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I. Purpose

1. UNFPA, as a voluntarily funded organization, receives the majority of its funding from contributions, which are either un-earmarked or earmarked for a specific purpose. Un-earmarked contributions (also known as “regular” or “unrestricted” or “core”) are commingled and untied; earmarked contributions (also known as “other” or “restricted” or “non-core”) are received for a specific programme purpose consistent with the mandate of UNFPA and for the provision of specific services to third parties.¹
2. The financial regulations and rules of UNFPA establish, inter alia, that:
 - UNFPA may accept contributions from governments, as well as intergovernmental and non-governmental sources (regulations 4.1).
 - Contributions for specific purposes shall be treated under the provisions for trust funds (regulation 4.2).²
 - Contributions may be for an annual or multi-year period (regulation 4.4).
 - The Executive Director shall report annually to the Executive Board on the nature of restrictions on the use of voluntary contributions and the extent to which such restrictions have affected the flexibility, efficiency, and economy of UNFPA operations (regulation 4.7).

This document is developed based on the requirements of financial regulations and rules as stated above and aims to operationalize those requirements. It **sets the policies and procedures for planning, mobilization, negotiation and management of, and reporting on earmarked resources, including the associated roles and responsibilities placed on different units³ and positions.** In addition to financial regulations and rules, it is also closely aligned with UNFPA’s corporate [Resource Mobilization Strategy](#) and UNFPA [Strategic Partnerships Framework](#).

3. Earmarked resources covered within the scope of this policy include:

Softly earmarked funds and other quality funding instruments

- *Global thematic funds* - commingled funds designed to support high-level outcomes or outputs within the UNFPA strategic plan. They represent the most efficient complement to unearmarked resources, due to a higher level of flexibility and longer-term nature, as compared to other types of earmarked resources. Examples of global thematic funds existing in UNFPA at the time of writing this policy are the

¹ The definition of “earmarked resources,” as adopted by UNFPA, deviates from the meaning assigned to the term by the European Union. Consequently, earmarked resources, as defined in this policy, encompass funds designated as both earmarked and not earmarked by the European Union.

² Trust fund is “a co-financing mechanism established as a separate accounting entity through which contributions, as distinct from third party procurement payments, may be received in support of specified purposes consistent with the policies, aims and activities of UNFPA. These contributions shall be considered in addition to the regular resources” (regulation 2.2).

³ Throughout this policy, the terms “unit,” “office,” and “business unit” are used interchangeably and refer to: country offices, regional offices, and headquarter branches, as well as headquarter units that are not part of any branch (e.g. representation offices, division directorates, etc.).

Supplies Partnership, the Maternal and Newborn Health Thematic Fund, the Humanitarian Thematic Fund, and the Population Data Thematic Fund.⁴

- *United Nations joint funding instruments* – funds mobilized by UNFPA from or jointly with other United Nations entities. These include:
 - Multi-Partner Trust Funds (MPTF) – pooled funding mechanisms designed to support a clearly defined theory of change and results framework in development, climate, peacebuilding and humanitarian areas. Contributions to MPTFs are usually received from more than one donor, are commingled, not earmarked to a specific United Nations entity and are held by a United Nations fund administrator (i.e. Administrative Agent), while resource allocation decisions are made by a United Nations-led governance mechanisms. MPTFs can be established at global (e.g. Joint Sustainable Development Goals (SDG) Fund, United Nations Peacebuilding Fund, Central Emergency Response Fund (CERF), etc.), regional (e.g. Great Lakes Region Cross-Border Fund, United Nations Pacific Strategy Fund, etc.) and country levels (e.g. one country-based SDG acceleration funds and country-based pooled funds). UNFPA normally serves as a Participating United Nations Organization (PUNO) and a member of the steering committees in MPTFs. Some MPTFs channel their funding to UNFPA through joint programmes developed by UNFPA with one or more United Nations organizations.
 - Standalone joint programmes – programme interventions involving two or more PUNOs working together to achieve catalytic development result/s. These programmes are developed and managed following the United Nations Sustainable Development Group (UNSDG)’s [Guidance Note on a New Generation of Joint Programmes](#). Some of the largest joint programmes at UNFPA include the UNFPA-UNICEF Joint Programme on Elimination of Female Genital Mutilation and the UNFPA-UNICEF Global Programme to Accelerate Action to End Child Marriage. UNFPA can fulfill multiple roles in any joint programme, including that of Administrative Agent, Convening Agent, PUNO or any combination of these. UNFPA is also normally represented in the joint programme’s governance mechanisms, such as steering committees.
 - Other United Nations interagency transfers – funding provided to UNFPA by United Nations entities other than via MPTFs and standalone joint programmes. This funding is typically received following UNSDG’s [Guidance note on transferring contributions from one agency to another for programmatic activities](#), and UNFPA serves as an implementing partner in such arrangements.
- *Internally pooled funds*⁵ – commingled funds, which can receive contributions from one or more donors, designed to support a certain set of results, frequently in a single

⁴ [Thematic Trust Funds Guidelines](#), which are complementary to and must be read in conjunction with this policy, cover governance, monitoring and reporting requirements, as well as allocation criteria and accountability considerations specific to the global thematic funds.

⁵ Also known as an agency-specific pooled funds.

country context and/or cross-cutting areas of UNFPA's work. One type of internally pooled funds is:

- *Direct funding of Country Programme Documents (CPD)* - direct funding to individual UNFPA country programmes, without any additional earmarking, designed to support part of or the totality of UNFPA's work over the country programme cycle.

Tightly earmarked funds

- *Single-donor tightly earmarked funds* – earmarked resources other than softly earmarked funds and other quality funding instruments, as defined above, granted to support specific priorities, and commonly associated with greater donor-imposed requirements and/or restrictions when compared to softly earmarked funds.
4. The ecosystem of contributors to UNFPA earmarked resources (collectively referred to as 'donors' throughout this policy document) comprises a diverse set of partners including:
 - Donor and programme country governments;
 - Multilateral entities, including European Union,⁶ United Nations organizations, global vertical funds⁷ and International Financial Institutions (IFIs), such as Multilateral Development Banks (MDBs); and
 - Businesses, foundations, philanthropies, civil society, academia and individuals.⁸
 5. This policy excludes specific types of earmarked resources from its scope because their purpose, resource mobilization strategies, structuring and/or management arrangements differ substantively from those of resources covered by this policy. The excluded resources include third party procurement funds,⁹ Junior Professional Officers programme, Individual Giving Programme, financing accelerator instruments, such as the Reproductive Health Bridging Fund, and blended financing mechanisms (e.g. Development or Social Impact Bonds). In-kind donations of goods or services are also excluded as they fall within the scope of the [UNFPA In-Kind Goods and Services Contribution Policy](#).
 6. Earmarked resources are subject to the increased scrutiny by UNFPA oversight bodies, including the Board of Auditors, and other stakeholders, such as donors. Therefore, prudent, effective and efficient management of earmarked resources, including through high levels of

⁶ Including but not limited to the Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG-ECHO), Directorate-General for International Partnerships (DG-INTPA), Directorate-General for Neighborhood and Enlargement Negotiations (DG-NEAR), the Foreign Policy Instruments (FPI) and any subsequent renominations.

⁷ Form of pooled funds focusing 'vertically' on specific themes; they are neither directly administered nor have a fund allocation process led by a United Nations entity. Examples of global vertical funds include the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM) and Global Alliance for Vaccines and Immunization (GAVI).

⁸ For the purposes of this policy, governments and multilateral entities, including European Union, United Nations organizations, global vertical funds and IFIs are referred to as 'public sector donors'; while businesses, foundations, philanthropies, civil society, academia and individuals are referred to as 'private sector donors'.

⁹ Procurement conducted by UNFPA, with no direct UNFPA programme component, at the request and on behalf of third parties (governments, intergovernmental organizations, non-governmental organizations, or United Nations entities, including funds, programmes, specialized agencies and subsidiary organs of the United Nations).

compliance with the requirements of this policy, is paramount to retaining and strengthening UNFPA's ability to mobilize resources and maintain the reputation of trusted development and humanitarian partner.

II. Policy

7. This policy outlines the requirements and principles for planning, mobilization, negotiation, contracting and management of, and reporting on earmarked resources, and identifies control activities to mitigate potential risks related to these processes, as further detailed in paragraphs 8-37 below.
8. Each country office must develop an [Integrated Resource Mobilization Partnership, South-South Cooperation Plan](#), based on the costed needs outlined in the Country Programme Document (CPD), and ensure that this plan is closely aligned with the funding framework and financing strategy from the latest United Nations Sustainable Development Cooperation Framework (UNSDCF). The [plan](#) must be reviewed and approved as part of the corporate Programme Review Committee process for CPDs and its supplementary documents,¹⁰ and include the annualized resource mobilization targets for the duration of the CPD. The same targets must subsequently be used in the corporate performance monitoring system designated for this purpose. Country representatives/directors are accountable for ensuring the consistency and achievement of all resource mobilization targets set by their country offices.
9. All country representatives/directors must designate resource mobilization focal points for their country offices to perform the correspondent functions described in this policy. The Regional Resource Mobilization and Partnership Advisors (RRMPAs) and Division for External Relations (DER) serve as resource mobilization focal points for regional offices and headquarters respectively.
10. DER must collect, synthesize and share the intelligence on top public and private sector donors to UNFPA, both existing and prospective, documenting latest donor priorities, emerging trends and funding opportunities, as relevant to UNFPA. Public Funding and Financing Branch (PFFB) within DER is responsible for progress monitoring of corporate funding situation and tracking performance against the designated resource mobilization targets, with monthly results reported to the members of Executive Committee and other relevant personnel. DER is also responsible for collecting, documenting and disseminating information about donor-specific funding application processes, lessons learnt and best practices.
11. All personnel with resource mobilization responsibilities must prioritize mobilizing softly earmarked resources and other quality funding instruments as they are associated with higher level of flexibility, reduced fragmentation, better alignment with the goals of the United Nations reform and the Secretary General's [Funding Compact](#), and lower administrative overhead compared to tightly earmarked resources.

¹⁰ For further information, refer to the Policy and Procedures for Development and Approval of the Country Programme Document Programme.

12. All resource mobilization efforts must be tracked using the corporate [Customer Relationship Management \(CRM\)](#) system, capturing the progression of different resource mobilization opportunities throughout the following phases: initial discussion, submission of a concept note, submission of a full proposal, negotiating an agreement, agreement signed and/or opportunity unsuccessful.
13. When required for a funding opportunity, a concept note / funding proposal must be prepared according to the procedures laid out in paragraphs 52-60 of this policy, using a donor-designated template (if available) or following clarifications from the donor of its requirements and preferences. Concept notes / proposals must be closely aligned with the latest UNFPA Strategic Plan, CPDs (for proposals relating to specific country/ies), the Global and Regional Programme (for proposals with global- and/or regional- scope), and other UNFPA strategic documents, as appropriate, and leverage their integrated results frameworks.
14. The content of UNFPA funding proposals must be fully compliant with UNFPA policies, procedures and associated guidance notes including the [UNFPA Results-Based Management Policy](#), [Cost Recovery Policy](#) and the [Guidance Note on Budgeting for Funding Proposals](#). Funding proposals must apply full cost recovery principle, and thus be inclusive of all direct and indirect costs associated with the proposed programme activities.
15. Proposals to the European Union must be developed in compliance with the [Guidance Note for Negotiation and Implementation of European Union-Funded Development Projects](#) or the [Guidance Note for Negotiation and Implementation of European Union-Funded Humanitarian Projects](#), as applicable.
16. Funding proposals with activities due to be implemented by more than one business unit within a region must specify the coordination and quality assurance role due to be assumed by the regional office in the future implementation, especially in the areas of monitoring and evaluation, donor reporting, and communications and advocacy, with full cost of performing those functions included in the proposed budget.
17. Funding proposals meeting the criteria detailed in Table 1 of this policy must be subject to mandatory reviews and clearances by the designated headquarter unit(s) / regional office(s).
18. All funding proposals and concept notes must be reviewed and approved by the heads of offices¹¹ that developed these documents prior to their submission to donors.
19. All private sector donors must be subjected to the due diligence reviews initiated via [CRM](#) system as soon as a funding opportunity with the relevant donor is clearly identified, normally following the development of a dedicated concept note.
20. Terms and conditions of donor contributions to earmarked resources must be formalized in written agreements or exchange of letters between UNFPA and the donors, prepared by the persons specified in Table 2 of this policy.

¹¹ Headquarters division directors, heads of headquarters branches/offices, regional/subregional directors and country representatives/directors.

21. DER must maintain and keep up-to-date a complete [list](#) of all earmarked contribution agreement templates developed, adopted or accepted by UNFPA. For the purposes of this policy, these templates are collectively referred to as ‘standard earmarked contribution agreement templates’ or ‘standard templates’.
22. Resource mobilization focal points must advocate with donors for the use of UNFPA standard templates without any modifications to avoid the transaction costs and delays associated with the review and negotiation of non-standard agreements or standard template deviations. Standard templates must be completed according to the procedures laid out in paragraphs 78-100 of this policy.
23. Earmarked contribution agreements with special review requirements, as summarized in Table 2 of this policy, and/or deviating from standard templates must be reviewed by the relevant headquarter unit(s) / regional office(s) prior to signing, with the review process coordinated by the designated agreement clearance focal points.
24. Earmarked contribution agreements must be signed by the Executive Director or a person they delegate, as established in paragraphs 115-117 of this policy. Prior to signing, earmarked contribution agreement signatories are responsible for verifying that requirements of this policy as regards to due proposal reviews and use of the appropriate and duly cleared earmarked contribution agreement templates have been complied with.
25. Earmarked contribution agreements signed by a person without delegated authority and/or without proper reviews must be submitted for post-facto reviews according to the procedures laid out in paragraphs 122-124 of this policy.
26. Copies of all earmarked contribution agreements must be uploaded to the [Donor Agreement Report Tracking System \(DARTS\)](#) or its replacement system.
27. Contribution revenue focal points in DER are responsible for timely creation of fund codes, recording of signed earmarked contribution agreements and related transactions and events, and daily monitoring of deposits linked to UNFPA contribution bank accounts. They also must perform and act on the results of regular reconciliations between [DARTS](#) (or its successor solution), contracts management and receivables modules in the corporate ERP solution, and other relevant corporate systems and tools.
28. Designated programme manager¹² must be assigned for each signed earmarked contribution agreement assuming direct supervisory responsibility for all programme activities covered in the agreement. In cases when programme implementation is carried out by more than one business unit, programme manager is assigned in each business unit. Furthermore, a designated person must take on a coordinator role, ensuring seamless collaboration between all business units and responsible for consolidating outputs, conducting quality assurance, leading the relationship with the donor(s), and performing other related activities.

¹² Personnel members with direct supervisory responsibilities over programme activities and responsible for the achievement of programme results. Their duties typically include preparation and management of workplans and budgets, selection and management of Implementing Partners, initiation of procurement of goods and services, programme monitoring and reporting, and management of risks and partnerships.

