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The South Pacific Region

USAID/RDO/SP
Close-Out Summary Report
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FOREWORD

"Turn out the lights when you leave!" The words echo in my ears. I heard it often. I was to be the last USDH at post when USAID's Regional Development Office in the South Pacific closed. When I got on that plane to leave, RDO/SP would become a memory.

But, what about this closure? What is it, exactly? Terminating projects and agreements with governments? Terminating leases, contracts, and agreements? Releasing everyone on your staff? Selling all the furniture and equipment? Completing report after report? Redefining "development impact" in EERs? It is all of these things, and more. Much more.

Closing a mission is an enormous task. Even though RDO/SP was a relatively small mission--only five USDH in Fiji and one in Papua New Guinea, remember that RDO/SP was a *regional* mission, covering ten countries--populated by over five million people--spread out over an area larger than the U.S. The mission--including USDH, US-PSCs, FSNs, TCNs, and contractors/grantees--totalled over fifty people. How does one--in roughly six months--"turn off" a mission whose portfolio is just hitting its stride and beginning to yield tangible developmental impact (after a conscious decision to build up USAID's presence in the region less than three years earlier)? Answer: *very carefully and with a lot of finesse and hard work*.

Of primary importance was keeping our diplomatic relations on an even keel. Ours was considered a "friendly" closure (with an OE cost of \$1.2 million/year, we were considered an expensive mission to operate relative to the size of our development assistance program). And, as most of the countries in the South Pacific consider USAID to be the U.S. Government, concern was expressed--publicly and privately--that the U.S. Government was turning its back on the region. These sentiments could not be ignored. In keeping with "the Pacific Way" we met with governments face-to-face to explain the reasons behind the closure decision and to underscore how difficult a decision it was for the Administration to make. We also explained how the close-out would affect their particular country. Fortunately, in most cases, the closure decision did not radically affect ongoing assistance. It did, however, affect future planned assistance.

We also had to ensure close out was done "by the book"--programmatically and administratively. This was complicated by the fact that the office resources (office space, staff, computers, etc.) were disappearing all the while we were trying to complete the numerous required tasks. Finally, we had to manage the human resources within the mission. Keeping staff focused on the tasks at hand and not letting the negative morale affect the work schedule was an incredible challenge. To pull it off, we counted on the contribution of every member of the team. I'm happy to say that, when push came to shove, I was not let down.

Did we succeed? Only time will tell. Nevertheless, I believe we gave it our best shot and I salute every member of the RDO/SP team who made it happen.

The close-out is now complete. If there were any lights left, they'd be out. Importantly, because of the way that we closed, we remain welcome in the region, mission or no mission. For that, I am most proud.

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I. Introduction

A. Overview

This report summarizes the close-out of USAID's Regional Development Office/South Pacific (RDO/SP), with its main offices located in Suva, Fiji, and its branch office in Port Moresby, Papua New Guinea (PNG). Because of sheer number of details, the report is divided into two volumes. Volume One summarizes the *Programmatic Close-Out*, i.e., the termination/transfer of projects/non-projects in RDO/SP's portfolio, the *Administrative Close-Out*, i.e., the physical closure of the Suva and Port Moresby offices, and a section on *Lessons Learned*. Volume Two addresses the programmatic close-out in greater project-by-project detail.

RDO/SP would like to recognize the tremendous contributions made by the entire staff of RDO/SP and RDO/SP/PNG (Attachment 1), without whose dedication and professionalism we would not have been able to successfully execute our Close-Out. We also acknowledge the contributions made by USAID/Philippines (Program, Project Development, Health/Population/Nutrition, Agriculture and Natural Resources, Contracting, Financial Management), USAID/Indonesia (Legal Advisor), RIG/Singapore, and USAID/W staff who helped "operationalize" our Close-Out Plan to ensure that this most difficult of mandates was carried out--on schedule, in accordance with USAID regulations, and under-budget.

B. Programmatic Close-Out

The programmatic close-out was executed as planned and as approved. The Market Access and Regional Competitiveness (MARC) and the Malaria Immunology and Vaccine Field Trials (MI&VFT) Projects will be officially terminated at the end of September 1994, although they were functionally terminated as of early September. In addition, transfer of the South Pacific Fisheries Treaty Program II (FTP II) was made to the State Department in June 1994 following the mid-June disbursement of the FY 94 tranche (\$14 million) to the Forum Fisheries Agency. The State Department, in turn, has transferred responsibility for FTP II to the U.S. Embassy located in Port Moresby, Papua New Guinea.

Responsibility for the remaining projects in RDO/SP's portfolio--which were allowed to proceed into FY 95 to achieve minimum "useful units of assistance"--was transferred to

USAID/Philippines on July 1, 1994 Where required, obligation and commitment documents were prepared prior to transfer by June 30, 1994, 100% of RDO/SP's approximately \$16 million in program funds were obligated and/or awaiting contracting officer action to commit the funds

