be used in the upcoming quarter. It also explains if the previous quarter's disbursement and activity projections were met, and if not, why not. It explains any deviations or changes to the Work Plans, Procurement Plan (PP), Quarterly Financial Report (QFR), and Detailed Financial Plan (DFP). The narrative report is not designed to be a public document and therefore MCAs are encouraged to be frank about implementation challenges and how they are being addressed. [See Annex 1 for an outline for the Narrative Report.]

Countries that entered into force before December 2007 were required to submit a narrative Quarterly Progress Report (QPR) to MCC and make it available on their public websites. The QPR is no longer required for MCC submission, though MCAs are still required to comply with obligations under their compacts for developing publicly-available program updates on a regular basis. The narrative report shall not be used for this purpose.

2. Disbursement Request (DR)

The Disbursement Request is a signed document representing a request from the MCA Accountable Entity that MCC create an account allowance against which payments to contractors and employees may be made or that MCC make a cash disbursement to a permitted account. The DR is submitted every quarter prior to the start of the quarter for which funds are requested, even for quarters in which the MCA is making a request of zero dollars. For countries using the Common Payment System (CPS) the DR distinguishes between requests for direct disbursement from MCC to vendors, and requests for MCC cash disbursement to the MCA Permitted Account(s). Countries not yet using the CPS need only fill in the request for MCC cash disbursement to the MCA Permitted Account(s).

3. Quarterly Financial Report

The QFR is a financial report that provides an overview of the MCA's financial activities over the previous quarter and documents and justifies any proposed cash request for the next quarter. The QFR is a tool for regular financial reporting, establishing spending limits and justifying disbursement requests. The QFR is also used to notify MCC of any proposed adjustments to the Multi-Year Financial Plan. The QFR consists of Schedules A-E:

- ★ (A) Multi-year Financial Plan Adjustment Request Form;
- ★ (B) Summary of Multi-year Financial Plan Adjustments to Date
- ★ (C) Actual Expenditure and Commitment Report (current period)
- ★ (D) Commitment Forecast Report (next period)

★ (E) Forecasted Program Cash Requirements (next period)

The QFR also includes a Cash Reconciliation and Interest Summary designed to track and account for the sources and uses of MCC funds during the current period, and to track and determine the amount of interest to be returned to the US Government related to idle MCC funds in MCA bank accounts that are not the result of program income.

The QFR distinguishes between for direct disbursement from MCC to payees via the Common Payment System (CPS), and requests for MCC cash disbursement to MCA. This is designated by columns with a/b headings in schedules C and E as well as language in the official Disbursement Request form to provide a clear statement as to amounts requested for both direct and local account disbursements. Countries not yet using the CPS need to complete the typical QFR report format as previously submitted. As the country is converted into the CPS method of disbursement, the MCC Fiscal Accountability Directors and the Department of Administration & Finance will work independently with the MCA CFO and Fiscal Agent for a smooth transition which includes proper completion of the QFR report.[See Annex 2 for a combined Disbursement Request and QFR template and detailed QFR guidance.]

4. Detailed Financial Plan

The Detailed Financial Plan (DFP) reflects the funding that the MCA expects to commit and the cash it expects to need on hand with respect to the Work Plans. For planning purposes, the DFP breaks down these categories to the activity level (or beyond, where appropriate) on a rolling quarterly basis for the upcoming four quarters and on an annual basis for the remaining years of the compact.

The level of detail of the DFP shall be determined by program planning needs. Different divisions within MCC will review the DFP to varying levels of specificity. The DFP must follow a format that allows for the sub-activity detail to be “rolled-up” to the project/activity level. [See Annex 3 for the DFP template and detailed DFP guidance].

The Fiscal Agent, with support from MCC Fiscal Accountability staff, is responsible for assisting the MCA Accountable Entity in developing a standard Detailed Financial Plan format, including the level of detail and the categories of expenses that will be consistent across projects and activities through the life of the compact. This general categorization of expenses is referred to as a “Standard Chart of Accounts.” It disaggregates the Multi-year Financial Plan by projects, activities, and sub-activity.