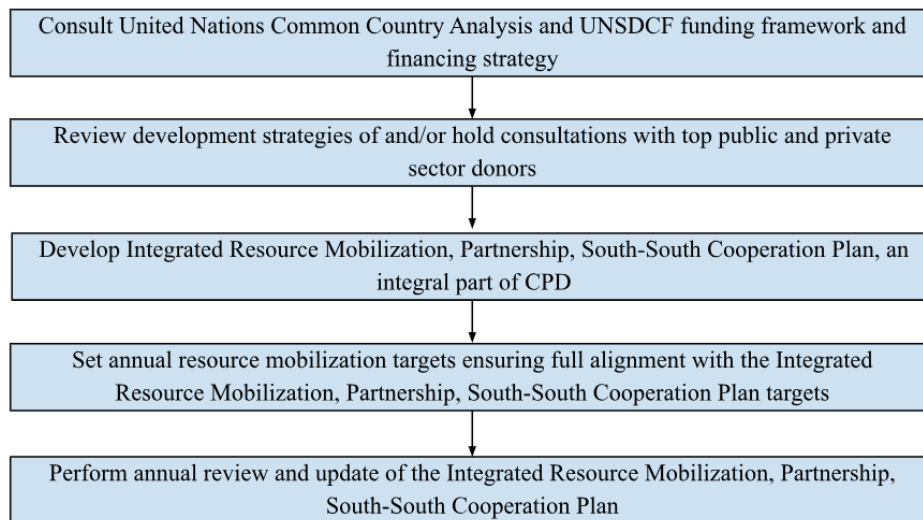
29. The programme manager is responsible and head of office is accountable to ensure that implementation of activities funded with earmarked resources is fully compliant with: (a) terms and conditions of earmarked contribution agreement signed with the donor, including the associated framework agreement, if any; (b) [UNFPA Financial Regulation and Rules](#), and policies and procedures; and (c) concept note / proposal, as approved by the donor.
30. Working closely with the communications focal point for their business unit, the programme manager must integrate donor communications and visibility activities throughout the lifetime of earmarked contribution agreement implementation. The programme manager must ensure these activities fully address all formal commitments on donor communication and visibility as outlined in the funding proposal's communications plan, if any, and the terms and conditions of agreement signed with the donor.
31. The head of office must ensure timely preparation and submission to the donor of duly quality assured periodic narrative and interim financial reports, based on the reporting schedule agreed upon in the earmarked contribution agreement. At a minimum, the narrative and interim financial reports quality assurance process must include thorough review by a peer or a supervisor of report preparer/s that did not participate in the report drafting. Additional review mechanisms are required for certain reports, as detailed in the procedural section of this policy.
32. Finance Branch must prepare, and the designated DER branch must transmit certified financial reports¹³ to donors with the frequency and by the deadlines agreed upon in the signed earmarked contribution agreements. Copies of all narrative and certified financial reports must be uploaded to [DARTS](#) or its replacement system.
33. Contribution installments due from donors as per the payment schedules agreed upon in the earmarked contribution agreements must be requested in a timely fashion, monitored and followed up on until collected. Any expected modifications to contribution installments amounts or due dates must be promptly communicated to the designated DER branch and Finance Branch, as soon as such possibility arises.
34. The programme manager must closely monitor progress towards the achievement of all results agreed upon with the donor including timely utilization of resources. Programme manager must initiate amendments to earmarked contribution agreement including for reasons of no-cost extension, supplementary contribution, and significant and substantive change/s to donor-approved programme interventions, following the procedures and timeframes set in paragraphs 176-194 of this policy.
35. The programme manager must perform formal pre-closure reviews of each contribution agreement's implementation status following the procedures described in paragraphs 195-200 of this document, and request no-cost extension, as necessary, prior to the deadline set by the donor for this purpose. Head of office bears overall accountability for ensuring that these reviews are carried out, as per requirements of this policy, fully and timely.

¹³ Same as 'certified financial statements' as referenced in earmarked contribution agreements.

36. All earmarked resources fund codes must be subject to mandatory operational and financial closure procedures, as further detailed in paragraphs 203-213 of this policy. The programme manager must ensure that all activities funded with the earmarked resources are completed by fund code expiration date, and associated fund code is ready for financial closure within the subsequent twelve-month period or by the date certified final financial report is due, whichever is earlier.
37. Unspent balances remaining following the completion of operational and financial closure procedures must be acted on as described in paragraphs 215-223 of this policy.

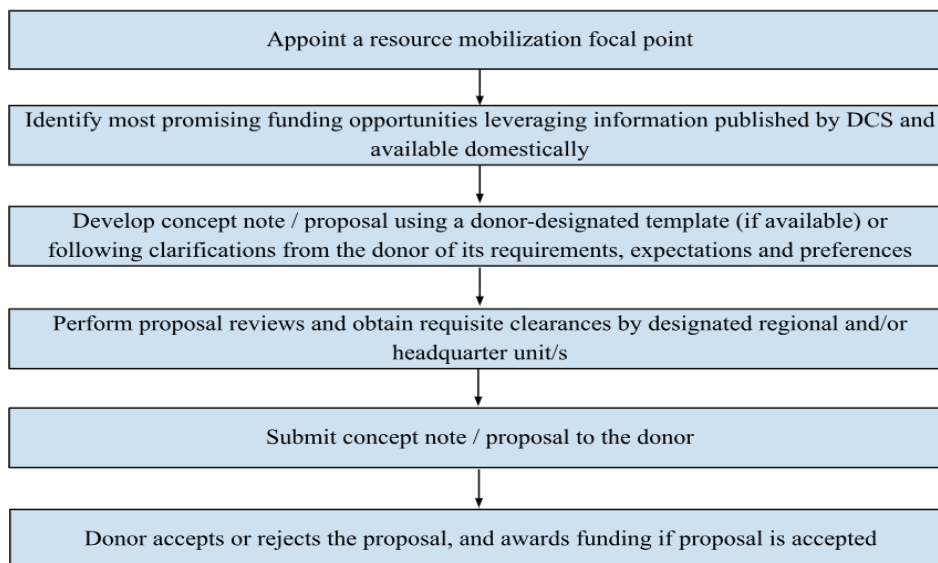
III. Procedures

A. Integrated Resource Mobilization, Partnership, South-South Cooperation Plan



38. As part of the CPD development and based on costed needs contained therein, country representative/director supervises the preparation of the [Integrated Resource Mobilization, Partnership, South-South Cooperation Plan](#). This plan is informed by the United Nations Common Country Analysis (CCA) and its financial landscape analysis of available international and national financing sources, and aligns with UNSDCF funding framework and financing strategy.
39. The development of the [Integrated Resource Mobilization, Partnership, South-South Cooperation Plan](#) includes the reviews of development strategies of and/or consultations with top public and private sector donors with the results summarized in a dedicated landscape mapping.
40. The [Integrated Resource Mobilization, Partnership, South-South Cooperation Plan](#) must detail all partnership opportunities expected to be pursued by the country office during the country programme cycle. For that reason, the time period covered by the plan is the same as the CPD cycle. The plan must include the following elements:

- a. Details of partners intended to be engaged (name, constituency, partnership type and expected funding quality);
 - b. Resource mobilization targets and other time-bound and measurable performance indicators. The resource mobilization targets must be annualized for the duration of the CPD. The total of these targets must be equal to or exceed the estimated resources required to achieve the CPD results after accounting for the resources expected to be allocated to the country office via [UNFPA's resource allocation and distribution systems](#);
 - c. Description of activities required to engage the partners;
 - d. Assessment of the country office capacity to implement the plan including indication of additional support needed from the regional and/or headquarter offices.
41. The [Integrated Resource Mobilization, Partnership, South-South Cooperation Plan](#) is reviewed and approved as part of the corporate Programme Review Committee process for CPDs and its supplementary documents, following the processes set in the Policy and Procedures for Development and Approval of the Country Programme Document Programme.
42. To ensure its continued relevance, country representative/director leads annual review of the [Integrated Resource Mobilization, Partnership, South-South Cooperation Plan](#), integrating newly emerged partnership opportunities, eliminating obsolete ones and adding supplementary details, such as timelines and deadlines for submitting funding proposals.
43. The annual resource mobilization targets from the [Integrated Resource Mobilization, Partnership, South-South Cooperation Plan](#) subsequently inform the resource mobilization targets set in the corporate performance monitoring system designated for this purpose. The country representative/director is accountable for ensuring the consistency of targets set in different systems and for meeting these targets. PFFB within DER monitors progress of corporate funding situation and tracks the corporate performance against the designated resource mobilization targets, with monthly results reported to the members of Executive Committee and other relevant personnel.
44. The country representative/director can opt to develop a comprehensive Resource Mobilization and Partnership Strategy in addition to and jointly with the [Integrated Resource Mobilization, Partnership, South-South Cooperation Plan](#). The strategy is meant to further elaborate on the country context from a partnership-building perspective, demonstrate historical resource mobilization trends, analyze other development and humanitarian actors active in the same space as UNFPA and describe partnership-building activities planned for each year of the country programme cycle, including their success measures. A [template](#) developed by East and Southern Africa Regional Office (ESARO) can be used to assist in developing this strategy.

B. Resource mobilization*Appointment of resource mobilization focal points and identification of funding opportunities*

45. All business units responsible for the achievement of programme results engage in resource mobilization activities. Therefore, each country representative/director designates a resource mobilization focal point responsible for all duties assigned to this role, as per the requirements of this policy. Subject to availability of funds, country offices are encouraged to recruit a dedicated personnel member to serve as a resource mobilization focal point. If not feasible, the role is assigned to an existing personnel member(s). Where multiple focal points are assigned, the allocation of responsibilities among them must be clearly documented. In regional offices, the role of the resource mobilization focal point is fulfilled by RRMPAs and in headquarters, including for the purposes of global thematic funds, it is fulfilled by the DER.
46. Funding opportunities may originate at the global, regional and country level. It is not uncommon for an opportunity to emerge and be negotiated by one business unit for activities to be implemented by another unit. Unless stated otherwise, the responsibilities of resource mobilization focal points, as described in this policy, are fulfilled by the resource mobilization focal points of the units **negotiating relevant funding opportunities with the donors.**
47. DER performs regular scanning of information relating to top public and private sector donors, collecting intelligence about their latest priorities and trends, identifying most promising partnership opportunities and documenting the results in the dedicated donor profiles, published on the [Resource Mobilization Portal](#) and [Strategic Partnerships community](#). DER also collects, consolidates and shares information about donor-specific funding application processes, lessons learnt and best practices, as relevant at global level.

48. The resource mobilization focal point in a field office¹⁴ stays up-to-date on all information shared by DER and supplements it with the knowledge available locally, such as on donor embassy websites and in the regional/country-specific strategies and policies. They identify and recommend to the head of office the most promising funding opportunities that should be pursued further.
49. The head of office makes decisions prioritizing mobilization of softly earmarked funds and other quality funding instruments due to higher levels of flexibility, reduced fragmentation, better alignment with the goals of the United Nations reform and the [Funding Compact](#), and lower administrative overhead associated with these resources as compared to tightly earmarked funds. PFFB sets separate resource mobilization targets for mobilization of softly earmarked funds and other quality funding instruments as compared to tightly earmarked resources, and regularly reports on performance against these targets, internally and externally, including as part of the Structured Funding Dialogues with the Executive Board.
50. The resource mobilization focal point logs all funding opportunities approved for further pursuit as 'initial discussion' in the [Customer Relationship Management \(CRM\)](#) system. Next, they collect and consolidate all information required for the follow-up on approved funding opportunities, including details on application processes, timelines, and requisite templates and forms. They review the UNFPA framework agreement with the donor, if any, as published on the [Resource Mobilization Portal](#), for any special terms and conditions associated with the funding from this donor that UNFPA has agreed to, e.g. as relating to communications and visibility.
51. If pursuit of a funding opportunity with the European Union is considered, then the head of office leads the direct negotiations with the European Union delegation leveraging UNFPA standing as a pillar-assessed United Nations organization.¹⁵ UNFPA generally avoids participating in the competitive calls for proposals issued by the European Union due to specific requirements and increased financial risks associated with this modality. Also, pursuing funding opportunities below 1.0 million euros is discouraged, as the complexity and extent of requirements associated with the European Union funding require certain economies of scale to recover the associated compliance costs incurred by UNFPA.¹⁶ Prior to investment of any time or effort, a resource mobilization focal point of a business unit considering participation in the competitive call for proposals or pursuing a funding opportunity of less than 1.0 million euros from the European Union seeks correspondent approval from the European Union Representation Office (EURO) / DER. EURO grants exceptions on a case-by-case basis considering all facts and circumstances, such as if the conditions of the call for proposals allow for UNFPA's participation therein as a pillar-assessed United Nations organization or a likelihood of funding opportunity of less than 1.0 million euros having a catalytic impact.

¹⁴ Includes regional, subregional and country offices.

¹⁵ After having been subjected to ex-ante pillar assessment, organizations like UNFPA can benefit from more favorable partnership terms with the European Union. These terms reduce compliance requirements and associated costs that would otherwise apply.

¹⁶ This is applicable to all funding modalities offered by the European Union, not only those emerging from calls for proposals.

Development of concept notes and funding proposals

52. For opportunities entailing preparation and submission of concept notes¹⁷ and/or funding proposals,¹⁸ the resource mobilization focal point transmits all collected information as described in paragraphs 47-50 above to the personnel with technical expertise in the relevant thematic areas, commonly future programme managers. In the country offices, concept notes and proposals are normally prepared by programme officers, while in the regional offices and headquarters, they are prepared by programme and humanitarian advisors, specialists and officers, hereafter referred to as ‘concept note or proposal preparers’.
53. The concept note or proposal preparer prepares a concept note / funding proposal using a donor-designated template (if available) or following clarifications from the donor of its requirements, expectations and preferences. If there is no pre-set template, then the proposal preparer develops the proposal to include the situation analysis, programme rationale, theory of change, integrated results framework, workplan, budget, and description of management, monitoring, communications, learning and reporting arrangements for the proposed programme interventions.
54. Regardless of the template, concept note / proposal preparer ensures their work closely aligns with the latest UNFPA Strategic Plan, and the Executive Board-approved country / regional / global programme and other strategic documents. This is achieved by leveraging the integrated results frameworks contained in these documents, including through adoption of the same or derivative outcomes, outputs, indicators, milestones, baselines and targets. Furthermore, the preparer also ensures that concept notes / proposals are compliant with the [UNFPA Results-Based Management Policy](#), and follow the principles set in the [UNFPA Social and Environmental Standards in Programming, the A-Compass: the UNFPA Adaptive Management Model, and the Guide for Developing Robust Results Frameworks for Effective Programmes](#).
55. For proposals intended for the European Union, the proposal preparer follows the dedicated guidance developed by the EURO and maintained on the [European Union Partnerships Community](#), including the [Guidance Note for Negotiation and Implementation of European Union-Funded Development Projects](#) and the [Guidance Note for Negotiation and Implementation of European Union-Funded Humanitarian Projects](#).
56. When drafting a proposal for a joint programme, the proposal preparer either uses one of the templates available in the UNSDG [Guidance Note on a New Generation Joint Programmes: Annex A1](#) or includes all the information present in the template within the proposal. However, if donor instructions or requirements are in contradiction with the UNSDG [Guidance Note on a New Generation Joint Programmes: Annex A1](#), the donor’s instructions

¹⁷ Concise summary documents, typically several pages long, containing brief description of proposed programme interventions and expected results. Some donors require concept notes before the submission of full proposals, in order to decide whether the proposed interventions are in line with the donors’ priorities and to eliminate proposals / applicants that are not likely to be funded.

¹⁸ Formal, written funding requests to donors describing set of results due to be achieved in response to specific need / problem statement/s and outlining suggested plan of actions. Funding proposals create compelling cases for funding and clarify why UNFPA is uniquely positioned to achieve the proposed set of results. Funding proposals are normally much more comprehensive and detailed than concept notes.

or requirements prevail. In those cases, the content not explicitly covered in the donor instructions / requirements is kept consistent with the UNSDG [Guidance Note on a New Generation Joint Programmes: Annex A1](#).