Prior to formal transfer of the projects, USAID/Philippines sent two teams to the South Pacific to assist with planning for the close-out. In January 1994 a four person team (Program Officer, EXO, Regional Contracting Officer, and Controller) assisted with the planning for the administrative and programmatic close-out During May/June 1994, USAID/Philippines project and contracting officers visited the South Pacific region on TDY to familiarize themselves with the projects, meet project counterparts, USAID staff, and project advisors, and determine necessary contracting actions to effect close-out decisions. The USAID/Indonesia Regional Legal Advisor also traveled to Suva to provide legal assistance on agreements and PP supplements, overlapping with the second USAID/Philippines team The TDYs were extremely important elements of the transfer of oversight responsibilities to USAID/Philippines The visits also created a sense of ownership between the new project officers and the projects for which they would be assuming responsibility Because of this, we have the confidence that those elements of RDO/SP's portfolio that are considered most critical to achieve development impact will be brought to a successful conclusion

To facilitate USAID/Philippines's ability to oversee the remainder of USAID's South Pacific portfolio after RDO/SP's Suva and Port Moresby offices were closed, one FSN position--called the "USAID Liaison Advisor"--(filled by Clara Lobendahn), is being retained for a one-year period after the mission's closure The USAID Liaison Advisor has been located in the U S Embassy in Suva and reports to the U S Embassy Political Officer (who has been given the general responsibility for overseeing USAID affairs after the mission closes) The terms of reference, Memorandum of Understanding between USAID/RDO/SP and the U S Embassy/Suva, and description of functional roles and responsibilities are contained in Attachment 2 of this report (Volume One) Communications should be primarily through e-mail using the AIDNET/DOSNET e-mail interface However, as this linkage has proven to be unreliable (mostly due to technical difficulties in Washington), cables, phone, fax, pouch, and courier services will be used as well

In addition to the USAID Liaison Advisor, two Third Country National (TCN) project advisors will remain in Suva for approximately nine months after RDO/SP closes to oversee project implementation Dr Andrew McGregor for the Commercial Agricultural Development (CAD) Project, and Mr Elisala Pita for the Pacific Islands Marine Resources (PIMAR) Project. These two advisors will be housed in a project-funded project office located adjacent to the U S Embassy They will work with the USAID Liaison Advisor to communicate with the cognizant project officers in Manila

C. Administrative Close-Out

The administrative close-out was executed as planned and approved. It turned out to be a massive exercise for our small, but excellent, administrative office, and were it not for their sustained effort, we would not have been able to execute the close-out as successfully as we had.

The "Close-Out Checklists" provided by USAID/W in January 1994 served as a useful foundation to work from. However, as they were only checklists, they concentrated on "what" had to be done, rather than "how." For that, we relied heavily upon the expertise of our US-PSC and FSN staff. It should be noted, too, that many of the tasks and procedures highlighted in the Close-Out Checklists were, in fact, what should be considered a mission's standard operating procedures. Consequently, only a few adjustments had to be made to adapt our operations to the exigencies of the close-out.

RDO/SP's "EXO" function has traditionally been filled by a US-PSC administrative advisor (Kathryn Hawley) supervised by RDO/SP's Controller. The administrative advisor was able to oversee the entire administrative close-out. However, to ensure that nothing was overlooked—in addition to helping manage the multitude of last-minute actions—we obtained the services of a USAID/W-based executive officer (Nancy Hoffman, M/AS/OMS), during two TDYs: first in May/June 1994 as the physical close-out was developing momentum, and second in late-July to early-September as the physical close-out was drawing to an end.

1. Personnel

A schedule to release staff was developed by mission management in consultation with division chiefs. The personnel phase-down schedule ensured a timely drawdown of staff yet also met the needs of the various divisions to allow for an orderly transition of activities from RDO/SP to USAID/Philippines.

The staff were formally advised of their respective termination dates by letter in late March, immediately after we received formal advice that RDO/SP's Close-Out Plan was approved by USAID/W (AA/M Larry Byrne). As there was a four-month gap between the time the closure was announced and RDO/SP's Close-Out plan was formally approved, we had already put in place systems to provide career counseling and guidance to staff (viz. resumé writing workshops, interviewing skills development and counselling, etc.). Although it was offered, no FSN employees elected to have their resúmes circulated to other aid and diplomatic missions in a general directory of available staff, rather they decided to seek employment on their own after their resúmes were "upgraded."

Once the personnel phase-down schedule was developed, the USDH staff were able to estimate when they could schedule their own transfers. Fortunately, our USDH staff was relatively

small (five USDH in Suva, one in PNG), so scheduling transfers was not particularly difficult once provisional departure dates were determined

Because of the nature of the close-out operation, those working in the administrative section had to be kept longer, while those in the technical divisions (e.g., Business Development and Environment, Agriculture, and Health) could be released earlier. The number of departing staff increased once formal transfer of activities to USAID/Philippines was effected. In the end, the USDH phase-out was carried out as follows:

<u>Officer</u>	<u>Departure Date</u>
Agricultural Development Officer	May 1994
Assistant Director/PNG	June 1994
Program Officer	July 1994
Health, Population, and Nutrition Officer	August 1994
Controller/EXO	August 1994
TDY EXO	September 1994
Acting Regional Director	September 1994

The reassignment of USDH staff was not without its difficulties, however, as the Human Resources office in USAID/W also had to simultaneously cope with USAID's general reorganization. In the end, however, the transfers did occur, and, at last check, everyone was accounted for.

2 Financial Management

USAID/Philippines was designated by the DAA/ANE/ASIA to be the office responsible for RDO/SP's "residual actions" after RDO/SP closed. Thus, in coordination with USAID/Philippines, an orderly schedule to transfer the accounting function to Manila was developed. On April 1, MACS was transferred. The RDO/SP Chief Accountant traveled to Manila with the MACS tapes and worked with USAID/Philippines Controller Office staff to ensure that the system was successfully transferred from its Wang/VS platform to USAID/Philippines's SUN/UNIX platform. The transfer was completed successfully in early April.

