

Grant Closure

UNDP Global Fund Implementation Guidance Manual

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Grant Closure

Overview

The purpose of the 'grant closure' process is ensure the orderly closure of Global Fund grants managed by UNDP Country Offices (COs) that are acting as Principal Recipient (PR) to Global Fund grants. The Global Fund and UNDP have agreed at the corporate level on the approach to closing UNDP-managed Global Fund grants, with modified guidance and templates to be used specifically for UNDP-managed grants. The main guiding document is [Global Fund Notification Letter 'Guidance on Grant Closure'](#). Please note that in light of the October 2016 [Framework Agreement](#) between UNDP and the Global Fund, guidance and templates associated with grant closure are currently being revised. Please contact the UNDP Global Fund/Health Implementation Support Team if there are any questions.

The closure process typically begins six to nine months prior to the end of the implementation period. It is prompted when the CO receives the Global Fund Notification Letter "Guidance for Grant Closure" and begins with the submission of a close-out plan and budget. The grant's final funding decision is approved at the same time as the close-out plan. Following the last disbursement, the grant is placed in financial closure. Once all closure documentation has been submitted the grant is placed in final administrative closure and is de-activated from all Global Fund systems.

The guidance provided in this section of the Manual reflects Global Fund policies and procedures. Please refer to the Operational Policy Note (OPN) on Grant Closures in the [Global Fund Operational Policy Manual](#) for further guidance.

UNDP CO serving as PR should also ensure that the relevant requirements of the UNDP Programme and Operations Policies and Procedures ([POPP](#)) are also met, including the completion of the Final Project Review and Lessons Learned Report.

Terminology and Scenarios for Grant Closure Process

The following four terms are integral to explaining the closure process:

Global Fund-specific terminology

Programme End Date: The date the grant ends, according to Global Fund timelines. On this date, the programme is programmatically closed and all programme activities are to be stopped.

Grant Closure Date: Typically six to nine months after the programme end date, this date is when all grant commitments to the Global Fund have been fulfilled, including any refunds, all cash and non-cash assets have been accounted for, and the reporting requirements to the Global Fund have been fulfilled.

According to the agreed terminology in the Global Fund-UNDP templates, the period between the programme end date and the grant closure date is referred to as the '**grant closure period**'.

UNDP/Atlas-specific terminology

Operational Completion: A project is operationally complete when the final UNDP-financed inputs have been recorded in Atlas and the related activities completed. Under Global Fund-financed projects, operational completion will occur during the grant closure Period or by the grant closure date.

No further financial commitment can be made after the project is operationally closed. Technically, *payments can be processed after the grant closure date in Atlas; however, UNDP should ensure that no further payments – of any kind – should be processed after the grant closure date. General Management Support (GMS) could possibly be the only exception that could be charged to the grant as expenses after the grant closure date.*

Financial Completion: Financial Completion in Atlas will occur once any unspent balances have been refunded to the Global Fund two months after the Certified Financial Statement has been issued for the year of the grant closure date and the [Global Fund Grant Closure Letter](#) has been received and acknowledged

Per [Global Fund operational policies](#), closure of UNDP-managed Global Fund grants follows one of three scenarios:

- a. **Closure due to consolidation.** This involves the closure of an ongoing grant as a result of a consolidation either with a new grant resulting from a Concept Note or another ongoing grant implemented by the same Principal Recipient (PR). Under this scenario, following closure of the grant, Global Fund support to the disease/ Health Systems Strengthening (HSS) programme continues and the contractual relationship with the PR is maintained under a new grant agreement that consolidates activities from the newly closed grant with those under the new grant resulting from a Concept Note or other ongoing grant implemented by the same PR.
- b. **Closure due to a change in PR.** This occurs when the Country Coordinating Mechanism (CCM) and/or the Global Fund decide to transfer implementation responsibilities of an approved program from one entity to another. Under this scenario, Global Fund support to the disease/HSS program continues but the contractual relationship with a PR is discontinued.

c. **Closure due to “transition” from Global Fund financing.** This occurs either when:

- i. a country is not eligible for funding from the Global Fund for a disease component, transition funding is provided. Following completion of the transition funding period, the Global Fund support to the program and contractual relationships with the PR(s) are discontinued; or
- ii. the Global Fund decides to no longer support a disease program or a component of a program.

The scenario determines the length, nature and complexity of the process. In either case, the PR will undertake certain grant closure activities – activities specifically needed to close down the grant – including continued implementation of approved programme activities which were initiated prior to the grant end date, preparation of final reporting on programmatic progress and finance, and confirmation of disposal of assets. These activities start during the lifetime of the grant but can conclude following the programme end date.