57. The proposal preparer prepares a budget for the proposal following the guidance provided in the [Guidance Note on budgeting for funding proposals](#) and the [Guidance Note on allocating post costs across funding sources](#). They ensure the budget includes all direct¹⁹ and indirect costs²⁰ of proposed activities, and sets indirect costs at the rate approved by the UNFPA Executive Board, as outlined in the [UNFPA Cost Recovery Policy](#) and further detailed in [the guidance on calculating indirect costs](#). For proposals to the European Union, the proposal preparer follows a designated [budget template](#) and includes an allocation for EURO's quality assurance, advisory and support services.
58. While the proposal preparer must seek input from their operations colleagues, including finance associate and operations manager, when preparing a funding proposal, the proposal preparer maintains primary responsibility for the quality of the documents produced, including a budget, and ensuring that these are fully compliant with the donor requirements, and corporate policies and procedures.
59. For programme interventions involving more than one business unit within a region, the preparer specifies in the proposal coordination and quality assurance roles of their regional office in the future programme implementation, especially in the areas of monitoring and evaluation, donor reporting, and communications and advocacy. The costs relating to fulfilling these roles must be duly budgeted in the proposal. Therefore, the proposal preparer shares the draft proposal with RRMPA, who facilitates the substantive inputs from the relevant regional office colleagues, as appropriate, including on the budget required to cover the regional office participation in the future programme implementation. In case if programme implementation is expected to take place in more than one region and/or include participation by a headquarter unit, then the role of each unit in the future programme implementation is duly clarified during the proposal development process through mutual consultation between the units.
60. When a donor has certain specific communications and/or visibility requirements/ expectations, including as outlined in the terms of their framework agreement with UNFPA, the proposal preparer works with the communications focal point in their business unit to develop and cost communications plan to be included in the funding proposal. This plan covers proposed visibility strategies, donor communications, and promotional activities expected to be implemented over the lifetime of proposed programme interventions. Even if not mandatory, preparation of such a plan is highly recommended, as it forms a foundation

¹⁹ Costs directly linked and traceable to a programme; including the cost of programme, technical and operations personnel involved in the programme delivery, the cost of supplies including their procurement and logistics, the operational costs required to deliver the programme, the cost of communication and donor visibility activities, and the support cost of UNFPA's partners.

²⁰ Costs not directly linked and traceable to a programme. They are associated with the organizational structure and services necessary to support implementation of programme activities (the costs of running the organization). Examples of indirect costs include corporate executive management, corporate management services, corporate resource mobilization, institutional legal support and corporate human resources management.

for effective future communications both with the donor, and with UNFPA and donor stakeholders. This, in turn, is essential to UNFPA's ability to demonstrate results, growing future partnerships, expanding resource mobilization opportunities and increasing the visibility of UNFPA's work.

Funding proposals reviews and clearances

61. In cases summarized in Table 1 below, **the proposal preparer must seek reviews of the relevant headquarter unit/s and/or the regional office prior to submitting a proposal to the donor.** These reviews may be facilitated by the resource mobilization focal point if deemed efficient by the head of office and must be copied to the relevant RRMPA (for country office-originated proposals) or DER focal point (for proposals prepared at headquarters) for awareness and potential advise, as appropriate.

Table 1: Summary of required proposal reviews by issue / donor type

<i>Issue / donor</i>	<i>Review by</i>	<i>Standard turn-around time²¹</i>
<p><u>Proposal envisages:</u></p> <ul style="list-style-type: none"> - Procurement of complex services or goods not covered by corporate Long-Term Agreements (e.g. procurement will require launch of Invitation to Bid or Request for Proposals processes); or - Procurement of goods and services expected to be handled by SCMU; or - Any deviations from standard procurement processes or standard reproductive health commodities specifications 	Supply Chain Management Unit (SCMU)	3-5 business days
<p><u>Proposal envisages programme activities:</u></p> <ul style="list-style-type: none"> - With unusual operational and financial management arrangements, or requiring additional operational and financial capacity to be delivered; - Requiring approval by Chief, Finance Branch of exceptions from the Policy and Procedures for Management of Cash Transfers to Implementing Partners or Policy and Procedures on Management of Cash Disbursements 	Finance Branch and Quality Management Unit	3-5 business days

²¹ Standard turn-around time sets the duration of the initial review only. It does not include the time spent for subsequent correspondence, as its duration will depend on the nature of the issues raised by the reviewers, and the timeliness and comprehensiveness of the relevant responses.

<i>Issue / donor</i>	<i>Review by</i>	<i>Standard turn-around time²¹</i>
Total budget exceeds United States Dollars (USD)-equivalent of 5,000,000 ²²	- Strategic Resource Planning Branch (SRPB); and - Regional Evaluation Advisors (field proposals) or Evaluation Office (proposals from headquarters)	3-5 business days
Proposal entails acquisition of non-standard information and communications technology equipment or software (e.g. for census purposes)	Information Technology and Solutions Office (ITSO)	3-5 business days
All joint programmes with UNFPA designated as Administrative Agent	Administrative Agent Coordinator / PFFB / DER	5 business days
All proposals to the European Union	Regional office, followed by EURO / DER	See paragraph 63 below
All proposals prepared for or expected to be funded by IFIs (including through programme country governments) and global vertical funds ²³	Multilateral Partnerships Team / PFFB / DER	5-7 business days
All proposals to the United States of America (USA) government ²⁴	PFFB / DER	5 business days
All proposals for programme implementation by more than one business unit	RRMPA	5 business days

62. Headquarter unit(s) / regional office provide their initial substantive feedback following proposal receipt, within the timeframes set in Table 1 above. The proposal preparer may consider their proposal as cleared if the initial substantive feedback is not received within the designated time period, unless an alternative review turn-around time is mutually agreed upon.

²² USD equivalent of budgets denominated in non-USD is determined using the latest [United Nations Operational Rates of Exchange \(UNORE\)](#).

²³ Multilateral Partnerships Team / PFFB / DER manages all consultations and obtains requisite clearances for proposals prepared for or expected to be funded by IFIs (including through programme country governments).

²⁴ Including United States Agency for International Development (USAID) and its bureaus and offices (e.g. Bureau for Humanitarian Assistance (BHA), USAID overseas field offices, etc.), other bureaus of the United States Department of State (e.g. Bureau of Population, Refugees, and Migration (PRM)), United States Census Bureau, Millennium Challenge Corporation (MCC) and other departments, bureaus, agencies and offices of the United States government.

63. Due to higher levels of complexity, and associated operational and financial risks, country office proposals to the European Union must be reviewed and cleared by the regional offices prior to their submission to the EURO, as follows:
- a. Proposals for humanitarian funding are reviewed and cleared by the Regional Humanitarian Advisors / Specialists, who may further solicit input from the relevant Humanitarian Response Division (HRD) specialist(s) – e.g. in cases when certain type of programme activities, such as cash voucher assistance, are envisaged.
 - b. Proposals for development funding are reviewed and cleared by the regional advisors / specialists with subject matter expertise in thematic areas covered in the proposals. If a proposal covers multiple thematic areas, the advisor / specialist with expertise in the thematic area designated as the priority theme by the proposal preparer is responsible for clearance.

The proposal preparer submits the proposal to the appropriate regional advisor / specialist, with RRMPA in copy. Following completion of this review and integration of resulting changes, the proposal is further channeled to the EURO for final review and clearance at least two weeks prior to submission deadline to the European Union. An alternative timeline may be mutually agreed with the EURO in case of humanitarian funding application prepared in the immediate aftermath of a crisis.

64. Following the completion of the review process outlined in paragraphs 61-63 above and having incorporated all received feedback, the proposal preparer submits the revised and finalized version to the head of their office for approval. The head of office reviews the document/s verifying quality and compliance with the requirements of this policy, and if satisfied with both, then authorizes the resource mobilization focal point to release the proposal to the donor.
65. Considering their higher-level nature, it is not expected for concept notes to be subject to the same reviews as are applicable to the proposals. However, similarly to a proposal, each concept note must be approved by the head of office that developed it prior to having been released to the donor. Concept notes for USA government funding must be submitted to and reviewed by PFFB prior to submission to the donor.

Submission of concept notes / funding proposals to the donor

66. The resource mobilization focal point submits the duly approved concept note / funding proposal using the tools designated by the relevant donor for this purpose and updates the [CRM system](#) marking the opportunity as either ‘submission of a concept note’ or ‘submission of a full proposal’, as appropriate.²⁵
67. The donor reviews the UNFPA submission and then communicates its decision back to UNFPA. If the submission is rejected, the resource mobilization focal point updates the CRM system marking the opportunity as ‘opportunity unsuccessful’. Unless discouraged by

²⁵ All proposals to the DG-ECHO are submitted by EURO; all proposals to USAID/BHA and PRM are submitted by PFFB; but updating the CRM system remains the responsibility of resource mobilization focal points of the business units that developed the proposals to these donors.

the donor, the resource mobilization focal point follows up to enquire on the rejection reasons seeking feedback on how to improve the future submissions. The donor feedback forms part of the lessons learnt and is logged in the CRM system under the relevant opportunity.

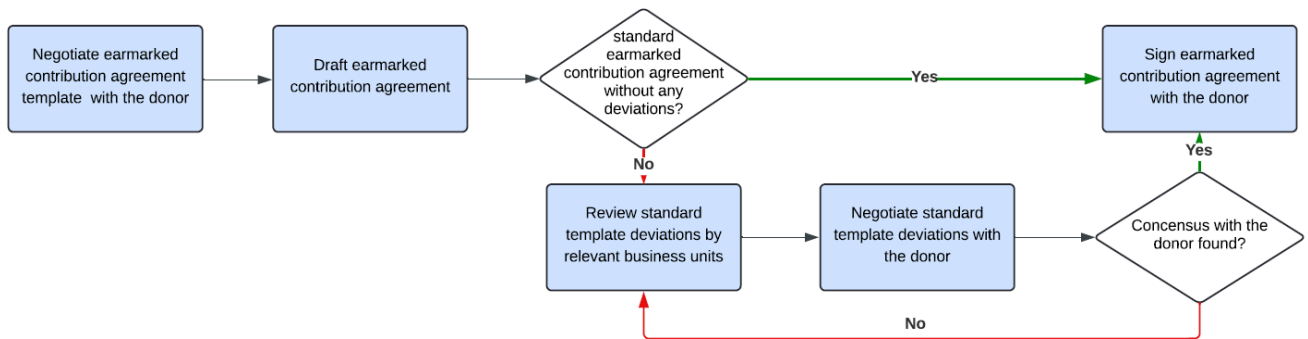
Post-facto review of funding proposals

- 68. If a funding proposal was not submitted for due reviews as per the requirements of paragraphs 61-63 above, then the first person to identify this issue notifies the head of office that developed the proposal. The head of office arranges the reviews summarized in Table 1 above to be carried out as soon as possible and has their results integrated into the proposal before the earmarked contribution agreement is signed with the donor.

Partnerships with private sector

- 69. All private sector donors, both current and prospective, are subject to the due diligence review to prevent partnerships that could create actual or perceived conflicts of interest or be damaging to UNFPA’s reputation and brand. Therefore, upon identifying a clear funding opportunity, normally following the development of a dedicated concept note, the resource mobilization focal point initiates the due diligence review in the CRM utilizing guidance note developed by the Private Sector and Civil Society Branch (PSCSB) in DER for this purpose. The due diligence review is mandatory for all new funding opportunities, irrespective of past partnership/s with the same donor, including the existence of ongoing collaborations.

C. Earmarked contribution agreement preparation and negotiation



Negotiating earmarked contribution agreement template

- 70. If a UNFPA funding proposal is approved and/or a donor is otherwise ready to provide funding to UNFPA, an earmarked contribution agreement between a donor and UNFPA is prepared. A document or a set of documents signed between a donor and UNFPA detailing the terms and conditions of donor’s contribution to earmarked resources, is referred to as an

“earmarked contribution agreement” for the purposes of this policy, regardless of the document’s name or structure.²⁶

71. When the negotiation of an earmarked contribution agreement with the donor commences, resource mobilization focal point marks the relevant opportunity as ‘negotiating an agreement’ in the [CRM](#) system.
72. UNFPA has developed, adopted or accepted a number of different earmarked contribution agreement templates, including:
 - a. UNFPA-developed non-donor specific earmarked contribution agreement templates;
 - b. Agreement templates developed by UNSDG and adopted by UNFPA;
 - c. Donor-specific templates negotiated with many top public and private sector partners; these templates were developed either by UNFPA or donors but were subsequently negotiated and accepted by both parties.
73. DER maintains and keeps up-to-date a complete list of all earmarked contribution agreement templates developed, adopted or accepted by UNFPA in the dedicated [document](#), published on the [Resource Mobilization Portal](#). These templates are collectively referred to as ‘UNFPA standard earmarked contribution agreement templates’ or ‘standard templates’ for the purposes of this policy. Standard templates typically used for different donors and funding modalities are summarized in Table 2 below.
74. Resource mobilization focal points must always advocate with donors for the use of UNFPA standard templates without any changes, apart from those described in paragraphs 78-100 below, to avoid lengthy negotiations with donors and associated high transaction costs, delayed programme implementation and risks of UNFPA assuming additional obligations it would not otherwise be exposed to.

Drafting earmarked contribution agreement

75. The earmarked contribution agreements are drafted by the resource mobilization focal points or donors, with the exception of agreements for joint programmes with UNFPA as an Administrative Agent and funding from IFIs and vertical funds, which are drafted by the designated DER focal points, as further summarized in Table 2 below.
76. If a donor accepts the use of UNFPA’s standard earmarked contribution agreement template, the resource mobilization focal point²⁷ updates the template with the contribution-specific information, following the guidance provided in paragraphs 78-94 below, specifying: contribution purpose / programme title (including donor’s reference number) and donor name; contribution amount, currency and UNFPA bank account details; payment schedule; indirect cost recovery rate; reporting requirements and schedule; agreement start and effective dates, and duration; and notices. Some standard templates require updating or insertion of clauses on unspent balances, interest revenue and the United Nations

²⁶ For example, Standard Administrative Arrangement, a template agreement used to formalize donors’ contributions to joint programmes, is one type of earmarked contribution agreements, as defined in this policy.

²⁷ Or the DER focal point in case of joint programmes with UNFPA as an Administrative Agent, and funding from IFIs and vertical funds.

coordination levy, which must be done following the guidance provided in paragraphs 95-100 below.

77. Any other changes to the standard templates, including modifications or deletion of existing²⁸ and/or introduction of new clauses, hereinafter collectively referred to as ‘standard template deviations’, even if seemingly insignificant, may result in the assumption of additional risks and obligations by UNFPA and thus are subject to dedicated reviews by the responsible headquarter unit/s, as described in this policy.

Contribution amount, currency and bank account details

78. In this section of the earmarked contribution agreement, the resource mobilization focal point²⁷ specifies the total contribution amount, contribution currency, contribution payment currency (if different from the contribution currency)²⁹ and the details of the bank account the contribution should be paid to.
79. Consistent with regulation 4.6 from [UNFPA Financial Regulations and Rules](#), the resource mobilization focal point²⁷ advocates for contributions to be committed and paid in one of ten main contribution currencies of UNFPA: United States dollars, euros, Australian dollars, Canadian dollars, Danish krone, Great Britain pounds, Japanese yen, Norwegian krone, Swedish krona or Swiss francs, as these are the currencies of UNFPA’s contribution bank accounts.³⁰ These currencies are normally subject to lower foreign currency exchange rate volatility and are easily convertible. They are subsequently referred to as ‘UNFPA preferred contribution currencies’ for the purposes of this policy.
80. The resource mobilization focal point²⁷ specifies in the agreement the details of the bank account that contribution should be paid to, as follows:
- Contributions due to be paid in UNFPA preferred contribution currency - correspondent UNFPA bank account in the matching currency as listed in the dedicated [list](#) maintained by DER on the [Resource Mobilization Portal](#);
 - Contributions of USD50,000³¹ or less due to be paid in any currency other than UNFPA preferred contribution currency - either UNFPA bank account (if available) or UNDP bank account in the matching currency (if agreeable to UNDP).
81. All cases not covered by paragraph 80 above are considered as standard template deviations and require approval by the Chief, Finance Branch, following the procedures outlined in paragraphs 106-112 of this document.

²⁸ Including but not limited to those relating to audit; fraud, corruption and unethical behavior; sexual exploitation, abuse and harassment; anti-terrorism; agreement termination and modification; settlement of disputes; communication and transparency; United Nations privileges and immunities; monitoring and evaluation; equipment and supplies; foreign-currency exchange-related; supply chain management; management of implementing partners; and human resources.

²⁹ In case if contribution payment currency is different from contribution currency, the resource mobilization focal point specifies that conversion shall be based on UNORE rate in effect on the date when payment is initiated.