On July 1, the remainder of the accounting function was transferred to Manila. We were able to schedule the USAID/Philippines Controller to route herself through Suva on her return from home leave to resolve any outstanding questions/issues. Also, she was able to return to Manila handcarrying the payment files. By transferring the payment files in this fashion, we were able to ensure proper security of these files. Additionally, the vouchers could be processed in a timely fashion once received in Manila.

regarding audits, two audits (and one investigation) took place during the close-out period. The first audit—actually conducted prior to the closure announcement—identified minor problems under our Regional Family Planning Project (RDO/SP has been working with the implementing agency to resolve the problem). The second audit—conducted in May/June 1994—was of the Malaria Immunology and Vaccine Field Trials Project in Papua New Guinea. As of this writing, no draft report has been issued. Although the project files were initially to have been sent to USAID/W for disposition, they now are being sent to USAID/Philippines in case any audit findings requiring follow-up are identified. The IG investigation referred to above concerns a particular supplier under our (now terminated) Commodity Import Program, and is part of a larger investigation. Although RIG/I/Singapore has advised us that it no longer needs access to the CIP's files for its investigation, there are two other minor outstanding issues that may not be resolved by the time RDO/SP closes (our contact in USAID/W has been GC), consequently, the files for the CIP have been forwarded to USAID/W in case any follow-up is required.

Regarding the other areas identified in the Close-Out Checklist (e.g., Pipeline Reviews, Property, Reporting, Trust Funds, Operating Expenses, Advances, Accounts Receivable, Cashier Operations, Voucher Processing and Prompt Pay, Loan Accounting, Payroll, FICA, and Federal Income Taxes, Local Currency Management, MACS and Accounting Records (discussed above), and Miscellaneous), they are either covered as RDO/SP's standard operating procedures (and hence, have been addressed), or are not applicable, for instance, in the case of trust funds.

3 Procurement and Supply

Again, the items identified in the Close-Out Checklist were useful reminders of what to do, but they also reiterated what was RDO/SP's standard operating procedures.

When RDO/SP's closure was announced, there were two small OE EXP and one OE NXP shipment en route. Other EXP and NXP orders were in process, but we were able to cancel them before the items were shipped.

The OE EXP order was received and stored with the other EXP in RDO/SP's warehouse. The NXP shipment—a SUN/UNIX computer platform and peripheral equipment for our MACS files—was shipped back to USAID/W per IRM's instructions. IRM will be responsible for sending this equipment onward to another post.

4. Personal Property

In accordance with disposal procedures, the availability of expendable (EXP) and non-expendable (NXP) property was announced in a world-wide cable in early February 1994. Requests for specific items in the NXP listing came in from USAID missions in India and

Cambodia. USAID missions for the West Bank/Gaza, Sri Lanka, and Cambodia also expressed tentative interest in some or all of the representational china/glassware/flatware. USAID/Cambodia later withdrew its request, and because USAID/Sri Lanka only wanted certain pieces of it, we ultimately shipped it all to the West Bank/Gaza program in the HHE of one USDH employee being reassigned there.

The majority of the EXP was shipped to USAID/Cambodia. For a variety of reasons, including the likelihood that the USG would only obtain a fraction of the procurement cost for the EXP, the fact that USAID/Cambodia was an expanding mission, and the possibility of shipping items under the HHE allowance of a tandem couple being reassigned there, packing and shipping the remaining EXP to Cambodia appeared to be a cost-effective solution. This also ensured that the supplies were sent to a place that could use them.

RDO/SP's computers (PCs, LAN server, printers, etc.) were sent to USAID/Philippines. In addition, some NXP (e.g., beds, etc.) and EXP were also sent in the container to "round out" the computer shipment.

Most of the remaining Personal Property was disposed of via sealed bid sales. Exceptions were when already-installed air conditioners and alarm systems were sold to landlords on a negotiated sale basis (using sealed-bid sale prices as our guide). We determined that taking such an approach would be more cost effective than removing the systems and returning the houses to their original condition. Also, by using the negotiated sale approach, we were able to keep the last USDHs in leased quarters until their departure, rather than putting them up in hotels, yielding additional savings to the USG.

Disposal of security equipment in the main office building took place following consultation with IG/SEC. For the most part, security fixtures (e.g., building entry equipment, glass booths, etc.) were abandoned *in situ*, after lock tumblers and certain other security enhancements (e.g., electronic locking mechanisms) were removed and destroyed. As was the case above, it was ultimately cheaper for the USG to abandon certain equipment than to remove it and return the building to its original condition. Hand-held security radios were returned to IG/SEC as it had requested.

Disposal of all personal property in Port Moresby was effected with the assistance of RDO/SP's administrative advisor who traveled to Port Moresby on TDY to assist the RDO/SP Assistant Director. All personal property was disposed of via a sealed-bid sale. The sale went very smoothly, although problems were encountered when disposing of the official vehicle (purchased at the end of FY 93). Ultimately, the first and second bidders dropped out, and the third bid was considered too low to accept (approximately \$3,800 for a car we had paid \$24,000). We later held another sealed bid sale and disposed of the vehicle for approximately \$9,300.

