

SECTION E - GRANT CLOSURE

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E – GRANT CLOSURE

E1 What the LFA needs to know about Grant Closure

Grant closure can take place when the grant reaches the end of an implementation period or when the Country Coordinating Mechanism (CCM) and/or the Global Fund Secretariat decide to end the grant.

The full process of grant closure is described in the **OPN on Grant Closures (December 2014)**.

This section deals with closures of Principal Recipient grant agreements, and not the closure of Sub-recipient grant agreements. The Global Fund has a direct contractual relationship with the Principal Recipient. It is the sole responsibility of the Principal Recipient to provide for closure of Sub-recipient grant agreements. The Principal Recipient must ensure that the Sub-recipients complete activities and submit information in a timely manner so that the Principal Recipient is able to comply with the grant closure requirements of the Global Fund.

Principles

Four basic principles govern the grant closure process and set the minimum requirements. As long as these principles are met, Country Teams may adapt the details of the closure process where appropriate based on the specific context of the grant or portfolio. Once compliance with these principles is ensured, the grant closure is finalized through a notification letter to the Principal Recipient.

- Principle 1:** The outstanding in-country cash-balance should be ascertained, after clearing commitments and liabilities, and swiftly returned to the Global Fund.
- Principle 2:** All non-cash assets purchased with grant funds are accounted for and appropriately transferred to relevant entities or disposed of, as relevant.
- Principle 3:** All reporting requirements have been addressed by the Principal Recipient.
- Principle 4:** All closure activities, associated costs and timelines should be agreed well ahead of the grant end date.

Types of Grant Closure

Grant closure activities will differ depend on the type of closure. There are three types of closure:

- a. Closure due to consolidation of an ongoing grant, either with a new grant or with another ongoing grant implemented by the same Principal Recipient. Following closure, Global Fund support to the disease/HSS program continues and the contractual relationship with the Principal Recipient is maintained under a new, consolidated grant agreement.
- b. Closure due to a change in Principal Recipient when the CCM and/or the Global Fund decide to transfer implementation responsibilities of an approved program from one entity to another. Global Fund support to the disease/HSS program continues but the contractual relationship with a Principal Recipient is discontinued.
- c. Closure due to “transition” from Global Fund financing, either when a country is not eligible for funding for a disease component and transition funding is provided for a limited period, following which the Global Fund support to the program and contractual relationships with the Principal Recipient(s) are discontinued; or when the Global Fund decides to no longer support a disease program or a component of a program.

Full versus Differentiated Approach

There are two approaches to grant closure: full, which follows all the steps of the closure activities, and differentiated, where the Country Team has confidence that one or more of the closure activities is not warranted. The decision on whether to opt for the full or a differentiated approach is based on the Country Team’s

assessment of whether the minimum principles can be met. The Country Team may decide to follow the differentiated approach:

- a. Where the overall materiality of grant closure does not justify following all the elements of the full approach for grant closure, or
- b. When the documentation required for the full approach is unavailable, and where Country Team recommends using other corroborative evidence to facilitate grant closure. In deciding the closure approach, the Country Team determine whether incremental work needs to be undertaken before closing the grant (based on the circumstances of the grant and available information e.g. recent cash balance reports, inventory-checks, audits, etc.). Where a Country Team opts to follow a differentiated closure process, an internal discussion and sign-off process ensues.

E2. What the LFA needs to do concerning Grant Closure

Where necessary and relevant, the LFA reviews the PR's transfer plan (in cases of closures due to change in PR) or the closure plan (in cases of closures due to transition). As is the case in other LFA services and in line with the principles of grant closure, the Country Team will decide the extent of LFA involvement during the closure process based on context, risk, etc. The detailed scope of work, as applicable, will be agreed in each case between the Country Team and the LFA.