³⁰ Including UNDP contribution bank accounts used for UNFPA purposes.

³¹ Determined based on UNORE in effect at the time of contribution agreement negotiation.

Payment schedule

82. Payment schedule section of the earmarked contribution agreement details timing and amounts of contribution disbursements. As much as possible, the resource mobilization focal point²⁷ negotiates use of one of the payment schedules below listed in the order of their preference by UNFPA:
- a. The donor pays full contribution upfront, upon signature of the earmarked contribution agreement – single, most-preferred option, as it is associated with the lowest transaction costs, facilitates planning and minimizes risk of operational disruptions, e.g. due to contribution installments payment delays;
 - b. The donor pays its contribution in annual installments, with payment due dates and installment amounts clearly defined. Annual installments are due for payment ahead of estimated timing for entering into financial commitments by UNFPA – this option is associated with lower transaction costs and enhanced planning capabilities due to the clarity and predictability of future resource inflows;
 - c. The donor pays first installment upon signature of the earmarked contribution agreement; subsequent installments are paid at least semi-annually (with lower frequency preferred) with due dates ahead of the estimated timing for entering into financial commitments. This option includes payment schedules where installment amounts are not clearly defined and instead are tied to certain events, such as achievement of a certain level of spending by UNFPA.
83. Certain major donors, such as the European Union and United States government, have negotiated special terms relating to disbursement of funds to UNFPA, as detailed in the dedicated document maintained on the [Resource Mobilization Portal](#). These terms have been accepted by UNFPA and can be used by resource mobilization focal points²⁷ without additional reviews. All other payment schedules, not covered by one of three options above, are considered as standard template deviations and must be authorized by Chief, PFFB (public sector donors) / Chief, PSCSB (private sector donors), following the procedures outlined in paragraphs 106-112 of this document.

Indirect cost recovery rate

84. In this section, the resource mobilization focal point²⁷ inserts the indirect cost recovery rate as set in the [UNFPA Cost Recovery Policy](#) and summarized in Table 2 below. In case a donor has questions, concerns or tries re-negotiating the rate, the resource mobilization focal point²⁷ consults “[Helpful tips for communicating to donors](#)” for guidance in formulating a response.
85. Exceptions to approved indirect cost recovery rates can only be authorized by the Executive Director, who further delegated this authority to the Deputy Executive Director (DED) – Management.³² All exceptions are subject to annual reporting to and are heavily scrutinized by the UNFPA Executive Board, and thus must be avoided.

³² UNFPA [Financial Regulations and Rules](#), rule 105.1

Reporting requirements and schedule

86. Each earmarked contribution agreement normally entails the submission of the narrative (or progress) reports, prepared by a future budget-holding unit³³ and certified financial reports, prepared by the Finance Branch. Narrative reports frequently include provisional (non-certified) financial information.

Narrative (progress) reports

87. The resource mobilization focal point²⁷ clarifies the reporting expectations with the donor, including frequency, submission due dates, reporting period, reporting currency, content and format, strongly advocating for the following:

- a. Progress reports, including provisional financial information, are submitted once a year; agreements with duration of one year or less entail submission of only one final report;
- b. Sufficient time is allowed for report preparation, including collection and processing of data required to report against agreed upon indicators, milestones and targets. At least six months are allowed for the preparation of the final narrative report;
- c. Reporting period is a calendar year;
- d. Reporting currency is United States dollars;
- e. Reporting for pooled funds such as global thematic funds, joint programmes and internally pooled funds is consolidated for the entire programme, and not donor-specific;
- f. The reporting format is in line with the standard information provided by UNFPA to other donors. It does not involve provision of extensive additional details, nor does it entail reporting on indicators, milestones, targets, or results beyond those included in the UNFPA proposal.

88. The head of office has the authority to accept reporting requirements that differ from those listed above, particularly if they have been previously accepted by UNFPA for other agreements and/or are commonly demanded by major donors (e.g. European Union or United States government). The head of office is responsible for ensuring that their office has the requisite capacity and the skills to meet these reporting needs, and the additional efforts will be fully covered with the donor's funding.

89. Once the narrative reporting expectations are clarified and agreed upon, the resource mobilization focal point²⁷ specifies the reporting frequency, submission due dates and reporting period in the earmarked contribution agreement.

Certified financial reports

90. Certified financial reports are prepared by the Finance Branch and certified by its designated official, with the reporting period, currency, frequency and submission due dates set as follows:

³³ Unit responsible for managing donor resources and achieving programme results committed to a donor.

- a. Reporting period is a calendar year;
 - b. Reporting currency is the United States dollars;
 - c. Certified annual financial reports are due by 30 June of the following year;
 - d. Certified final financial reports are due by 30 June of the year following the year when earmarked contribution agreement has ended.
91. Exceptions for certain donors and funding modalities such as CERF / United Nations Office for the Coordination of Humanitarian Affairs (OCHA), the European Union, joint programmes and the United States government, have been negotiated and accepted by UNFPA as further detailed in the dedicated document maintained on the [Resource Mobilization Portal](#). All other departures from the standard reporting period, currency, frequency and submission due dates are deemed as equivalent to the standard template deviations and must be approved by Chief, Finance Branch, following the procedures outlined in paragraphs 106-112 of this document.

Start and effective dates, and duration

92. In this section, the resource mobilization focal point²⁷ specifies the earmarked contribution agreement start and effective dates, which are commonly the same, but could be different if so preferred by the donor. Start date is set equal to the date when implementation of programme activities is due to commence. Effective date is normally the date when the last signatory signs the agreement. When the start date is not explicitly stated in the agreement, it is assumed to be equal to the effective date.
93. The resource mobilization focal point²⁷ also specifies either the agreement term (duration) or an end date, commonly known in UNFPA as an agreement expiration date. UNFPA is expected to complete all activities agreed upon with the donor by the agreement end date. Therefore, the resource mobilization focal point, ²⁷ in consultation with the future programme manager, must ensure that the end date is realistic based on the scope, complexity, risks and uncertainties related to activities agreed with the donor. The possibility of various delays, such as in identifying and contracting Implementing Partners, procuring goods and services and/or recruiting personnel, should also be factored in. If the agreement envisages a stand-alone evaluation, it must be completed (i.e. evaluation report delivered) prior to the agreement end date.³⁴ Additionally, the agreement end date should preferably not coincide with the calendar year-end, to avoid challenges arising from increased volume of activities and extended holiday season during that period.
94. For UNFPA-managed pooled funds – i.e. global thematic funds, joint programmes with UNFPA as Administrative or Managing Agent and internally pooled funds – agreement end dates are set equal to the relevant funds’ end dates, as established in their design documents – such as latest terms of reference for the global thematic funds and joint programme documents for joint programmes. On some occasions, exceptions can be authorized by Chief, PFFB (public sector donors) / Chief, PSCSB (private sector donors), based on donor

³⁴ For contributions from the European Union, evaluations can be carried out after the designated earmarked contribution agreement’s end date provided that the final evaluation report is available within six months (for development funding) or three months (for humanitarian funding) of the end date.

requirements, following due reviews of all facts and circumstances such as donor expectations on reporting and management of unspent balances.

Unspent balances

95. The terms relating to the treatment of unspent balances were negotiated at the headquarter level with different donors and are normally listed in the standard templates. If the relevant clause is absent and needs to be inserted, the resource mobilization focal point²⁷ clarifies with the donor its preferences in this regard, advocating for UNFPA retaining the balance either for UNFPA's regular resources or reprogramming to other programme activities. Other acceptable terms listed in their order of preference by UNFPA include: decision on the use of unspent balance is deferred until the submission of certified final financial report and is made following the consultations between the donor and UNFPA; refund of unspent balance if over certain threshold (typically USD5,000); and refund of unspent balance regardless of the amount.

Interest revenue

96. At donor request, the resource mobilization focal point may insert a special clause in the earmarked contribution agreement on the use of interest revenue generated by the contributed funds. Consistent with UNFPA financial regulations and rules,³⁵ this clause must specify that interest revenue shall be retained by UNFPA and form part of regular resources, unless contribution is made to a global thematic fund, in which case the interest can be retained and used for the purposes of this fund.³⁶
97. Exceptions for certain donors such as European Union, the United States and Spain have been negotiated at headquarters level and are reflected in the standard earmarked contribution agreement templates relating to these donors. All other exceptions are considered as equivalent to standard template deviations and must be authorized by the Executive Director, further delegated to the DED-Management, following the procedures outlined in paragraphs 106-112 of this document.

United Nations coordination levy

98. As mandated by the General Assembly [resolution 72/279](#) (paragraph 10) and summarized in Table 2 below, tightly earmarked resources designated for development activities are subject to one per cent levy to support the costs of reinvigorated United Nations development system. UNSDG's [Coordination Levy Operational Guidance](#) further clarifies that donors may select either "agency-administered" or the "donor-administered" option for the collection and management of the levy. Individual United Nations entities, including UNFPA, are responsible for collecting, reporting and transferring to the United Nations Development Coordination Office the levy collected from donors selecting the "agency-administered option".
99. The resource mobilization focal point²⁷ checks the levy applicability using the

³⁵ UNFPA [Financial Regulations and Rules](#), regulation 4.12

³⁶ The procedure for seeking approval of alternative use of interest revenue, to be included in the earmarked contribution agreement, is further detailed in paragraph 114 of this document.

UNSDG-developed [checklist](#), and donor preferences as regards to the levy-administration option.³⁷ For all qualifying contributions, the resource mobilization focal point²⁷ notifies the donor of the levy, further clarifying that it is: (a) not a revenue to UNFPA; (b) not part of UNFPA cost recovery; and (c) additional to the costs of UNFPA activities covered by the agreement.

100. The resource mobilization focal point²⁷ inserts standard “[levy clause](#)” in the earmarked contribution agreement, if relevant and the clause is not yet present.³⁸

Earmarked contribution agreement annexes

101. Earmarked contribution agreement can have one or more annexes of various programme document/s, such as a funding proposal, a joint programme document, donor application form/s, country programme document, global thematic fund’s terms of reference, etc. The resource mobilization focal point²⁷ reviews these programme documents for consistency with the terms and conditions of the earmarked contribution agreement. If there are any inconsistencies, the resource mobilization focal point works with the proposal preparer and the donor to reconcile the differences.

Non-standard earmarked contribution agreements

102. Sometimes, a donor may insist on using a contribution agreement template that was not previously adopted or accepted by UNFPA (i.e. template that is not listed in the dedicated [document](#), published on the [Resource Mobilization Portal](#)). These agreements are referred to as ‘non-standard earmarked contribution agreements’ or ‘non-standard agreements’. Each clause in such agreements is considered an individual standard template deviation and is treated as prescribed in the relevant sections of this policy. For example, clause/s relating to contribution amount, currency and /or bank account must be treated following the guidance provided in paragraphs 78-81 above.

Exchange of letters

103. Some donors formalize their contributions to UNFPA through exchange of letters. Combination of these letters and underlying framework agreement³⁹ between UNFPA and the donor, if any, are considered an earmarked contribution agreement for the purposes of this policy and are subject to the same requirements as described therein.

104. In case a letter(s) from the donor is silent on one or more issues typically present in a standard earmarked contribution agreement template, including those described in paragraph 76 above (e.g. reporting requirements, indirect cost recovery rate, levy applicability, etc.)⁴⁰

³⁷ Available on [Resource Mobilization Portal](#) / in the folders dedicated to individual donors. As of the effective date of this Policy, only two donors – European Union and Sweden – chose the “donor-administered” option.

³⁸ [French](#), [Russian](#) and [Spanish](#) versions of the “levy clause” are also available.

³⁹ ‘Umbrella’ or overarching agreements negotiated between DER and many top public and private sector donors establishing the main principles and many essential elements of future partnerships between the parties. After a framework agreement is signed, subsequent contributions from the respective donor to UNFPA are normally formalized through an exchange of letters or separate (often simplified) earmarked contribution agreements that incorporate the terms and conditions of the framework agreement by reference.

⁴⁰ Assumes that a framework agreement between the donor and UNFPA addressing the same does not exist.

UNFPA's response to the donor accepting the contribution must specify that the funds will be administered in accordance with UNFPA rules, regulations, policies and procedures. In case a letter includes any terms that are inconsistent with or additional to those described in paragraphs 78-100 above, those are considered as standard template deviations and treated as prescribed in the relevant sections of this policy.

Language of earmarked contribution agreement

105. Considering extensive reviews associated with the use of non-standard earmarked contribution agreements, as per the requirements of this policy, necessitating inputs of multiple personnel from different headquarter units, all non-standard earmarked contribution agreements must either be prepared in English (preferred) or both in English and another language, with indication that English version prevails in case of any discrepancies. Exceptions to this requirement can only be approved by the Director, DER.

Table 2: Summary of responsibilities relating to preparation, review and signature of earmarked contribution agreements and applicable templates, indirect costs and levy requirements, by funding instrument and donor

<i>Funding instrument</i>	<i>Donor</i>	<i>Standard earmarked contribution agreement template</i>	<i>Prepared by</i>	<i>Special review by</i> ⁴¹	<i>Signatory authority</i> ^{42,43}	<i>Indirect costs</i>	<i>Levy (UNFPA-administered)</i>
Global thematic funds	All	Thematic fund contribution agreement	PFFB / PSCSB	N/A	Chief, PFFB (public sector donors) / Chief, PSCSB (private sector donors)	7%	Not applicable
MPTF	All, as long as European Union is not one of the donors ⁴⁴	<i>MPTFs following UNSDG guidelines</i> Memorandum of Understanding (MOU) between the Administrative Agent and PUNOs <i>MPTFs not following UNSDG guidelines (e.g. CERF, Peacebuilding Fund)</i>	Administrative Agent of MPTF	PFFB	Head of office negotiating the agreement ^{45,46}	7%	Not applicable

⁴¹ These reviews and clearances are mandatory even if standard earmarked contribution agreement templates are used. Additional reviews and clearances are required for non-standard earmarked contribution agreements or standard template deviations, as described in this policy.

⁴² Executive Director or DED-s sign earmarked contribution agreements that in the opinion of DER require their countersignature as a matter of protocol, or due to agreements' high political visibility.

⁴³ If signatory authority is delegated to the head of office negotiating the agreement and more than one business unit is engaged in agreement negotiations and/or will be managing part of donated resources, then earmarked contribution agreement is signed by the Regional Director (if all concerned business units are within the same region), or Chief, PFFB / Chief, PSCSB (if concerned business units are from different regions and/or at least one headquarter unit is involved).

⁴⁴ On some occasions, European Union becomes a donor to MPTF / joint programme after UNFPA becomes a PUNO in the same. In those cases, the resource mobilization focal point must inform EURO as soon as they become aware of European Union joining the MPTF / joint programme and prior to signing any additional agreements with either the Administrative Agent (e.g. MOU Addendum for European Union Contributions to MPTFs and Joint Programmes) or European Union (e.g. European Union (Multi-Partner) Contribution Agreement).

⁴⁵ Chief, PFFB (public sector donors) or Chief, PSCSB (private sector donors) is considered as 'head of office negotiating the agreement' for the purposes of contributions to headquarter divisions and branches, including global thematic funds.

⁴⁶ Letters of approval from CERF secretariat are always sent to DER, regardless of UNFPA office that negotiated the agreement. Out of considerations of practicality, these letters are always counter signed by Chief, PFFB.