Briefly, RDO/SP's personal property was disposed of as follows

Transferred to USAID/Philippines (\$347,466) computers, transformers, furniture, USAID/Washington (\$77,686) SUN/UNIX system; USAID/Cambodia (\$15,658). EXP, generator, transformers, USAID/India (\$6,293) appliances; USAID/West Bank/Gaza: (\$3,500 (est.)) representational china, USAID/Jordan (\$700 (est)) furniture; IG/SEC (\$3,932): security equipment; and AmEmbassy/Suva (including Peace Corps) (\$25,449) furniture

In addition, \$191,528 was received from sealed bid sales. These funds were returned to the U S Treasury

5. Real Property

The task of withdrawing from Suva and Port Moresby was relatively easy as USAID owned no real property Lessors of offices and residential properties in Suva and Port Moresby were notified by letter as soon as we knew that the mission's closure was official, once we had dates for when specific properties would become vacant, we negotiated the terms of lease acquittance As alluded to before, there were instances where negotiating sale of a limited amount of NXP (e g , one bed, one refrigerator, one washer/dryer, air conditioners, etc) was more expedient and cost-effective than removing the items and renovating the properties to their pre-lease condition Using the negotiated sale route, we were also able to keep two houses inhabitable by the remaining USDH employees (Acting Regional Director and TDY EXO), thus avoiding the need to put them up in a hotel

As part of the USAID/W's approval of the RDO/SP's Close-Out Plan, two TCN employees would be retained after RDO/SP's closure to oversee residual close-out actions As it would be difficult to manage property leases in Suva from Manila, the decision was made to have the occupants lease their quarters in their own name Arrangements were made whereby advances to the TCNs could be made to landlords for advance lease payments (In actual fact, only one TCN elected to pursue this, the other decided to move into the house that he had been building in Suva)

6. Records Management

This was, perhaps, the most difficult--and frustrating--part of the close-out Not only did it expose shortcomings in our records management function, but, frankly speaking, wasn't terribly exciting (thus making it difficult for project officers and advisors to focus on the tasks at hand) Also, it highlighted the fact that there is a significant difference between an operating C&R, and one that is being packed up for down-line use (e g , by the new

USAID/Philippines project officers) or ultimate retention, recording, and disposal. Put another way, the files that one refers to on a daily basis might be less than a dozen, whereas, when contemplating transfer and disposal, one must address the full spectrum of files. When we did so, we identified some documents that had been systematically mis-filed for years. Thus, we had to first put the files in order as best we could, then dispose of them in accordance with M/AS/ISS/RM's instructions.

On that score, it is important to note that the mission had attempted to get some definitive guidance from M/AS/ISS/RM regarding records disposal e.g., How far back should we go? Do we want to limit what we send back in order to keep shipment costs to a minimum? etc. After not hearing from M/AS/ISS/RM, we decided to do what made the most sense, i.e., keep things to a minimum and destroy everything else. To our surprise, when M/AS/ISS/RM ultimately did respond, they advised us to retain more vs. less (knowing that in most instances, the copies in our files were not the originals nor were they considered part of the "core" files). For those project files that remained, we followed M/AS/ISS/RM's guidance, but obviously, there was little we could do for the files we had already culled. (We had to take M/AS/ISS/RM's advice with a grain of salt anyway, as in their message re what we needed to keep, they also offered to hold a C&R training course for us, to be held the month we closed our doors!)

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7 Participant Training

A limited number of RDO/SP's activities will be allowed to continue after our offices close to achieve "useful units of assistance" (to be managed by the USAID/Philippines project officers, assisted by two Suva-based TCN project advisors). These "useful units of assistance" include participant training. FY 94 close-out funds received were used to fully-fund those participants already in training (we recognize that their training programs should have been fully funded before they started training, but incremental funding of participant training is part of how RDO/SP did its business due to the incremental and fall-out nature of its development assistance funding).

After RDO/SP closes, the administrative details related to participant training will be handled by the U S Embassy/Suva-based USAID Liaison Advisor. She has been fully briefed by the former USAID Training Advisor and will be able to call upon the former USAID Training Advisor in the event questions arise.

In the event participant training visas are required, the signature of an American is required on the visa application. Until now, this has been the USAID administrative advisor (who was formerly the Training Advisor, she retained this task when she moved over to the Administrative side), the alternate was the former Assistant Director in PNG (who departed post in 1993). The U S Embassy/Suva Political Officer, Ms. Jane Miller Floyd, has agreed to take on this signing function as RDO/SP closes. The alternate will be the U S

Embassy/Suva Deputy Chief of Mission, Mr Bruce Gray RDO/SP advised USAID/W of this change via cable in mid-August.

8. Notes for Missions Without an Executive Officer

The section in the Close-Out Checklist entitled "Notes for Missions Without an Executive Officer" was particularly useful. Although we had competent resident-hire assistance ensuring that the close-out proceeded according to schedule, it was useful to have both the checklist, and the TDY assistance of an EXO, to verify that we had not overlooked any of the numerous close-out details.