For all anticipated closures, the PR should implement grant closure activities that are necessary for the proper winding down of a grant. This period would normally range from six to nine months after the Program Ending Date, but in both scenarios the Global Fund Secretariat, CCM and the PR will agree on the timeline for grant closure activities.

Preparations for closure of a grant should begin well before the programme end date. The development of a comprehensive Grant Close-Out Plan, which should be submitted to the Global Fund six months before the official Program Ending Date, signals the initiation of a proper grant closure.

The grant closure process described here is the same for countries under the Additional Safeguard Policy, and it can also relate to closures of UNDP grants when transferring to another PR.

Steps of Grant Closure Process

The Global Fund maintains a differentiated approach, in which the Country Teams and the Principal Recipient (PR) can discuss whether the grant merits a full approach to closure, or a differentiated approach. Country Teams should differentiate in the following circumstances. For further information, the Global Fund Grant Closure Operational Policy Note provides the breakdown of this differentiation approach, including a sample template of the “Differentiated Grant-Closure Form” if this new approach is agreed upon.

Country Offices (COs) should include the UNDP Global Fund Finance Specialist (NY) in these discussions with the Global Fund.

As agreed between UNDP and the Global Fund, the following sections illustrate the step by step process for a typical grant closure. Please click 'next' or select the section of choice from the left-hand menu for further guidance on the closure process.

1. Global Fund Notification Letter 'Guidance on Grant Closure'

The Global Fund sends out a **Notification Letter entitled ‘Guidance for Grant Closure’** during the last year (according to the Global Fund, approximately second quarter of the final year) of programme implementation, notifying the Country Office (CO) of the Programme Ending Date, the requirements for Grant Closure and due dates for submission of a Grant Close-Out Plan with relevant supporting documents.



Practice Pointer

The CO should not wait for the Global Fund Notification Letter to start preparing for grant closure.

For planning purposes, the CO should be aware that:

- All programme activities stop at Programme Ending Date. Under specific circumstances there is the potential to negotiate with the Global Fund on the orderly completion of activities following the Programme Ending Date (for example, construction activities, procurement completed the final quarter with delivery to be conducted after Programme Ending Date).
- Grant Closure activities are to be paid from the grant budget, as there are no additional funds from the Global Fund to support them. Therefore, the CO must plan to ensure that Disbursement Requests include funds to cover any Grant Closure activities.
- All Global Fund grants undergoing closure must refund all grant funds remaining after the Grant Closure Date (include any unspent funds at the CO, Sub-Recipient (SR) and advances to SRs) to the Global Fund. The refund should be made no later than two months after the delivery of the UNDP Certified Financial Statement, for the year of the Grant Closure. (For further details, refer to **Global Fund Approval of Grant Close-Out Plan** below).

If the Country Coordinating Mechanism (CCM) and CO recognize that any treatment activities started under the life of the grant cannot be continued after the Programme Ending Date due to lack of funding, the CCM can apply for 'Continuity of Services'. This is the Global Fund funding channel for funding for essential treatment services after the Programme Ending Date, and it should only be explored if the CCM and the CO cannot find any alternative funding for these treatment activities that were started under the closing Global Fund grant.



Practice Pointer

When a grant is coming to an end and a national entity is expected to take over core activities, it is important that UNDP plays an active role in ensuring that the national entity takes ownership at an early stage. UNDP may need to assist the national entity to understand and, therefore, fulfill its role. For example, in one closing UNDP malaria grant, the government was to provide Artemisinin-based combination therapy (ACT) from the day after the Programme Ending Date; however, no quantification exercise had been undertaken, so UNDP worked with the government to complete the quantification exercise and negotiate with UNITAID to ensure supplies of ACT after the Programme Ending Date.

The Global Fund Notification Letter will provide details of the Grant Close-Out Plan and Budget requirements, including information relating to health products, cash and non-cash assets and the estimated cash balance as at the Programme Ending Date.

In short, a Close-Out Plan and Budget should outline how the CO will close out the grant and how much all closure activities will cost. It is intended to guide the CO to wind down the programme activities in an ethical and organized manner.

Recommended time for submission of Grant Close-Out Plan and Budget by Grant Reporting and Disbursement Schedule

Grant Reporting and Disbursement Schedule	Recommended Time for Submission of Grant Close-Out Plan and Budget
Annual Reporting/Disbursement Requests (every 12 months)	With Final Progress Update/Disbursement Schedule (approximately 10.5 months before Programme Ending Date)
Semi-Annual Reporting (every 6 months)	With Final Progress Update/Disbursement Schedule (45 days after the Reporting Period, therefore approximately 4.5 months before Programme Ending Date)
Quarterly Reporting (every 3 months)	With Second-to-Last Progress Update/Disbursement Schedule (45 days after the Reporting Period, therefore approximately 4.5 months before Programme Ending Date)

Since Grant Closure activities are to be paid for from the grant budget and that the CO *cannot* request further disbursements following the Programme Ending Date, it is important that the final Disbursement Request takes into account the Grant Work Plan and Budget as well as the Grant Close-Out Plan and Budget to ensure that the final disbursement is sufficient to cover all impending expenditures for the remaining life of the grant and the Grant Closure Period. In this respect, the CO is required to ensure alignment of all related financial documents for consistency.