UNFPA

<i>Funding instrument</i>	<i>Donor</i>	<i>Standard earmarked contribution agreement template</i>	<i>Prepared by</i>	<i>Special review by</i> ⁴¹	<i>Signatory authority</i> ^{42,43}	<i>Indirect costs</i>	<i>Levy (UNFPA-administered)</i>
		Template/s adopted by the relevant MPTF - e.g. CERF Letter of Approval					
MPTF	European Union is one of the donors	<ul style="list-style-type: none"> - MOU between the Administrative Agent and PUNOs; and - MOU addendum for European Union contributions to MPTFs and joint programmes; and - European Union Humanitarian Aid Contribution Agreement (for humanitarian funding); or - European Union Multi-Partner Contribution Agreement (for development funding) 	Administrative Agent of MPTF and donor	PFFB and EURO	<ul style="list-style-type: none"> - MOU and MOU Addendum: Head of office negotiating the agreement; and - European Union Humanitarian Aid Contribution Agreement or European Union Multi-Partner Contribution Agreement: Chief, EURO⁴⁷ 	7%	Not applicable
Standalone joint programme - pass-through fund management (UNFPA is the Administrative	All, as long as European Union is not one of the donors	<ul style="list-style-type: none"> - MOU between the Administrative Agent, PUNOs, and the Convening Agent; and - Standard Administrative Arrangement between a donor and UNFPA (as the Administrative Agent) 	PFFB	N/A	Chief, PFFB	7%	Not applicable

⁴⁷ Administrative Agent, including UNDP’s Multi-Partner Trust Fund Office (MPTFO) do not have the authority to sign earmarked contribution agreements, including with European Union, on behalf of UNFPA.

UNFPA

<i>Funding instrument</i>	<i>Donor</i>	<i>Standard earmarked contribution agreement template</i>	<i>Prepared by</i>	<i>Special review by</i> ⁴¹	<i>Signatory authority</i> ^{42,43}	<i>Indirect costs</i>	<i>Levy (UNFPA-administered)</i>
Agent and a PUNO)	European Union is one of the donors	<ul style="list-style-type: none"> - All: MOU between the Administrative Agent, PUNOs, and the Convening Agent; and - MOU addendum for European Union contributions to MPTFs and joint programmes; and - European Union Humanitarian Aid Contribution Agreement (for humanitarian funding); or - European Union Multi-Partner Contribution Agreement (for development funding) 	Donor and resource mobilization focal point	EURO	<ul style="list-style-type: none"> - MOU and MOU Addendum: Head of office negotiating the agreement; and - European Union Humanitarian Aid Contribution Agreement or European Union Multi-Partner Contribution Agreement: Chief, EURO 	7%	Not applicable
Standalone joint programme - pass-through fund management (UNFPA is a PUNO)	All, as long as European Union is not one of the donors ⁴⁴	MOU between the Administrative Agent, PUNOs, and the Convening Agent	Administrative Agent of the joint programme	PFFB	Head of office negotiating the agreement	7%	Not applicable
	European Union is one of the donors	<ul style="list-style-type: none"> - MOU between Administrative Agent, PUNOs, and Convening Agent; and - MOU addendum for European Union contributions to MPTFs and joint programmes; and 	Administrative Agent of the joint programme and donor	PFFB and EURO	<ul style="list-style-type: none"> - MOU and MOU Addendum: Head of office negotiating the agreement; and - European Union Humanitarian Aid Contribution Agreement or 	7%	Not applicable

UNFPA

<i>Funding instrument</i>	<i>Donor</i>	<i>Standard earmarked contribution agreement template</i>	<i>Prepared by</i>	<i>Special review by</i> ⁴¹	<i>Signatory authority</i> ^{42,43}	<i>Indirect costs</i>	<i>Levy (UNFPA-administered)</i>
		- European Union Humanitarian Aid Contribution Agreement (for humanitarian funding); or - European Union Multi-Partner Contribution Agreement (for development funding)			European Union Multi-Partner Contribution Agreement: Chief, EURO ⁴⁷		
Standalone joint programme - consolidated fund management (UNFPA is the Managing Agent)	United Nations entities	MOU between the Managing Agent and PUNOs	Resource mobilization focal point	PFFB	Head of office negotiating the agreement	8%	Not applicable
	All, other than United Nations entities	Same as "Other earmarked resources instruments"					
Other United Nations interagency transfers	All, apart from funding with European Union origin	All, except global vertical funds-related ⁴⁸ and legacy arrangements: United Nations to United Nations transfer agreement Global vertical funds-related: donor-specific templates Legacy arrangements: templates previously agreed upon between the	Donor or resource mobilization focal point	PFFB ⁴⁹	Head of office negotiating the agreement	8% ⁵⁰	Not applicable

⁴⁸ E.g. when UNFPA is selected as a sub-recipient for GFATM project.

⁴⁹ Agreements must be submitted for review via AODocs [United Nations to United Nations Agreements Library](#).

⁵⁰ In case a donor with lower indirect cost recovery rate per UNFPA cost recovery policy (e.g. programme country government or European Union) contributes to another United Nations entity, and then part of this funding is channeled to UNFPA, the indirect costs can be set at the rate approved by UNFPA for this donor, rather than for the United Nations entity channeling the funds, if so requested.

UNFPA

<i>Funding instrument</i>	<i>Donor</i>	<i>Standard earmarked contribution agreement template</i>	<i>Prepared by</i>	<i>Special review by</i> ⁴¹	<i>Signatory authority</i> ^{42,43}	<i>Indirect costs</i>	<i>Levy (UNFPA-administered)</i>
		parties (e.g. Letter of Agreement with UNAIDS for the United Budget, Results and Accountability Framework (UBRAF))					
Other United Nations interagency transfers	Originated from European Union	<ul style="list-style-type: none"> - United Nations to United Nations transfer agreement; and - European Union Humanitarian Aid Contribution Agreement (for humanitarian funding); or - European Union Multi-Partner Contribution Agreement (for development funding) 	Donor	<ul style="list-style-type: none"> - PFFB;⁴⁹ and - EURO 	<ul style="list-style-type: none"> - United Nations to United Nations transfer agreement: Head of office negotiating the agreement; and - European Union Humanitarian Aid Contribution Agreement or European Union Multi-Partner Contribution Agreement: Chief, EURO 	8% ⁵⁰	Not applicable
Other earmarked resources instruments (internally pooled funds and single-donor)	Donor countries with donor-specific standard earmarked contribution agreement templates	<ul style="list-style-type: none"> - Donor-specific contribution agreement templates including exchange of letters; or - Small contribution agreement (recommended for all contributions of USD100,000 or less) 	Donor or resource mobilization focal point	N/A	Head of office negotiating the agreement	8%	Applicable, unless: <ul style="list-style-type: none"> - funding is for humanitarian activities - internally pooled funds

UNFPA

<i>Funding instrument</i>	<i>Donor</i>	<i>Standard earmarked contribution agreement template</i>	<i>Prepared by</i>	<i>Special review by</i> ⁴¹	<i>Signatory authority</i> ^{42,43}	<i>Indirect costs</i>	<i>Levy (UNFPA-administered)</i>
tightly earmarked funds)	Donor countries without donor-specific standard earmarked contribution agreement templates	<ul style="list-style-type: none"> - Standard earmarked contribution agreement with governments (donor and programme countries); or - Small contribution agreement (recommended for all contributions of USD100,000 or less) 					<ul style="list-style-type: none"> - total funding is below USD100,000 - donor chose "donor-administered" option for the levy collection
	European Union	<ul style="list-style-type: none"> - Humanitarian funding: European Union Humanitarian Aid Contribution Agreement; or - Development funding: European Union Contribution Agreement 	Donor	EURO	Chief, EURO	7%	
	USA	<ul style="list-style-type: none"> - PRM: Federal assistance award - USAID’s BHA: BHA earmarked contribution agreement package comprising standard letter, schedule and other attachments - Other State Department and USAID agreements (mainly development funding-related): Standard earmarked contribution agreement with governments (donor and programme countries) 	Donor or resource mobilization focal point	PFFB	PRM and BHA: Chief, PFFB All else: head of office negotiating the agreement	8%	

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<i>Funding instrument</i>	<i>Donor</i>	<i>Standard earmarked contribution agreement template</i>	<i>Prepared by</i>	<i>Special review by</i> ⁴¹	<i>Signatory authority</i> ^{42,43}	<i>Indirect costs</i>	<i>Levy (UNFPA-administered)</i>
	Programme country governments (non-IFIs related)	- Standard earmarked contribution agreement with governments (donor and programme countries); or - Small contribution agreement (recommended for all contributions of USD100,000 or less)	Resource mobilization focal point	N/A	Head of office negotiating the agreement	5%	Not applicable
	IFIs and global vertical funds	IFIs and global vertical funds-specific template agreements	PFFB	SCMU and Finance Branch	Chief, PFFB	8%	Not applicable
	Programme country governments (IFIs and global vertical funds-related)	IFIs and global vertical funds-specific template agreements	PFFB	SCMU and Finance Branch	Chief, PFFB	5%	Not applicable
	Private sector ⁵¹	- Standard earmarked contribution agreement with the private sector; or - Small contribution agreement (recommended for all contributions of USD100,000 or less)	Resource mobilization focal point	N/A	Head of office negotiating the agreement	8%	Applicable, unless: - funding is for humanitarian activities - internally pooled funds - total funding is below USD100,000

⁵¹ All private sector entities (e.g. academia, non-governmental organizations, faith-based organizations, philanthropies, foundations, etc.) must be subjected to due diligence, as described in the dedicated [guidance note](#), and approved by PSCSB, prior to commencement of any formal earmarked contribution agreement negotiations.

UNFPA

Policies and Procedures Manual

Policy and Procedures for Earmarked Resources

Resource Mobilization

<i>Funding instrument</i>	<i>Donor</i>	<i>Standard earmarked contribution agreement template</i>	<i>Prepared by</i>	<i>Special review by⁴¹</i>	<i>Signatory authority^{42,43}</i>	<i>Indirect costs</i>	<i>Levy (UNFPA-administered)</i>
							- donor chose "donor-administered" option for the levy collection

Review of earmarked contribution agreements

106. Earmarked contribution agreements **without** special review requirements (as summarized in Table 2 above) can be signed by designated agreement signatories, as long as [standard templates](#) are used without any deviations. In all other cases, the resource mobilization focal point²⁷ initiates the review process by responsible headquarter unit/s via dedicated focal point (further, agreement clearance focal point), as summarized in Table 3 below.

Table 3: Agreement clearance focal points

Unit negotiating the agreement	Donor / funding modality	Agreement clearance focal point
All units	- European Union* - European Union-funded joint programmes with UNFPA as Administrative Agent*	EURO
All units	USA*	PFFB
All units	IFIs and vertical funds*	PFFB
All units	All donors apart from European Union / joint programmes with UNFPA as Administrative Agent*	PFFB
All units	United Nations organizations (including MPTFs, joint programmes where UNFPA is not the Administrative Agent and other United Nations interagency transfers)*	PFFB
Country offices	All, other than those listed above	RRMPA
Headquarter units and regional offices	All, other than those listed above	PFFB (public sector donors) /PSCSB (private sector donors)

* *Agreements with these donors / using this funding modality are either prepared or reviewed by agreement clearance focal points regardless of the template used.*

107. The agreement clearance focal point may authorize use of contractual clauses from the [compendium of clauses for United Nations donor agreements](#) as endorsed by UNSDG's Fiduciary Management Oversight Group without seeking any additional clearances. In all other cases, due review by relevant business units must be carried out, as summarized below.

Table 4: Summary reviews of standard template deviations

Contractual clauses (related to)	Reviewed by	Consulted with
Contribution amount, currency and bank account details	Finance Branch	N/A
Payment schedule	PFFB (public sector donors) / PSCSB (private sector donors)	Finance Branch, in line with the requirements of UNFPA Risk Management Guidelines for Earmarked Resources

Contractual clauses (related to)	Reviewed by	Consulted with
		Agreements , as appropriate
Indirect cost recovery rate	Exceptions to approved indirect cost recovery rates: DED – Management	PFFB (public sector donors) / PSCSB (private sector donors)
	All other issues indirect cost recovery-related: PFFB (public sector donors) / PSCSB (private sector donors)	N/A
Certified financial reports	Finance Branch	N/A
Unspent balances and donor refunds	Finance Branch	N/A
Interest revenue	Use of interest revenue other than as a credit to regular resources: DED - Management	- Finance Branch; and - PFFB (public sector donors) / PSCSB (private sector donors)
	All other issues interest revenue-related: Finance Branch	N/A
Foreign exchange rates and associated gains / losses	Finance Branch	N/A
United Nations coordination levy	PFFB (public sector donors) / PSCSB (private sector donors)	N/A
Evaluation	Evaluation Office (for agreements from headquarter units) / Regional Monitoring and Evaluation Advisors (for agreements from field offices)	N/A
Audit	- Office of Audit and Investigation Services (OAIS); and - Finance Branch; and - Quality Management Unit (only for issues relating to audits of UNFPA Implementing Partners)	N/A
European Union verification missions	EURO	N/A
All issues relating to donor participation in management or monitoring of donor-funded activities (e.g. donor monitoring missions, donor approvals of work plans, etc.)	- PFFB (public sector donors, apart from European Union); or - EURO (European Union-related); or - PSCSB (private sector donors); and	Consultation with other units may be required based on substance – e.g. with Finance Branch if relating to donor monitoring mechanisms that are similar to audits, etc.

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Contractual clauses (related to)	Reviewed by	Consulted with
	- Quality Management Unit (only for issues relating to assurance of UNFPA Implementing Partners)	
Risk management	Coordinator, Enterprise Risk Management and Oversight Compliance	N/A
Donor communications and visibility	Media and Communications Branch	N/A
Fraudulent and other proscribed practices	Investigation Services Branch	N/A
Sexual exploitation, sexual abuse and sexual harassment	- Coordinator for Protection from Sexual Exploitation and Abuse and Sexual Harassment; and - Investigation Services Branch	N/A
Conflict of interests	Ethics Advisor	N/A
Financing of terrorism	Legal Office	Consultation with other units may be required based on substance – e.g. with Finance Branch if related to verification and reporting of suppliers
Transparency (including International Aid Transparency Initiative (IATI)-related)	IATI Coordinator	N/A
Agreement modification and termination; settlement of disputes; references to United Nations immunities and privileges; intellectual property rights; confidentiality; liability for third party claims	Legal Office	N/A
All financial management-related issues (e.g. ownership of assets, eligibility of costs and expenses, unit of accounts and accounting basis, references to financial regulations and rules, internal controls, any clauses expectant to require additional operational or financial capacity from UNFPA, etc.) other than those listed separately in this table	Finance Branch	N/A
All issues relating to recruitment, retention and management of personnel	Division of Human Resources	N/A
All issues relating to verification of suppliers (e.g. for sanctions, anti-terrorism lists, etc.)	Finance Branch	N/A
All issues relating to supply chain management (e.g. procurement of goods / services, logistics, commodity quality assurance, demand forecasting / need quantification, etc.)	Supply Chain Management Unit	N/A

Contractual clauses (related to)	Reviewed by	Consulted with
All clauses relating to selection, management and assurance of Implementing Partners, including those relating to harmonized approach to cash transfers	Operational Support and Quality Assurance Branch; and Quality Management Unit	N/A
Data protection and privacy	Legal Office	ITSO
All other clauses	Legal Office	To be determined based on substance of the relevant clause/s

108. The agreement clearance focal point coordinates the earmarked contribution agreement reviews by contacting and following up with all relevant headquarter unit/s, as listed in Table 4. These units normally perform their reviews and revert with recommendations to accept, reject, seek additional clarifications, and/or provide alternative suggestions to the deviation/s requested by the donor within five business days following receipt of the review request, unless different turnaround time is mutually agreed upon with the agreement clearance focal point.
109. In case the initial substantive response is not provided within this time frame, the agreement clearance focal point may resort to doing their own review of the relevant deviation/s and providing their recommendations on behalf of the business unit with the missing response. The agreement clearance focal point makes this decision taking into account such considerations as nature of the funding (humanitarian vs. development), urgency, political sensitivities, reputational risk to UNFPA, prior history with similar contractual clauses, contribution amount and potential impact on other funding opportunities. The agreement clearance focal point documents rationale for decision to proceed without the feedback of designated business unit(s), if one is made, in a note to file.
110. The agreement clearance focal point consolidates all feedback, and then the resource mobilization focal point negotiates with the donor to find a mutually acceptable solution. Depending on the correspondent donor's location (country/regional office- vs. headquarter-based), the agreement clearance focal point may take over the negotiation process based on considerations of efficiency.
111. Reaching an agreement may involve multiple discussion rounds between the donor, agreement focal point, resource mobilization focal point and the responsible headquarter unit/s. If following a reasonable amount of effort, a compromise is not found, agreement focal point escalates the case to the Chief, PFFB (public sector donors) / Chief, PSCSB (private sector donors), for decision-making. Chief, PFFB / Chief, PSCSB reviews the facts and circumstances and either escalates further, if so required by the corporate [Enterprise Risk Management Policy and Procedures](#), or makes a decision to either accept the deviation/s or refuse the contribution.
112. The agreement clearance focal point documents the review results by all parties ensuring the availability of appropriate evidence for the audit trail purposes. They transmit the fully cleared agreement back to the resource mobilization focal point for subsequent signing with the donor.