II. Lessons Learned

A significant number of lessons were learned from this close-out experience. Obviously, we are able to make the following observations with the benefit of 20/20 hindsight, nevertheless, much can be learned by examining the process of this particular close-out. There are several caveats, however. First, we must remember that RDO/SP is a regional mission covering ten countries spread out over a geographic area larger than the U S. Second, RDO/SP's region included the jurisdiction of three separate U S embassies in the region (Suva for Fiji, Tuvalu, Kiribati, and Tonga, Port Moresby for Papua New Guinea, Solomon Islands, and Vanuatu, and Apia (and Wellington, New Zealand) for Western Samoa, Cook Islands, and Niue). Third, RDO/SP had a branch office located in Papua New Guinea. Together, these factors added special challenges to our close-out that other close-out missions are not likely to encounter. Finally, there was a change in mission management soon after the close-out decision was announced. When the Regional Director was forced into retirement at the end of December 1993, one of the existing RDO/SP officers was called upon to oversee the close-out (rather than send in a senior officer for a nine-month period). Thus, certain comments/observations made herein are made with the best information available or our best understanding of how events transpired.

Although the lessons learned are often interrelated, it is easier to present them in sequential order. Thus, this section is divided into five sections: the period leading up to the closure announcement, the period the close-out plan is being developed, the period between the time closure is announced and the Close-Out Plan is approved, the period implementing the Close-Out Plan, and other. The lessons learned are intended for two primary audiences: Washington, and closing missions. To whom the advice is directed is self-explanatory.

A. Period Leading Up to the Closure Announcement

Communicate, Communicate, Communicate

Washington should bring the mission into the information loop before the closure is announced—quality information will increase the odds that quality decisions will be made: Although now probably only an academic point, we would like to state for the record that the involved mission should have input into the closure decision, if for no other reason than to confirm assumptions about a given program. The field mission would have the most up-to-date knowledge about all the details of its program, and hence, would be in the best position to advise on the pros, cons, and timing of its possible closure. In our case, the decision to close within less than one fiscal year was based on the (incorrect) assumption that our program could be easily "turned off." In fact, we could, but it wasn't easy. (This was complicated by the frequent change in desk officers—five in 1993, as a consequence, the bureau had limited understanding of our program, how we obligated funds, the number of contracts, the number of bilateral project agreements, etc.) But even though we were eventually able to explain in our Close-Out Plan all the details of RDO/SP's portfolio—including how difficult it would be to close our entire program quickly without appearing punitive—by then, it was too late, and politically untenable, to reverse the close-out decision or prolong the close-out date.

Consulting with the mission beforehand would have highlighted the difficulties of withdrawing assistance precipitously, and, we believe, would have resulted in a more realistic timetable to phase down and close out our program. It also would have allowed for mechanisms to be put in place to continue a modest level of assistance to the region. (Remember that RDO/SP's closure is considered "friendly" and the Administrator has committed to continue some level of assistance to the South Pacific through alternate channels (e.g., PVOs/NGOs, regional projects, other regional missions, etc.) after the mission closes.)

Washington should allow a closing mission to have its day in court: Although making the close-out decisions unilaterally was expedient, it denied the mission its day in court. In our case, the consensus is that, even if we disagreed with the decision, it would have been easier to cope with had we the opportunity to weigh in before the decision was made, at least no one could argue that we didn't try. In the end, the unilateral close-out decision provoked anger and cynicism within the mission and made the task of bringing the mission from the "denial" to the "acceptance" stage that much more difficult.

Mission management should keep open channels of communication with all mission staff, even if there's nothing to say: Close-outs are unpleasant and likely to bring out the worst in one's staff. In order to keep the rumor mill in check and speculation to a minimum, channels of communication must be kept open. There is a fine line between being circumspect and appearing secretive, and local and contract staff are likely to react negatively to secretive behavior such as closed-door, USDH-only staff meetings. morale will plummet from a

perceived "we/they" relationship, rumors will fly, work will not get done, and the entire program will flounder. Although there are certainly reasons for having restricted meetings, having them without any explanation or follow-up generally raises eyebrows, particularly when close-out rumors are rife. We found regular (weekly or semi-weekly) "all hands" meetings extremely useful—particularly as the details of the close-out became known—in maximizing transparency and ensuring that there was a medium through which concerns could be expressed. Remember, the process of delivering the message can be just as important as the message(s) being delivered.

B. Period Close-Out Plan is Being Developed

Understand the magnitude of the task, plan conservatively, and get help if needed

When developing the Close-Out Plan, missions should take stock of the range of actions needed to close-out, evaluate the resources available to carry out all the actions, and schedule accordingly: Although every mission closure is bound to have its own characteristics, they share a number of things in common, including

- projects and non-projects must be brought to an orderly close and/or transferred to another mission's care (this includes grant agreements with governments and regional organizations, as well as arrangements for project-funded technical assistance, participants, and commodities),
- if appropriate, project officers and senior mission management must work with government counterparts and other donors to pick up elements of USAID's closing program to maintain continuity of assistance,
- project, non-project, and programmatic files must be properly disposed of,
- arrangements must be made, and executed, for the transfer of the financial management and financial record-keeping function,
- all contractor employment, including FSN-DH (if any) must be terminated,
- all USDH staff must be reassigned,
- all real property must be "disposed" of (i.e., leased property returned to the landlord, owned property sold or otherwise disposed of),
- all personal property must be disposed of through transfer to another USAID mission, inter-agency sale, sealed-bid sale, grant-in-aid, etc., and
- all transactions related to the close-out must be properly documented and accounted for

Although the above is just a partial list, one can see that the programmatic elements are only a small part of the overall close-out effort: the bulk of the work is on the administrative side. Keeping this in mind, one must evaluate the administrative resources available to carry out the close-out before drawing up a final plan. Do you have a large administrative staff that can manage multiple property sales on the same day? Do you have sufficient warehousing space

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to have a consolidated sale? What are the motor vehicle needs? What resources are needed to pack out the HHE and UAB for USDH staff?