For 609(g) and CIF funds, the DFP template is the same as for compact funds, but MCAs should distinguish between funding sources by developing independent DFP sheets. In countries for which 609(g) grant agreements require a detailed budget, this budget can serve as the quarterly DFP.

5. Procurement Performance Report (PPR)

The PPR is an integrated planning and reporting tool.

The format includes various sections:

- ★ Section 1 consists of the Procurement Plan that is submitted to MCC for approval at least on a semi-annual basis. This level can be viewed alone and printed separately for easy use. Since the report is cumulative, all procurement actions in the currently active and approved Procurement Plan should include “(Current)” at the beginning of the Description column (e.g. – (Current) FIN-035 Payment System Design and Implementation).
- ★ Section 2 is an expansion of the same worksheet, revealing the Procurement Performance Report, tied directly to the rows of the Procurement Plan. The PPR is a cumulative summary of actual execution of procurement actions compared to the approved Procurement Plan. It includes a column that provides the name of the firm or individual contracted with (and in the future will likely include type of vendor and country of origin) in order to easily provide information about who is receiving MCA contracts for a given country.

The PPR includes a unique ID for each procurement action for easy sorting.

The purpose of the PPR is for each MCA to provide MCC with a summary of the current status of procurements across its Program and thereby assist MCC in monitoring MCA compliance with the Procurement Agreement and the Procurement Plans. The PPR has six sections:

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

6. Indicator Tracking Table (ITT)

The Indicator Tracking Table (ITT) is an integrated planning and reporting tool. The ITT displays performance targets (projections) and tracks progress against them (actuals). The ITT is designed to help MCA's track interim progress toward compact goals. All performance indicators that are included in the M&E Plan for the compact should be included in the ITT. This includes indicators at all levels of the results hierarchy including lower level output indicators and process milestones. Most indicators have annual performance targets associated with them in the M&E Plan. The ITT breaks these down into their quarterly components in order to facilitate more regular performance tracking. The process of breaking down the annual targets into quarterly targets takes place at the beginning of each compact year. Quarterly targets are only set for those indicators that are required to be reported on a quarterly basis, as per the M&E Plan. A complete ITT provides detailed information that shows (1) quarterly, (2) annual and (3) five year end-of-compact basis targets for each performance indicator. The actual progress towards these targets is to be recorded quarterly. [See Annex 5 for the ITT template.]

7. Conditions Precedent Report

The Conditions Precedent (CP) report is designed to summarize progress toward meeting CPs to disbursement. The CP report is a table designed to capture information about the timing, associated project activities, status and relevant documentation for each CP. The CP report lists all Compact CPs relevant for disbursement.

8. Annual Supplemental Report

The Annual Supplemental Report provides additional information on accomplishments and developments of the Compact implementation related to the consultative process, donor coordination, and lessons learned. This report shall be submitted in final form (as approved by the MCA Board of Directors) one month after the end of the US fiscal year. (For example, the Annual Supplement covering FY 2008 shall be submitted on October 31, 2008.) MCC uses the content of this report to track program progress, and to produce country program updates for public use. For this reason MCA Boards must approve the content of the Annual Supplemental Reports. [See Annex 7 for guidance.]

Report Templates:

Please refer to the following Annex documents on the MCC website at <http://www.mcc.gov/countrytools/compact/implementation.php>

- ★ DR Annex 1 – Narrative Report

- ★ DR Annex 2a – Disbursement Request and Quarterly Financial Report (QFR)
(one each for Compact, 609g and CIF funds)
- ★ DR Annex 2b – Detailed QFR Guidance (for CPS)
- ★ DR Annex 3a – Detailed Financial Plan (DFP)
(one for compact funds; one for 609(g) or CIF)
- ★ DR Annex 3b – Detailed DFP Guidance
- ★ DR Annex 4a – Procurement Performance Report
- ★ DR Annex 4b – Detailed PPR Guidance
- ★ DR Annex 4c – Guidance on changes to PPR
- ★ DR Annex 5 – Indicator Tracking Table
- ★ DR Annex 6 – Conditions Precedent Report
- ★ DR Annex 7 – Annual Supplemental Report