Exceptions to indirect cost recovery rates and use of interest revenue

113. The flexibility afforded by paragraph 109 does not apply to requests for exceptions to indirect cost recovery rates and the use of interest revenue for purposes other than a credit to regular resources. This is because the relevant requirements originate from decisions of the UNFPA Executive Board or financial regulations and rules. Exceptions can only be authorized by the Executive Director, who has further delegated this authority to DED-Management.
114. If an exception to indirect cost recovery rate or use of interest revenue is sought, the resource mobilization focal point prepares, and head of office approves a memo detailing the full facts, circumstances, and rationale for the exception. The memo is submitted to the agreement clearance focal point for initial review and feedback. The agreement clearance focal point can reject the submission if they believe the exception is clearly unjustifiable. Otherwise, they forwards the memo, with their clearance, to the Chief, PFFB (public sector donors) or Chief, PSCSB (private sector donors). PFFB / PSCSB either reject the submission or submit it to DED-Management with a recommendation to: (a) approve, as a one-time exception; (b) approve, as a blanket exception to apply to all future earmarked contribution agreements with the same donor; (c) reject. DED-Management makes the ultimate decision, which is then communicated to all concerned, as appropriate.

Signature of earmarked contribution agreements

115. The authority to sign earmarked contribution agreements rests with the Executive Director, who has further delegated it to the DED-Programme, DED-Management, Director, DER, Chief, PFFB (for public sector donors) and Chief, PSCSB (for private sector donors). In addition, other personnel have the authority to sign earmarked contribution agreements in cases specified in Table 2 above (see column “Signatory Authority”).
116. The individuals with the signatory authority can only delegate it in conjunction with other work functions, typically at the time of signatory’s absence, to personnel members designated to serve as officers-in-charge. The delegation must be in writing⁵² and include start and end dates.
117. Resident/Humanitarian Coordinators and UNDP Representatives do not have the authority to sign earmarked contribution agreements on UNFPA’s behalf.
118. Earmarked contribution agreements can either be signed via a reputable electronic signature solution, such as DocuSign (this option is preferred by UNFPA), or with pen and ink (if so required by the donor). Two originals must be prepared for documents signed with pen and ink (one for the donor and one for UNFPA), and one version is sufficient in case if electronic signature solution is used by all signatories.
119. A designated agreement signatory signs the duly cleared earmarked contribution agreement, and then the resource mobilization focal point submits the same to the donor for signature. The donor may sign ahead of UNFPA if this is preferable based on considerations of protocol or efficiency. In such cases, the resource mobilization focal point thoroughly

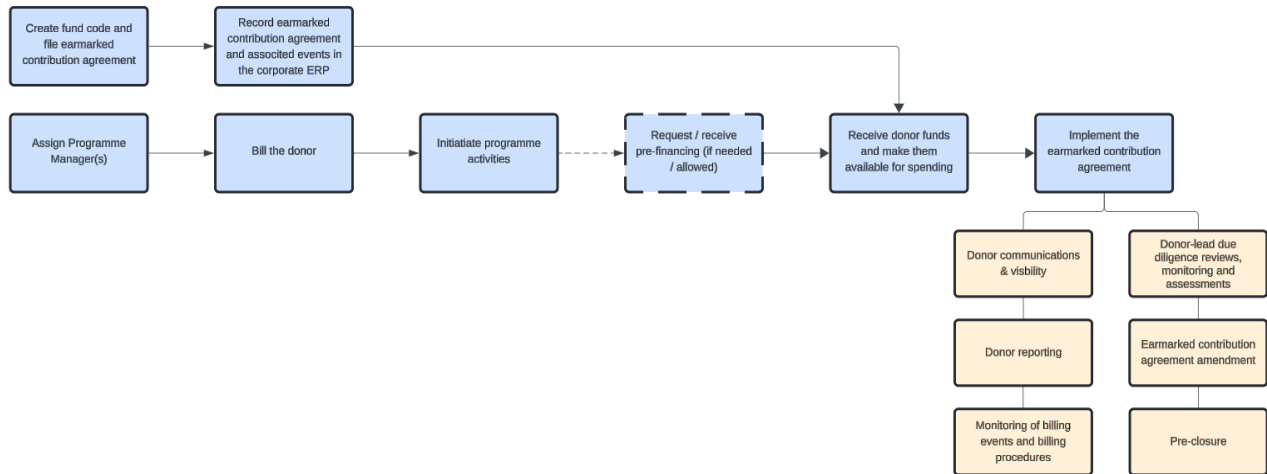
⁵² A delegation of authority can consist of a signed letter / memorandum or an email.

reviews the agreement signed by the donor to ensure that the signed version is the one that UNFPA previously approved for signature.

120. Agreement signatories at UNFPA are responsible for verifying that requirements of this policy as regards to due proposal reviews (described in paragraphs 61-64) and use of the appropriate and duly cleared earmarked contribution agreement templates (paragraphs 76-112) have been complied with prior to affixing their signatures. In the case if the agreement signatory is not the same as the head of office that developed the proposal, the former may choose to rely on the latter's certification that requirements of paragraphs 61-64 of this policy have been duly met.
121. After the earmarked contribution agreement is signed, the resource mobilization focal point updates the [CRM](#) system accordingly, including by populating the 'close date' field.

Post-facto review of earmarked contribution agreements

122. The earmarked contribution agreement signed by the UNFPA personnel member without the due authority and/or without due clearances must be submitted by the head of office that negotiated the agreement to the agreement clearance focal point listed in Table 3 above for post facto review. In case the agreement clearance focal point sits in the same unit that negotiated the agreement, the submission is made to the Director, DER. The submission must be accompanied by a full explanation of circumstances leading to a non-authorized signature of the earmarked contribution agreement, and description of measures to be put in place to avoid such incidents in the future.
123. The agreement clearance focal point reviews and considers all facts, circumstances, and impacts of subsequent actions on UNFPA. Based on this review, they determine if any further actions are necessary and issue correspondent instructions to the unit that negotiated the agreement, which may include:
- For agreements signed by personnel member without the due authority - post-facto re-signing of the agreement by due authority or arranging a one-time delegation of authority to the person that signed the agreement;
 - For agreements signed without due clearances (as required by paragraphs 106-112 above) – post-facto reviews by relevant business unit/s (as specified in Table 4), agreement re-negotiation with the donor and/or agreement termination.
124. In case if re-negotiation with the donor is required, it is carried out by the unit that negotiated the original agreement with the regular status updates provided to the agreement clearance focal point until the amendment to the original agreement is signed. Agreement clearance focal point may escalate the issue to the relevant Regional Director (for agreements negotiated by country offices) or Director, DER (for agreements negotiated by regional offices and headquarter units) if in their opinion insufficient progress and/or effort is made to re-negotiate the agreement.

D. Earmarked contribution agreement implementation*Creation of fund codes and filing of earmarked contribution agreements*

125. The resource mobilization focal point sends a copy of the signed earmarked contribution agreement to the designated contribution revenue focal point in DER.⁵³ The original agreement (if signed with ink and pen) is kept with the unit that signed it, and is filed in accordance with the [Guidance note on filing system / records management](#) and [UNFPA document retention schedules](#).
126. The contribution revenue focal point in DER reviews the agreement for presence of all essential elements and requisite metadata tracked by UNFPA for reporting, trend monitoring and resource management purposes, such as total amount, currency, donor name, funding type, start and end dates, type of assistance, pooled funding type, indirect cost recovery rate, unspent balance treatment and others. In case the contribution revenue focal point finds evidence of the earmarked contribution agreement having been signed without obtaining due clearances, as per the requirements of this policy, they escalate the agreement for post-facto review described in paragraphs 122-124 above.
127. Following clarification of all essential information, the contribution revenue focal point initiates the creation of a unique fund code⁵⁴ in the system designated for this purpose, applying the logic summarized in Table 5 below, to enable, inter alia, implementation of rule 105.2 from Financial Regulations and Rules.⁵⁵ Each fund code follows a dedicated naming convention to enable subsequent reporting, monitoring and resource management activities.

⁵³ Updated list of contribution revenue focal points in PFFB is maintained on the Resource Mobilization Portal / [Organogram](#). All earmarked contribution agreements signed with the European Union are initially submitted to the EURO. Following their due diligence review, the EURO forwards the agreements to the designated contribution revenue focal point in PFFB.

⁵⁴ An element of UNFPA chart of accounts structure, enabling application of fund accounting

⁵⁵ “The Executive Director shall, in the annual financial statements, report for each Trust Fund the balance on hand at the beginning of the year, the total of contributions and other revenue, and total expenses incurred during the year, as well as the balance remaining at the end of the year.”

128. Each fund code is assigned a start and an end ('expiration') date reflecting the dates by which implementation of all programme activities are due to commence and be completed.

Table 5: Summary logic for fund code creation and assignment of start and expiration dates

Funding instruments	Fund code creation	Start and expiration date
Global thematic funds	One fund code per global thematic fund ⁵⁶	Start and end dates of a global thematic fund per its Terms of Reference
MPTF	One fund code per MPTF award and/or UNFPA business unit ⁵⁷	Start and end dates in the earmarked contribution agreement/s ⁵⁸
Stand-alone joint programmes with UNFPA as Administrative Agent	One fund code per joint programme document	Start and end date in the joint programme document
Stand-alone joint programmes with UNFPA as a PUNO	One fund code per joint programme	Start and end date in the MOU with the Administrative Agent
Other United Nations interagency transfers	One fund code per agreement signed	Start and end date in the earmarked contribution agreement ⁵⁸
Internally pooled funds, other than the direct funding of CPDs	One fund code per pooled fund	Start and end date as per pooled fund's design document
Direct funding of CPD	One fund code per country programme cycle	Start and end date of the country programme cycle
Single donor tightly earmarked funds	One fund code per agreement signed ⁵⁹	Start and end date in the earmarked contribution agreement ⁵⁸

129. Exceptions to the logic set in Table 5 may be made by DER when this is expected to improve resource management, facilitate fulfillment of UNFPA's reporting obligations, reduce financial risks, or is otherwise deemed to be in the best interests of the organization.

⁵⁶ Upon the conclusion of one phase of a thematic fund and the commencement of a new one, the thematic fund manager may initiate closure of the current fund code and the creation of a new one. This is typically done when one or more donors to the thematic fund do not allow carryover of unused balances across phases or require issuance of final financial reports.

⁵⁷ The approach adopted to fund code creation for any single MPTF may vary depending on management arrangements, UNFPA reporting obligations, the start and the end dates for implementing the activities, and the number of separate awards issued to UNFPA by the MPTF's administrator. The contribution revenue focal point makes the decision on the approach to fund code creation for each case following a detailed review of all the relevant facts and circumstances.

⁵⁸ In case if start date is not clearly defined, then the date of last signature in the earmarked contribution agreement is deemed as the start date.

⁵⁹ On rare occasions, when single earmarked contribution agreement covers more than one, distinctly different, set of activities, as evident e.g. by different results frameworks and / or different implementation start / end dates and / or different reporting requirements, one fund code per each distinct set of activities is created. However, the mere fact that programme activities involve multiple business units is insufficient for creating separate fund codes for each unit. In the latter cases, only one fund code is created, while the funds get allocated to different business units based on their individual cost centers.

130. Once the fund code is created, the contribution revenue focal point uploads the copy of earmarked contribution agreement to [DARTS](#) or its successor solution, which serves as a central repository of all earmarked contribution agreements at UNFPA.

Recording of earmarked contribution agreements and associated events

131. After creating a fund code, the contribution revenue focal point records the earmarked contribution agreement, and associated revenue and billing plans and events in the corporate ERP solution, following the guidance from the [contract management user guide](#).

132. The contribution revenue focal point ensures that transactions are recorded in accordance with UNFPA's accounting policies in effect. This is achieved by analyzing the terms of signed earmarked contribution agreements and other pertinent information. In cases of doubt, the contribution revenue focal point seeks guidance from the Finance Branch, which has the final authority to determine and issue instructions on the recording of earmarked contribution agreements and associated events to achieve the accounting presentation consistent with the International Public Sector Accounting Standards (IPSAS).

133. The contribution revenue focal point records billing events in the corporate ERP solution specifying their due dates⁶⁰ as per the payment schedule in the earmarked contribution agreement. In case the due dates are not clearly listed therein, the contribution revenue focal point estimates them following consultations with the resource mobilization focal point and based on prior history with the relevant donor.

134. The contribution revenue focal point performs and acts on the results of regular reconciliations of information in [DARTS](#) (or its successor solution), contracts management and receivables modules in the corporate ERP solution, as well as other corporate systems and tools used for managing earmarked contribution agreements, and associated payment schedules, and revenue and billing plans and events, if any. All contribution revenue focal points in DER collaborate closely with the Finance Branch and ITSO to resolve any issues identified as part of this exercise. Chief, PFFB or the person they designates, signs off on reconciliation results to ensure their accuracy and completeness.

Assigning a programme manager

135. Following the signature of earmarked contribution agreement, the head of office accountable for achievement of programme results and managing donor resources assigns a programme manager. This individual assumes direct supervisory responsibility for programme activities covered by the agreement. Their duties include preparing and managing workplans and budgets, selecting and overseeing Implementing Partners, initiating procurement of goods and services, programme monitoring and reporting, and management of risks and stakeholder relationships. The programme manager can either be hired specifically for the purposes of managing an earmarked contribution agreement or portfolio of agreements, or relating responsibilities can be entrusted to an existing personnel member.

⁶⁰ Dates by which contribution installments are expected to be paid by a donor to UNFPA.

136. When an earmarked contribution agreement involves multiple business units, the heads of those units or their delegated officials must agree on and detail the programme management arrangements at the onset of programme activities. Head of each business unit assigns a programme manager to oversee the activities their unit is responsible for. Additionally, a designated person assumes a coordinator role between all units, consolidating outputs, conducting quality assurance, leading the relationship with the donor(s) and performing other related activities. The regional office typically performs this coordinator role if all concerned business units are in the same region. However, the regional office may choose to delegate it to another unit within the region.
137. In all other multi-business units arrangements, such as when more than one region or a headquarter office is involved, the best unit to perform the overall coordinator role and the specific responsibilities of all programme managers vis-a-vis one another are defined through mutual consultations. These consultations must be carried out immediately after the earmarked contribution agreement is signed or when the decision to involve another business unit is made, whichever occurs first, with the coordinator unit serving as a penholder.

Billing the donor

138. The programme manager⁶¹ drafts and head of office signs an invoice⁶² to a donor, requesting payment of the first installment, as per the terms of the earmarked contribution agreement. In certain cases, to promote efficiency or enhance donor relationship management, DER, in collaboration with other headquarter units like Finance Branch and HRD, may centralize the invoicing of specific donors or for certain funding modalities,⁶³ with proper notification to the relevant parties. To facilitate the identification of funds upon their receipt, the invoice must include a request to the donor to include certain essential information, such as a fund code, in the bank transfer description, at the time of release of funds to UNFPA.
139. Bank account details specified in the donor invoice must normally be the same as listed in the designated section of a signed earmarked contribution agreement. However, since bank account details may change occasionally, the programme manager consults the dedicated [document](#) maintained on the [Resource Mobilization Portal](#) for the most recent bank account details and uses them in the invoice, as needed.
140. The programme manager shares a finalized invoice with the donor, copying the same to the contribution revenue focal point in DER and the local UNDP field office (for contributions due to be received locally).