Taking the range of available resources into consideration, a realistic phase-down plan should be developed, working backwards from the desired closure target date and balancing programmatic requirements with administrative limitations. Make sure to allow for some slippage, recognizing that it might not be acceptable to have a close-out slip into the next fiscal year. In RDO/SP's case, we had targeted the middle of September as our planned close-out date. Ultimately, we were able to close one week ahead of that schedule.

Missions should reorient their program towards achievement of a modest number of "useful units of assistance." Washington should recognize that program resources may be required to achieve these useful units, and work with the missions to develop a realistic figure to work from: Once the decision is made to close, a fair assumption is that the programmatic objectives set forth in a mission's strategic plan have been overtaken by events. But closure notwithstanding, it is probably not desirable to terminate a mission's program outright, as this might result in "white elephants" which, in turn, might invite further criticism by USAID's detractors. How do we decide what to keep and what to drop? How do we evaluate this?

FAA Sec 617 (and subsequent Agency interpretation) establishes the basic principle of "useful units of assistance"--the means by which we evaluate what stays and what goes. Although FAA Sec 617 concerns only participant training, it importantly allows for training programs in progress to be completed, even if the USG is withdrawing assistance. The principle is thus established and applied to individual elements of a closing development program.

There is an important distinction, however. Useful units apply to program elements (i.e., parts of projects), and generally not to projects in their entirety. Examples of our useful units include

- An established AIDS unit within the South Pacific Commission capable of providing AIDS prevention services to the region,
- Commercial non-chemical quarantine treatment facilities certified for use in Tonga and Fiji,
- An operational oyster-culture research facility for the Cook Islands, and
- A plan completed for improving land use/marine management to reduce lagoon pollution for Tarawa Lagoon, Kiribati

Depending upon a mission's funding situation (mortgage, pipeline, individual project obligations/commitments, etc.) the mission may require additional funds to achieve the identified useful units of assistance. This information should be communicated to Washington immediately so a financing plan can be developed. There are appropriated funds specifically

set aside for mission close-outs, but these funds are limited. There may be other funding sources that can be tapped as well (e.g., PD&S funds)

Washington should ensure the mission has the OE and staff resources it needs to close-out properly: Closing down a mission requires skills often not present in a mission's staffing pattern: legal advisors, contracting officers, and, for smaller missions like ours, executive officers. Washington should ensure that sufficient funds are made available to missions to bring these people in, without them the close-out won't happen or risks not be done correctly

C. Period Between the Time Closure is Announced and the Close-Out Plan is Approved

Transition from "denial" to "acceptance"

Missions should keep busy, focusing on actions that don't need final approval of the Close-Out plan to proceed: Keeping your staffs focused is difficult, but necessary if you are to close-out on schedule. Try to direct your staff to do tasks that will be required regardless of whether the Close-Out Plan is accepted as submitted or modified (e.g., culling of project files, culling of libraries, etc.) It may not seem like much, but as people see the physical manifestations of the close-out, acceptance of their fate eventually follows. Also, because you already know you will have to release everyone, work with your FSNs to develop their resumés and their interviewing skills. These are positive actions that show that despite the closure decision it is not a decision meant to be taken personally. Ultimately, morale will improve

Washington should keep the time between when the closure is announced and when the Close-Out Plan is approved to a minimum. Perhaps the most difficult parts of the close-out were the waiting and the uncertainty. Were we going to be allowed to continue this or that activity? Were we going to get much needed money to complete "useful units of assistance"? Was Washington going to be "reasonable" regarding our close-out because it was considered friendly? What types of activities would be allowed "post-closure," and what could we share with the governments?

While these questions were being raised, morale plummeted and cynicism went unchecked. Adding insult to injury, we were feeling increasingly squeezed: the clock was ticking on one end while on the other, the September 1994 closure date remained fixed. Four months passed between the time our closure was announced and our Close-Out Plan was approved (five weeks longer than promised). In our estimation, this is far too long, particularly for an agency being reorganized to be more efficient and effective.

If Washington decides to close a mission, it should respect the fact that the mission will need time to execute that decision. Mission closures do not occur on their own. They are team

efforts, requiring the commitment and cooperation of all team members. Washington is a key member of the team, and given the highly centralized nature of the close-out decision-making process, the timeliness of Washington's input, guidance, and decisions are even more important.

Washington should improve its close-out information sharing with affected missions: Related to the above point, Washington should remember that information is only valuable if it is shared. This is particularly true for close-out information. In one instance, close-out missions learned the name of the Agency's close-out coordinator one month after Administrator Atwood signed the approval memo. In another, the close-out checklists (supposedly, the framework for Close-Out Plans) were provided one day before the Close-Out Plans were due in Washington. These are perhaps small matters, but we found it troubling that we were not clued into such information at an early stage.

Missions should recognize that the closure will have a tremendously negative impact on staff morale; they should be proactive and take preventive measures early: Being associated with a mission close-out is an extremely traumatic experience.