Per the Global Fund Operational Policy Note (OPN) on Grant Closure (available in the [Global Fund Operational Policy Manual](#)), supplementary funding decision may be processed for the following cases:

1. there is insufficient commitment under the initial funding decision to support grant activities for the Principal Recipient (PR) or third parties; and
2. to disburse for closure activities, after the grant end date, as long as the Implementation Letter approving the grant closure plan and budget, and/or Final Payment Letter has been signed by the PR.

The Guidance for Grant Closure Letter includes three attachments: (1) general Global Fund principles for Grant Closure, (2) requirements for the preparation of the Grant Close-Out Plan and Reports (including suggested formats for listings of health products, non-cash assets, estimated cash balance), and (3) application guidelines for Continuity of Services. This letter will be copied to the CCM, Local Fund Agent (LFA) and the UNDP Global Fund/Health Implementation Support Team.

2. Preparation and Submission of Grant Close-Out Plan and Budget

- i. The Country Office (CO) should use the same work plan and budget format under the Grant Agreement for the Grant Close-Out Plan and Budget. Grant Closure activities that are already included in the approved Work Plan and Budget for the final year of the grant do not need to be included again in the Grant Close-Out Plan and Budget.

All other grant closure activities in addition to commitments incurred during the implementation period, which are likely to be settled during the grant closure period must be stated in a Grant Close-Out Plan and Budget.

- ii. Grant Closure activities for anticipated closure^[1] can include administrative matters such as final accounting and reporting. For example:
- submission of disease Grant Close-Out Plan to relevant parties for review;
 - external evaluation of disease implementation;
 - submission of draft final project reports to UNDP;
 - validation of the Final Programme Report (meeting expenses);
 - submission to the relevant parties of project final reports and a detailed list for transfer of equipment;
 - finalization of audit of SRs;
 - submission to Global Fund of final reports;
 - reconciliation of accounts; and
 - transfer or disposal of programme assets, and related costs. For example:
 - report on complete and detailed inventory of project assets; and
 - finalization of transfer of assets.
- iii. Grant Closure activities for unanticipated closure can include:
- activities to complete discrete projects that have already been substantially started (for example, distribution of bed nets already delivered);
 - continuation of treatment while the Country Coordinating Mechanism (CCM) prepares a request for Continuity of Services; and
 - a minimum level of programmatic activity to ensure the programme is maintained while the CCM looks for other sources of funding.

To complete these Grant Closure activities, the Grant Close-Out Budget will need to include lines for General Management Services (GMS), Direct Project Costs (DPC), relevant and necessary staff costs, and if applicable, site visit costs, meeting costs etc. The staffing needs should be carefully considered to ensure adequate capacity to manage the activities and reporting that will only occur after the Programme Ending Date. If the programme staff members are not staying in the CO after this date, the CO needs to ensure that any relevant transfer of knowledge is secured for the final Global Fund reporting requirements.



Practice Pointer

Confusion exists as to what activities are allowed and not allowed to be implemented during the Grant Closure Period. In an anticipated Grant Closure, following the Programme Ending Date, the Global Fund policy states that no new activities can be initiated, regardless of whether they are approved in the Grant Work Plan and Budget for the final year, and any ongoing activities must be concluded. However, in practice, the CO should speak with the Global Fund about including in the Grant Close-Out Plan and Budget any programme activities that can only be closed down in an orderly fashion after the Programme Ending Date. Examples of such activities include construction projects, the delivery of already procured health products, final steps in training programmes. In Unanticipated Grant Closures, there is even more potential for programme activities to be implemented after the Programme Ending Date. COs are encouraged to speak with the Global Fund/Health Implementation Support Team before negotiating with the Global Fund on these programme activities.

- iv. The CO is encouraged to engage all relevant SRs and Sub-sub-recipients (SSRs) in the preparation of the Grant Close-Out Plan at an early stage and formally share it with them before submitting it to the CCM.
- v. The CO must be able to provide sound justification for all costs requested, because the Global Fund reviews the Close-Out Plan to ensure it is reasonable and cost-efficient.
- vi. The CCM must endorse the Grant Close-Out Plan and Budget before submitting it to the Global Fund. The UNDP Global Fund/ Health Implementation Support Team should be copied on the email to the Global Fund.