⁶¹ In case of earmarked contribution agreements with programme activities implemented by more than one business unit, responsibilities relating to billing the donor/s are fulfilled by coordinator role described in paragraphs 136-137.

⁶² A document requesting a donor to release a payment of contribution installment and providing details on how this payment should be made. Terms 'invoice', 'transfer request', 'donor payment request' or 'disbursement request' are used interchangeably within UNFPA and by the donors.

⁶³ E.g. earmarked contribution agreements with the United States government and joint programmes with UNFPA as Administrative Agent.

141. Some donors (including, but not limited to most United Nations entities) may not require or expect an invoice prior to releasing their payments to UNFPA. In those cases, instead of issuing an invoice, the programme manager reaches out to the donor by e-mail, copying the contribution revenue focal point in DER, requesting the donor to include essential information, such as a fund code, in the bank transfer description when releasing the funds to UNFPA.

Initiation of activities

142. As per regulation 5.4.(a) of the [UNFPA's Financial Regulations and Rules](#), UNFPA is normally not permitted to enter into financial commitments before collecting earmarked contributions from donors. However, the head of office may initiate activities leading up to the incurrence of financial commitments once the corresponding earmarked contribution agreement has been signed. Examples of activities that can be carried out prior to receipt of donor funds are:

- Negotiation of new [or amendments to existing] workplans with implementing partners to incorporate activities from earmarked contribution agreement. Signing a workplan prior to contribution collection is also permissible, subject to the head of office informing the partner, in writing, that implementation cannot begin until the donor funds are received.
- Initiation of procurement of goods and services (e.g. sourcing, solicitation of offers, review and evaluation of submissions, reviews by dedicated review committees, etc.). Orders with suppliers can only be placed upon receipt of donor funds.
- Post creation and classification (if applicable), and commencement of recruitment for staff and non-staff positions and consultancies (e.g. advertisement, admission of applications, long-/short-listing, interviewing, reference checks, etc.).⁶⁴ Offers of appointment can only be issued upon receipt of donor funds.

Pre-financing of activities

143. Regulation 5.4.(b) from [UNFPA's Financial Regulations and Rules](#) gives the Executive Director the authority to authorize spending of earmarked resources ahead of receipt of donor funds, on the basis of signed agreements. This is commonly referred to in UNFPA as 'pre-financing' of activities.

144. The head of office may request pre-financing of activities following policies and procedures established for this purpose, including in the [Risk Management Guidelines for Earmarked Resources Agreements](#) and [Policies and Procedures for Humanitarian Response Funding](#).

Receipt of donor funds and making them available for spending

145. Upon receipt of donor funds, the designated UNDP office⁶⁵ generates a 'standard receipt' in the corporate ERP solution. The DER contribution revenue focal points monitor all 'standard receipts' linked to [UNFPA contribution bank accounts](#) daily, aiming to match them

⁶⁴ Further details available in the [Guidance Note on Recruitment on Posts funded from Non-Core Resources](#).

⁶⁵ Global Shared Service Center for contributions paid to one of UNFPA contribution bank accounts and local UNDP field office for all contributions received locally.

with earmarked contribution agreements with outstanding installments. For contributions received at country or regional level, UNDP field offices notify UNFPA field offices, which in turn inform the DER contribution revenue focal points. Once a match is found, the contribution revenue focal point notifies Finance Branch accordingly, requesting application of funds.

146. Finance Branch makes the funds received from donors available for spending in the corporate ERP solution, setting their amount equal to funds received less the sum of future indirect costs, United Nations resident coordinator levy and pre-financing issued previously (if any). The following exceptions apply:
- Joint programme with UNFPA as an Administrative Agent – in those cases, funds are made available for spending following the resource allocation decisions of relevant steering committees or by applying the joint programme-specific arrangements outlined in its design documents;
 - Global thematic funds (apart from the Humanitarian Thematic Fund) and other funds with a distributive component – funds are made available for spending following the instructions from the Resource Management Committee;
 - Humanitarian Thematic Fund – funds are made available for spending following the process described in the Guidance note on HRD-Administered Humanitarian Funding for Country Offices / Regional Offices.

Agreement implementation

147. The programme manager supervises implementation of activities funded with earmarked resources ensuring compliance with: (a) terms and conditions of earmarked contribution agreement signed with the donor, including the associated framework agreement, if any; (b) [UNFPA Financial Regulation and Rules](#), and policies and procedures; and (c) concept note / proposal, as approved by the donor and on the basis of which the funding was awarded. While compliance with some of these requirements is enforced through system-based controls, this is not the case for all the requirements, especially if they are donor- or proposal- specific.⁶⁶ In the latter cases, the programme manager is responsible, and head of office is accountable, for putting in place the alternative mechanisms to ensure compliance with all donor requirements accepted by UNFPA.
148. Programme managers should not accept any additional donor requirements that have not been agreed to in the signed earmarked contribution agreements. In case of any such requirements communicated by a donor, the programme manager reaches out to the relevant agreement clearance focal point for review and guidance. After reviewing all relevant facts and circumstances, the agreement clearance focal point either escalates the request to PFFB (for public sector donors) / PSCSB (for private sector donors) or renders advice to the programme manager considering such factors as the substance of the request, its potential

⁶⁶ E.g., donors may have certain requirements as relating to communication and visibility, transparency disclosures, funding of certain categories of goods and services, and/or working with suppliers and / or implementing partners, etc.

workload implications, prior history with the donor and the risk of setting a precedent for similar requests in the future.

149. As part of agreement implementation, the programme manager closely follows all applicable corporate policies and procedures published in UNFPA [Policies and Procedures Manual](#), including those listed below (the list is not exhaustive):

- Selection and management of implementing partners - [Policy and Procedures for Selection, Registration, and Assessment of Implementing Partners](#), [Policy and Procedures for Preparation and Management of Workplans](#), [Policy and Procedures for Management of Cash Transfer to Implementing Partners](#), [Harmonized Approach for Cash Transfer Framework](#) and associated guidance notes;
- Grants to community based not-for-profit or civil society organizations - [Policy and Procedures for Using Grant as a Funding Modality](#);
- Procurement of goods and services by UNFPA - [Procurement Procedures](#);
- Management of programme supplies – [Policy and Procedures on Management of Programme Supplies](#);
- Engagement of non-staff personnel – [Policy and Procedures for Contracting Individual Consultants](#) and [Policy on Service Contracts](#);
- Humanitarian operations – [Fast Track Policy and Procedures](#);
- Cash disbursements to suppliers and individuals - [Policy and Procedures on Management of Cash Disbursements](#).

150. The programme manager closely monitors progress in implementing the activities described in the funding proposal or otherwise agreed with the donor using agreed upon indicators, milestones and targets. They introduce amendments as required to ensure that implementation remains on track, as per the timeframes agreed with the donor. The programme manager closely monitors and manages risks, relating to programme implementation, including external, delivery, operational, fiduciary, reputational and safeguarding, as defined in the [Enterprise Risk Management Policy](#), applying guidance provided therein and associated supporting materials and tools. Head of office is accountable for ensuring close progress and risk monitoring for all earmarked resources managed by their office, as described herein.

Donor communications and visibility

151. Donor communications and visibility are essential elements of donor relationship management and continued resource mobilization efforts, as they demonstrate to donors and their stakeholders how their contributions are making a difference, strengthen a case for continued support of UNFPA and its mandate, build credibility and trust in UNFPA ability to deliver results, and raise awareness of UNFPA work.

152. DER has developed [donor visibility guidelines](#) and regularly publishes various support materials, donor-specific requirements, and successful examples of donor communications and visibility through [donor communications toolbox](#) on [Resource Mobilization Portal](#). Making use of these materials, the programme manager works closely with the communications focal point within their business unit to integrate donor communications and visibility activities throughout the lifetime of the earmarked contribution agreement

implementation. The programme manager ensures these activities fully address all formal commitments on donor communication and visibility made by UNFPA to the donor and integrate best practices on donor communications and visibility recommended by DER.

Donor reporting

153. Compliance with the reporting requirements, as set out in the signed earmarked contribution agreements, is crucial to UNFPA, both to maintain credibility with the donors and to facilitate the future resource mobilization. Many donors to earmarked resources also contribute to UNFPA regular resources and are members of UNFPA's Executive Board. Timeliness and quality of donor reports have a direct impact on UNFPA reputation and image. Donor reports include narrative (or progress) reports, prepared by programme managers and certified financial reports, prepared by Finance Branch.
154. Additionally, terms of some earmarked contribution agreements may include a requirement for mandatory reporting by UNFPA to donors on allegations of wrongdoing. Any and all reporting involving allegations of wrongdoing must only be made by UNFPA's Office of Audit and Investigation Services (OAIS) following policies and procedures established by this office for this purpose.

Narrative (progress) reports

155. Deadlines for submission of narrative reports are normally specified in the earmarked contribution agreements, and are further captured in [DARTS](#) or its replacement system facilitating corporate monitoring of compliance in this area.
156. Based on the report submission deadline, the programme manager works backwards to determine when the development of the narrative report should commence, incorporating the time required to collect the requisite data, write the content, perform quality assurance reviews, and carry out subsequent revisions and editing works.
157. The programme manager clarifies with the donor if it requires or prefers use of any specific narrative reporting template and if so, then uses this template accordingly. Otherwise, the programme manager may, but is not required to, use other reporting templates as shared by DER or RRMPAs.
158. Regardless of the template followed, the programme manager ensures that the narrative report is results-based, showing progress achieved over the reporting period towards outcomes and outputs agreed upon with the donor, using indicators, milestones, baselines and targets specified in the donor proposal, if any. They also highlight any constraints, adjustments, lessons learnt and good practices that emerged during the reporting period. Any updates to the assumptions, risks, risk mitigation measures, sustainability plan and exit strategy should also be covered, as appropriate and applicable.
159. To the extent possible, the programme manager leverages workplan progress reports, prepared following the requirements of the [Policy and Procedures for Preparation, Management and Monitoring of Workplans](#).
160. The head of office must establish a dedicated process to quality assure all narrative reports produced within the unit, which at minimum, should include the requirement that each

narrative report is thoroughly reviewed by at least one peer or supervisor of report preparer/s not otherwise involved in report drafting.

161. In addition, the following review mechanisms are mandatory:

- Narrative reports to the European Union are reviewed by EURO, and thus must be prepared and submitted following the [Guidance Note for Negotiation and Implementation of European Union-Funded Development Projects](#) or the [Guidance Note for Negotiation and Implementation of European Union-Funded Humanitarian Projects](#), as appropriate.
- Narrative reports to the USA are reviewed by PFFB and follow the submission guidelines and schedule communicated by PFFB to the head of office when a USA award is announced.

162. If the programme manager includes any financial information in the narrative report, they clearly specify that this information is “provisional” or “interim”, and subject to change following full closure of accounts for the reporting period. The programme manager further indicates the accounting basis of reported financial information if different from full accrual basis commonly adopted for certified financial reports to avoid confusing the donor of potential significant differences between the two reports.

163. The programme manager submits a duly cleared narrative report to the donor. They uploads a copy of the same to [DARTS](#) or its replacement system designated for this purpose.

164. In case activities covered by a single earmarked contribution agreement are implemented by multiple business units, the coordinator assigned in line with the provisions of paragraph 136 develops the report preparation schedule and allocates responsibilities among all programme managers in concerned business units as relating to report drafting, consolidating and quality assurance. The coordinator retains ultimate responsibility for overall report coherence, consistency, quality and compliance with donor expectations and requirements. They submits the duly cleared and quality assured report to the donor and uploads it to [DARTS](#).

Certified financial reports and other centrally -prepared/-verified financial reports

165. Finance Branch prepares financial reports in compliance with the terms of signed earmarked contribution agreements. These reports are signed by the Director, DMS or the person they delegates, and only these reports are considered as ‘certified’.

166. Programme managers prepare and EURO quality assures financial reports to the European Union. Programme managers follow the [Guidance Note for Negotiation and Implementation of European Union-Funded Development Projects](#) or the [Guidance Note for Negotiation and Implementation of European Union-Funded Humanitarian Projects](#), as appropriate, to prepare these reports. Final financial reports to the European Union are also reviewed and cleared by Finance Branch.

167. Except for financial reports it submits directly to donors normally through designated reporting platforms, Finance Branch transmits duly certified financial reports to DER at least a week before they are due to be shared with the donors, as stipulated in signed earmarked contribution agreements. DER prepares cover letters to accompany these reports

and either issues them to donors or forwards to field offices for subsequent transmission. DER uploads copies of certified financial reports to [DARTS](#) or its replacement system designated for this purpose.

Monitoring of billing events and billing procedures

168. The programme manager⁶⁷ uses the corporate ERP solution-based reports to track the estimated collection dates and amounts of contribution installments due from donors. At least two weeks before each installment is due, the programme manager prepares and head of office signs an invoice to the donor, following the same procedure as described in paragraphs 138-141 of this policy for initial billing.⁶⁸ However, if a donor has a special process for requesting contribution installments, such as the European Union, the programme manager follows this process, as instructed. Head of programme manager's office is accountable for ensuring that all contributions installments due from donors are monitored, requested in a timely fashion and followed up on until collected.
169. If the programme manager or resource mobilization focal point becomes aware or otherwise suspects that contribution installment/s will not be paid in the same amount/s and/or as per the same schedule as captured in the corporate ERP solution, they inform the contribution revenue focal point in DER accordingly and promptly. Reasons for expected / suspected change vary and may include:
- a. official donor communication;
 - b. limited progress in achieving agreed-upon performance indicators (for installments based on performance);
 - c. low utilization rate of contribution installments already collected;
 - d. donor default against this or other obligations due to UNFPA or other United Nations organizations;
 - e. major changes in donor development priorities; and
 - f. other evidence of financial hardships experienced by the donor.
170. As long as the total contribution amount is not impacted, the contribution revenue focal point in DER updates the corporate ERP solution records to reflect the information provided by the programme manager / resource mobilization focal point, including the revised installment amounts and the due dates.
171. If the total contribution is expected to increase, then the programme manager follows the earmarked contribution agreement amendment process, as described in this policy. The corporate ERP solution records are not updated until the donor approval of supplementary contribution amount is documented, as described in paragraph 186 below.

⁶⁷ Coordinator, in case of earmarked contribution agreements with program activities implemented by multiple business units

⁶⁸ As outlined in paragraph 138, certain circumstances may warrant the centralization of invoicing with a designated headquarter unit for reasons of efficiency, donor relationship management, or other purposes. In such cases, the unit that issued the initial invoice is also responsible for issuing subsequent invoices. However, the program manager retains the responsibility for tracking estimated collection dates and amounts for each installment.

172. When a decrease in the total contribution is expected based on official donor communication, the contribution revenue focal point in DER updates the corporate ERP solution records to reflect the reduction. However, when a decrease is expected but official communication does not exist, the contribution revenue focal point forwards all available information to the Finance Branch for review and decision on subsequent actions to ensure that resulting presentation in the corporate accounts aligns with UNFPA accounting policies in effect. The contribution revenue focal point updates the corporate ERP solution records as necessary, following the decision by the Finance Branch.

Donor-lead due diligence reviews, monitoring and assessments

173. Some donors perform due diligence reviews or assessments of UNFPA. These reviews can be either entity-wide or contribution agreement/fund-specific. Donors may also require/expect participating in reviews or assessments performed by UNFPA. In either case, it is important that these exercises do not contradict the “single-audit principle”,⁶⁹ which stipulates that the United Nations Board of Auditors has the exclusive responsibility to conduct external audits of UNFPA activities, including those funded with earmarked resources.

174. The programme manager must never agree to any donor-lead or attended reviews or assessments, unless those were previously agreed to as part of the relevant earmarked contribution agreement, including the associated framework agreement, if any, and this earmarked contribution agreement was duly reviewed by the relevant headquarter unit/s, as per requirements of this policy. In all other cases, the programme manager must reach out to the designated agreement clearance focal point (Table 3) for guidance, who may further escalate the matter to the relevant branch in the DER.