- Local and contract staff suddenly find themselves in the position where they will soon be out of work,
- Staff draw the conclusion that their mission is less important than others,
- The mere act of dismantling a mission's program is counter to the "average" USAID employee's inclination to build,
- There is an emotional bond many of us share with our staffs (not to mention our projects), which by necessity, must be broken, and
- There are feelings of guilt when the USDH staff realizes that everyone except the USDHs will soon be losing their jobs.

In order to deal with this situation, and to avert the high potential that the stress might manifest itself in self-destructive ways, we suggest that you take preventive measures early. In our case, we brought in the Regional Psychiatrist to counsel all staff (USDH, PSC, FSN/TCN, and institutional contractors) on the psychological impacts of closing. By the time we were able to schedule him to come, however, the close-out process was well underway (his visit was useful, nevertheless). We would suggest that his visit would have been more effective had he come right after the closure announcement. A follow-up visit could be scheduled later, if required.

Missions should make sure their FSN Compensation Plan contains adequate severance provisions: RDO/SP's close-out was, in some respects, made even more traumatic as there were no severance provisions in our FSN Compensation Plan when the mission's closure was announced. Through the excellent assistance from a TDY controller who "knew the ropes," we were able to put in place a generous severance package that would cover the USAID.

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employees being terminated as a result of the closure. This effectively turned the equation in management's favor rather than having employees fear about the future when they were released, they instead could be assured of a safety net that would allow them sufficient time to get a good job after they were released from USAID. The lesson in this case would be to make sure some sort of severance package is in place under the post's FSN compensation plan to maximize management's flexibility.

Washington and missions should be proactive vis-à-vis the press and make sure the story is consistent between the senior levels of USAID and the field. If you do address the press, be careful!: Even before the official closure was announced, rumors of RDO/SP's closure circulated within the diplomatic, donor, and NGO/PVO communities, as well as the local and international press. Because the entire process was kept under wraps, we had little to share publicly. In fact, while details eventually leaked that RDO/SP was "on the list" we were under an injunction to keep things quiet. As a result, we in the field appeared, at best, that we were hiding something, and, at worst, we appeared stupid. When the closure decision was finally announced, there was so little advance warning that the desk, External Affairs, and the field all appeared to be caught off guard. (An example of how this approach did not serve the Agency's best interests is the "announcement cable." The day before closure was announced, word finally came down for the desk to prepare a cable to RDO/SP formally announcing the closure. Because it was rushed (the drafter had less than one day to write the cable as the Administrator was going to formally announce the closure the next day, yet the decision had apparently been made weeks before), the cable contained ambiguous and internally inconsistent statements, it took weeks to sort these problems.)

Once the decision was final vis-à-vis our Close-Out Plan, we held a press conference which our USIS Public Affairs Officer helped set up. It wasn't an easy nor a pleasant task, but it was important to explain the reasons behind our closure. If you decide to take this route, make sure any press release and talking points are first cleared with XA and the desk, and make sure that the Washington hierarchy knows you're holding a press conference (e.g., XA, the desk, office director, DAA, AA, etc.). During the conference, try not to stray from the approved text/talking points. We found the "USAID Speakers Kit" a valuable tool to prepare for the press conference.

After you hold the press conference, do a reporting memo, e-mail, or fax to give Washington your impressions of how it went. This will at least give your side of the story in case you're misquoted, and give Washington a heads-up in the event damage control is required.

Missions should work with their embassies to prepare Diplomatic Notes to advise host governments of USAID's closure. Concurrently, develop a strategy to bridge the gap between the general Diplomatic Note and the more detailed Project Implementation Letters that will follow. Several "angles of attack" must be taken once the close-out decisions are final. The first one we employed was when the closure was first announced. In

most of our countries, the U S embassies sent out Dip Notes advising the countries we worked in that the USAID mission would be closing and that more detailed information would follow once the final Close-Out Plan was approved

Later, in anticipation of final approval of our Close-Out Plan, we prepared ten Dip Notes, each tailored to how USAID's closure would specifically affect their country. (Remember to clear the texts with the USAID and State desks in Washington). Once the Close-Out Plan was approved, we faxed the approved drafts to the cognizant U.S embassies for their action

In tandem with this, we also worked out a strategy as to how to move from the more general Dip Note to the more specific PIL(s) This was generally handled through informal channels, i e , working through our project counterparts advising them of the next step(s) in the close-out process In some instances, this involved only a letter (or a more formal PIL) advising the country of the new management arrangements (i e , the name and address of the new project officer in USAID/Philippines) In others, where funds were obligated outside of bilateral project agreements, a PIO/T was prepared to formally change the implementing agent's contract or Cooperative Agreement, and a covering PIL was sent to explain the changes The point is, the Dip Notes will only address the close-out in general terms Follow-up is required to make the project close-out happen

D. Period Implementing the Close-Out Plan

"Just Do It"

Once the final close-out decisions have been made, missions should redirect their energies to implement the close-out: Perhaps the single-most important factor concerning why our close-out is considered "successful" was that, once the final decisions were made on our Plan, we put all our energies into implementing the decisions We made our most forceful case to continue certain activities, and although we didn't win on every point, we could take comfort in knowing that we won more than we lost