- vii. If the CO estimates that remaining unspent cash balance will be more than USD 500,000, the PR must contact the UNDP Global Fund/Health Implementation Support Team (Finance Specialist) in New York UNDP Headquarters, as there is a special agreement with the Global Fund for this situation.

[1] Examples of Grant Closure activities taken from previous Global Fund-approved Grant Close-Out Plans of UNDP programmes.

3. Global Fund Approval of Grant Close-Out Plan

- i. Following the Local Fund Agent (LFA) review of the Grant Close-Out Plan and Budget, the Global Fund will carry out its review. If approval has not been received after two months, contact the UNDP Global Fund/Health Implementation Support Team for assistance in liaising with the Global Fund.
- ii. Once the Global Fund has approved the Grant Close-Out Plan, it will notify the Country Office (CO) with an **Implementation Letter – ‘Approval of the Grant Closure Plan’**. This letter will confirm the Grant Closure Date and provide any comments on the Grant Close-Out Plan and Budget.
- iii. The Implementation Letter will also list the reporting documents that the CO is expected to submit to the Global Fund by the date detailed in the letter. These include:
 - **Final Progress Update** – The last Progress Update reports on the final targets of the last reporting period of the programme as per the Performance Framework of the Grant Agreement.
 - **Final Grant Report**– The Global Fund provides a suggested format; however, the CO – in consultation with the Country Coordinating Mechanism (CCM) – can opt for another reporting format based on the specific country context, bearing in mind that the report will be made public as part of grant documentation (on the Global Fund website).
 - **Final Cash Statement** – The Final Cash Statement includes all programme revenues and expenditures from the date of the beginning of the last quarter of the programme to the Grant Closure Date.[1] All revenue generated from grant funds (for example, interest, foreign exchange gains, tax refunds, proceeds from social marketing) must be treated and accounted for as income in this Final Cash Statement. This is equivalent to the UNDP Certified Financial Statement and is prepared by the Controllers Division in UNDP Headquarters (NY).

The UNDP Global Fund/Health Implementation Support Team negotiated the deadline dates for submission of these documents, so the CO should note that Comments Boxes in the template Grant Closure Letters assist in determining these deadlines.

Although not detailed in the ‘Approval of the Grant Closure Plan’ Implementation Letter, the CO will also need to submit the Annual Financial Report (AFR).

- iv. The Implementation Letter will also contain information relating to any potential refund of Global Fund monies back to the Global Fund. In short, the CO must return all uncommitted and unspent funds following the Grant Closure Date. The Certified Financial Statement is due by 30 June of the year following the grant closure date and all refunds are due two months thereafter.

[1] Based on UNDP fiscal year reporting.

4. Implementation of Close-Out Plan and Completion of Final Global Fund Requirements (Grant Closure Period)

- i. The Country Office (CO) brings the grant to a close as per the Grant Close-Out Plan and Budget.
- ii. Following the Programme Ending Date, the CO should prepare the final grant documents (Progress Update, Grant Report and Cash Statement) according to the timeline agreed with the Global Fund.
- iii. The CO must return all unspent funds as agreed with the Global Fund. This should be paid into the bank account as detailed in the ‘Approval of the Grant Closure’ Implementation Letter.

5. Operational Closure of Project

By the grant closure date, the project must be switched to "operationally closed" in Atlas by following the steps outlined in the Operational Closure Checklist. Please refer to the **UNDP Programme and Operations Policies and Procedures (POPP)** for further guidance on operational closure.

6. Financial Closure of Project

Per UNDP policies, financial closure must take place within 12 months of operational closure. Before the project can be considered closed, Country Offices (COs) must complete the [UNDP project completion checklist](#). Please refer to the UNDP Programme and Operations Policies and Procedures ([POPP](#)) for further guidance on financial closure.

7. Documentation of Grant Closure with Global Fund Grant Closure Letter

- i. Once the grant closure activities are completed by the grant closure date, the Local Fund Agent (LFA) will review the submitted final documents and the Global Fund Secretariat will validate them.
- ii. No further payments of any kind should be processed after the grant closure date. At this time, the Country Office (CO) should also prepare a UNDP Settlement and Release Agreement and request the Global Fund to sign it.
- iii. Once all documents are found to be complete and in order and any unspent grant funds are returned to the Global Fund, the Global Fund will document the closure of the grant with the '[Grant Closure Letter](#)'.
- iv. The Global Fund will reduce the grant amount in its records by the amount of undisbursed grant funds and any refunds received from the Principal Recipient (PR).