There comes a time, however, when you have to accept that no one's interests are served by continuing to contest the decisions With rapidly dwindling staff, a "ticking clock" to close by the end of FY 94, and the realization that no one in Washington would be any more willing to go out on the limb to salvage our program (or elements thereof), we had to face up to the fact that it was in our best interests to close things down as quickly and efficiently as possible This was an important step for everyone concerned with the close-out As staff accepted their fate, they once again became productive members of the team

Missions should be prepared to be flexible, but decisive, in implementing the close-out, and Washington should accept that close-outs are dynamic and be prepared to tolerate some degree of slippage and/or interpretation of the close-out decisions by the field:

Although our close-out went pretty much according to plan, there were times when we were required to exercise judgement in interpreting USAID/W close-out guidance. For instance, we discovered after-the-fact that there were a couple of internal inconsistencies within the Close-Out Plan itself, and between the Plan and the approval memorandum (e.g., agreed-upon dates differed by one or two months). Under these circumstances, it did not appear necessary, desirable, nor efficient to refer back to the AA/M for an interpretation. Thus, when such discrepancies arose, we did what made the most sense. We in no way violated the spirit nor the letter of the close-out plan, but we also did not burden Washington with questions of interpretation that it was not as well-placed as the field to address. USAID/W should recognize that RDO/SP's close-out was relatively easy, and that more complex programs are likely to have more complex problems. Consequently, there should be a general understanding between the M, PPC, and geographic bureaus that the field will exercise judgement when discrepancies occur.

Missions should schedule for legal advisor, contracting officer, and other technical officer skills early: Once the final decisions have been made, the next step is to make sure the decisions are reflected in Project Grant Agreement Amendments, Contract Amendments, and/or Cooperative Agreement Amendments. This usually means that the skills of a Project Development Officer must be tapped (or obtained, if not available in house), in addition to other technical and legal assistance, to prepare the necessary amendments. Scheduling this assistance as early in the process as possible is helpful as the details of the decision(s) are still fresh in people's minds. Also, you can expect that staff resources (USDH and FSN) will diminish over time, leaving fewer to do more jobs. Best to get the mundane details out of the way while you have the resources to do so.

Missions should work with FSN and other staff losing their jobs to improve their job-searching skills. Perhaps the most traumatic part of closing a mission is the fact that, with the exception of the USDH staff, all other mission employees will be losing their jobs. What can USAID do to make this transition go smoothly? We tried a number of things. First, not long after the closure was announced, we launched a "campaign" of sorts saying that it was management's intent that when the FSNs were terminated, they would either have a new job to go to, or would have the resumé and interviewing skills to find one. We then worked with every employee desiring this assistance to revise their resúmes (important note: don't rewrite the resúmes yourself, but have the employee do it, if you do it, the employee won't "own" it). Working from information obtained from the USAID/W HR offices in resumé writing and interviewing skills, we also conducted workshops on interviewing skills. Finally, we were able to obtain a videotape on interviewing skills, which we showed to the FSN staff.

As a result of these efforts, we were fairly successful in our campaign. As RDO/SP closes, about 80% have already found onward employment. The remainder are well-armed with the skills to find a good job in Suva's competitive job market (some have already had interviews and are awaiting final decisions).

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Missions should "work the press" to stress the positive aspects of USAID's program: Even though the mission is closing, there are, nevertheless, positive things that can be touted, even in a close-out. During our close-out, we, working with USIS and the Embassy to maximize "photo opportunities" for USAID-funded activities, including the opening of a US-AEP traveling information center on environmental technologies, a handcrafts exposition, and the opening of a workshop to unveil a chemical-free quarantine treatment technology. The USG got good press during all these events and, as a result, demonstrated that the USG was not closing its program precipitously.

Missions should consider getting outside help for the final stages of the close-out: Close-outs are draining, emotionally and physically. Don't be afraid to bring in someone from the outside to handle the last-minute details. We brought in a TDY EXO to oversee the final administrative close-out and are glad we did. First, this EXO did not have the emotional attachment to the staff, and, therefore, could be more objective. Second, she was able to bring her EXO skills to bear to ensure that all documentation needed to properly close out were in place. Finally, she was "fresh" her presence reinvigorated our administrative staff who were weary from months of closing out.

Missions should remember to say "farewell" in a way that is culturally appropriate: In the Pacific, personal contact is important. Thus, we attempted to schedule travel to as many countries and regional organizations as possible to bid a personal farewell to the governments in RDO/SP's region. In addition to the technical ministries we have worked with under our projects, we usually met with someone in the Foreign Affairs offices and the Prime Minister's office (at times, the Prime Minister himself). In most instances, we were able to plan our travel to coincide with project-related meetings. In all, we were able to meet with government officials in all but two countries (Niue and Solomon Islands), these two countries were dropped because of budgetary limits and the fact that we only had a limited amount of assistance to these countries.

E. Other

Employees Shouldn't be Penalized, Nor Disadvantaged, Because of the Close-Out

USDH staff should not be penalized because of their association with a close-out, and promotion panels should be instructed to make sure this does not happen: One lingering--but we believe legitimate--concern among the USDH staff was that being associated with the close-out would put us at a disadvantage with respect to EERs and promotions. With the increased emphasis on demonstrating "development impact" during a rating period, there is little one can cite in a closing mission. The fact of the matter is, successfully closing a mission might well require other skills--e.g., diplomatic skills--which might be every bit as important as demonstrating development impact. It is, therefore, incumbent upon the supervisor and the employee to ensure that the range of demonstrated skills are highlighted.