175. The programme manager may invite a donor to participate in one of UNFPA regularly scheduled monitoring / field visits to showcase progress achieved so far, strengthen UNFPA relationships with the donor, obtain feedback and suggestions for improvement, and increase support and commitment to UNFPA programme activities. The donor must fully cover the cost of its participation in such events.

Amendments of earmarked contribution agreements

176. An amendment to signed earmarked contribution agreement, including the associated annexes can be initiated either by UNFPA or by the donor. While there could be multiple reasons for amending any single agreement, most common reasons include: (a) no-cost extension; (b) supplementary contribution (frequently accompanied by an extension); (c) significant and substantive change/s to programme interventions originally endorsed by the donor and against which funding was awarded including updates to the theory of change, results framework, target beneficiaries, geographical coverage and/or programming principles.

⁶⁹ “The United Nations Board of Auditors, which is the external auditor of UNFPA, is solely responsible for the conduct of external audits of the Fund. It has the exclusive right to provide an opinion on the accounts and financial statements of UNFPA. If special reviews are required, the Executive Board should request the external auditors to carry out specific examinations and issue separate reports thereon. The cost of such special reviews will be borne by the requesting authority.” (UNFPA Oversight Policy, 2015).

No-cost extensions

177. By far the most common reason for amending earmarked contribution agreements in UNFPA are no-cost extensions, which extend the agreement end dates (or ‘expiration dates’) and report submission dates but leave all the other contractual provisions unchanged.
178. Immediately after an earmarked contribution agreement is signed, the programme manager⁶⁷ checks the donor requirements with regards to no-cost extensions and takes note on whether such extensions are permissible, and an applicable process put in place for this purpose including the submission deadline/s (if any).
179. The programme manager continuously monitors the progress of ongoing activities and initiates a no-cost extension at the earliest of: (a) 60 calendar days prior to the earmarked contribution agreement end date; (b) the deadline set by the donor; (c) or as soon as estimated completion date/s for some/all programme activities are expected to fall past the agreement end date.
180. The programme manager submits the no-cost extension request including all the requisite information and justifications to the donor. Requests for no-cost extensions to the European Union must be shared with and cleared by the EURO prior to submission.
181. If a no-cost extension is granted, donor approval can be documented through an exchange of letters or emails between the donor and UNFPA. A formal amendment to the earmarked contribution agreement is usually not required by UNFPA, except for stand-alone joint programmes, as UNSDG-set guidelines mandate a formal amendment to the Standard Administrative Arrangement, the MOU between PUNOs, and the joint programme document. Additionally, some donors, like the European Union, necessitate a formal amendment on their part. When prepared, agreement amendments are created, reviewed, and signed by the same parties as listed in Table 2 for the original agreements.
182. The programme manager forwards the evidence of approved no-cost extension to the contribution revenue focal point in DER who updates the fund code’s expiration date, uploads the supporting documents to [DARTS](#) or its replacement system, and amends the relevant contract in the corporate ERP solution.

Supplementary contributions

183. In certain circumstances, when donors have available funding and UNFPA can show a programmatic need and the capacity to use the additional resources in a timely and effective manner, donors may make supplementary contributions to UNFPA against existing agreements.
184. The programme manager⁶⁷ or resource mobilization focal point, as appropriate, clarifies with the donor the process and the documents required to seek the additional funding, which may include, inter alia, an ad hoc progress report on the status of ongoing activities, a supplementary concept note / proposal, budget for the additional resources and/or other details. The process of preparing and quality assuring this information is the same as applies to the submission of the original concept note / proposal described in paragraphs 53-65 of this policy.

185. As part of this process, the programme manager assesses whether all activities, both the original and newly funded, will be completed by the original earmarked contribution agreement end date. If not, then they add a request for agreement extension to the request for additional funding.
186. Donor approval of supplementary contribution and extension of agreement end date, if granted, can be documented through an exchange of letters / e-mails between the donor and UNFPA. A formal amendment to the earmarked contribution agreement is usually not required by UNFPA.⁷⁰ However, some donors, like the European Union, necessitate a formal amendment on their part. When prepared, agreement amendments are created, reviewed, and signed by the same parties as listed in Table 2 for the original agreements.
187. The programme manager forwards evidence of donor approval of supplementary contribution (and extended end date, if applicable) to the contribution revenue focal point in DER who updates [DARTS](#) or its replacement system, and amends the relevant corporate ERP solution records, as appropriate.

Significant and substantive change/s to programme interventions

188. Any significant and substantive change/s to the interventions originally endorsed by the donor and for which funding was granted, including updates to the theory of change, results framework, target beneficiaries, geographical coverage and programming principles, cannot be made without prior donor approval. Such changes are expected to be rare and primarily result from events outside of UNFPA control, such as a worsening security situation, sudden outbreaks of natural disasters, or rapid shifts in programme government priorities.
189. As soon as the programme manager determines that significant and substantive change/s may be necessary, they work with the resource mobilization focal point to determine the most practical and effective approach for communicating change to the donor. The purpose of such communication is to explain the reasons for potential changes, demonstrate how the revised approach continues addressing donor's and UNFPA's strategic priorities, and solicit the donor's buy-in.
190. In cases when the possibility of a change is high / certain, the programme manager⁶⁷ prepares and head of office approves formal request to the donor to introduce the changes to the originally endorsed programme interventions, using the templates and following the processes established by the donor for this purpose (if any).
191. The donor reviews information provided by UNFPA and may either agree to the proposed changes or reject them. Donor approval, if granted, is documented in writing, e.g. through an exchange of letters / e-mails or in the minutes of the meeting where the decision is made. A formal amendment to the earmarked contribution agreement is usually not required by UNFPA,⁷¹ but may be required by the donor (e.g., European Union has such a requirement).

⁷⁰ A formal amendment is required by UNFPA for stand-alone joint programmes in case if supplementary contribution is granted in conjunction with the extended agreement end date.

⁷¹ For stand-alone joint programmes, significant and substantive change/s to programme interventions require an approval of the Steering Committee and amendment of the joint programme document, but amendment of either Standard Administrative Arrangement or MOU between PUNOs is not required, unless requested by the donor and/or PUNOs.

192. When required, the programme manager works with the agreement clearance focal point in table 3 to prepare the agreement amendment, following the process established by the donor for this purpose. This amendment is submitted to other business unit/s for review and advice as deemed necessary by the agreement clearance focal point. The duly reviewed amendment is signed on UNFPA's side by the same party as listed in Table 2 for the original agreements.
193. The programme manager forwards evidence of donor approval to the contribution revenue focal point in DER who updates [DARTS](#) or its replacement system accordingly and amends the contract recorded in the corporate ERP solution.
194. The process of developing, clearing and signing all agreement amendments, other than those related to no-cost extensions, supplementary contributions, and significant and substantive change/s to programme interventions is the same as is described in paragraphs 75-121 of this policy for developing, clearing and signing the original earmarked contribution agreements.

Preparing for closure

195. During the lifespan of an earmarked contribution agreement, the programme manager has the responsibility of monitoring the progress in implementing programme activities and taking the appropriate remedial actions. In addition, three months prior to earmarked contribution agreement end date and at least one month before the donor deadline for no-cost extension requests (if any), whichever is earlier, the programme manager performs a comprehensive review of agreement implementation status (further, 'pre-closure reviews') to identify any issues that may prevent timely operational closure and evaluate the need for seeking a no-cost extension. At a minimum, the following reviews are performed:

Table 6: Summary pre-closure reviews

Pre-closure review type	Potential issue/s identified by the review	Remedial actions to be taken
Determine if information required for preparation of a final narrative report, including the data necessary for reporting against requisite indicators, milestones and targets, will be available in time	Requisite data will not be available in time to be adequately reflected in the final narrative report	<ul style="list-style-type: none"> - Assess if any actions can be taken from programme implementation perspective to accelerate the data availability - Discuss with the donor possibilities of either revising previously agreed upon indicators and milestones or extend the final narrative report submission deadline
Review progress in achieving outputs and outcomes agreed with the donor using designated indicators, milestones and targets	Milestones and targets are not expected to be met by the agreement end date	<ul style="list-style-type: none"> - Assess how and if the progress could be accelerated, and implement relevant actions - Initiate a no-cost extension, if deemed necessary and is permitted by the donor
Assess if all activities included in the original proposal or as otherwise	Activities are expected to be completed after the agreement end date	<ul style="list-style-type: none"> - Assess if any previously agreed upon activities need to be cancelled / amended

Pre-closure review type	Potential issue/s identified by the review	Remedial actions to be taken
agreed by the donor will be completed by the agreement end date		and/or replaced and seek donor approval, as required
	Activities from the original proposal or as otherwise agreed with the donor have been replaced with alternative activities without seeking advanced approval	<ul style="list-style-type: none"> - Determine if post-facto communication with the donor, including seeking the post-facto approval, is required based on the terms of earmarked contribution agreement and/or is otherwise expected - If alternative activities are unlikely to be approved, then transfer their cost to a different funding source and expedite efforts to implement the original activities
Review the corporate ERP solution-based reports designated for this purpose for uncollected contribution installments due from the donor	<ul style="list-style-type: none"> - The donor has not yet released the installment/s committed in the earmarked contribution agreement - The donor has previously communicated, or it is otherwise known that one or more installment/s will not be paid 	<ul style="list-style-type: none"> - Follow-up with the donor on release of pending installment/s; consider the need to seek no-cost extension to allow sufficient time for implementing unpaid installment/s - Contact contribution revenue focal point in DER to update the corporate ERP solution records, as appropriate
Review all open purchase orders and requisitions charged to the relevant fund code	<ul style="list-style-type: none"> - Some open purchase orders and requisitions will not be eligible for inclusion in the certified final financial reports, as defined in the section on financial closure below - Some open purchase orders and requisitions are no longer needed, but hold up the resources making them unavailable for spending 	<ul style="list-style-type: none"> - Commence the no-cost extension process, if possible. Otherwise, arrange to cancel / close open requisitions and purchase orders or change their funding source. Determine how to implement the freed-up resources prior to the agreement end date - Arrange to cancel / close unnecessary / invalid purchase orders and requisitions. Determine how to implement the freed-up resources prior to the agreement end date
Review all workplans and latest workplan progress reports for any indications of potential delays or implementation challenges	Implementing Partner/s will not implement their activities by the agreement end date	Discuss with Implementing Partner/s the options for accelerating the implementation and / or commence the no-cost extension process. If neither option is plausible, then explore possibilities for refunding or re-programming the operating fund accounts (OFA) balance/s related to delayed activities and determine how to implement the freed-up resources prior to the agreement end date
Review all outstanding project cash advances and	Some activities expected to be covered with the outstanding	Evaluate the options for accelerating the implementation and / or commence the

Pre-closure review type	Potential issue/s identified by the review	Remedial actions to be taken
prepayments charged to the relevant fund code	project cash advances and prepayments will be completed after the agreement end date	no-cost extension process. If neither option is plausible, then explore possibilities for refunding or transferring outstanding project cash advances / prepayments to alternative funding source, and determine how to implement the freed-up resources prior to the agreement end date
Thoroughly review the expenditures incurred so far for both accuracy and completeness	<ul style="list-style-type: none"> - Some expenditures have not been charged due to processing delays or by error - Some erroneous expenditures were charged to the relevant fund code - Total actual expenditures are lower than expected in the earmarked contribution agreement's budget - Total actual expenditures are higher than expected in the earmarked contribution agreement's budget 	<ul style="list-style-type: none"> - Follow-up with the relevant units / personnel to identify reasons for expenditure processing delays and expedite their recording, as appropriate - Initiate corrections to rectify any identified transaction errors - Re-programme the savings as appropriate for activities consistent with the purpose of donor contribution, and seek donor approval, if required - Analyze reason/s for over-expenditure and assess the impact it will have on ability to implement remaining activities / achieve results approved by the donor (if any); explore options for covering the shortfall including possibility of seeking additional funding from the donor

196. Programme manager works closely with the operations colleagues, designated focal points at the SCMU and resource mobilization focal point to implement the requisite actions, following the results of pre-closure reviews. They updates on results of pre-closure reviews to the head of office, who bears overall accountability for ensuring that all pre-closure reviews are carried out in their office fully and timely, as per the requirements of this policy.

197. In case activities covered by single earmarked contribution agreement are implemented by multiple business units, the coordinator assigned in line with the provisions of paragraph 136 initiates and coordinates the pre-closure process among all programme managers in concerned business units, analyzing consolidated results, assigning responsibilities, following up, and communicating with the donor, as appropriate.

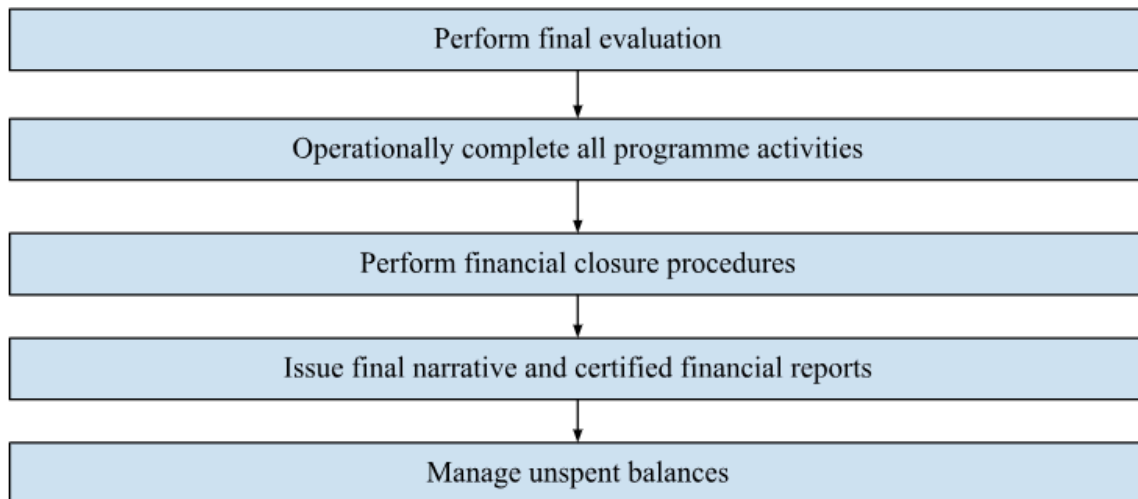
Pre-closure: UNFPA-managed pooled funds

198. UNFPA-managed pooled funds – i.e. global thematic funds, joint programmes with UNFPA as Administrative or Managing Agent and internally pooled funds coming to an end of their current phases are frequently planned to be transitioned into subsequent phases with new or substantially updated business plans / joint programme documents / terms of references / results frameworks. In those cases, as part of pre-closure procedures and at least six months

prior to the end of the current phase, the programme manager⁶⁷ must perform careful review of existing earmarked contribution agreement(s) to determine the terms and conditions as regards to end dates of programme activities, management of unspent balances, reporting requirements and other UNFPA obligations to donors contained therein.

199. Following this review, the programme manager, in consultation with the resource mobilization focal point, seeks permission from the donor/s to use the resources remaining at the end of the current phase for the subsequent phase and waive the certified final financial reporting requirements. If all donors to the pooled fund agree to the request, then the original fund code assigned to the current phase is retained and used for the subsequent phase. However, if at least one donor to a single pooled fund disagrees, then the original fund code is subjected to all standard closing procedures, as required by [section E](#) of this policy, and new fund code is assigned for the subsequent phase. The programme manager works with agreement clearance focal point (Table 3) and Finance Branch to determine how to manage the unspent balance (if any) at the end of the current phase based on combination of donor preferences and UNFPA obligations stipulated in the signed earmarked contribution agreements.
200. In addition, on some occasions envisaged in paragraph 94 above, agreement end date may not be the same as the fund's end (expiration) date. In those cases, the programme manager⁶⁷ performs careful review of the relevant earmarked contribution agreement to determine different donor requirements and UNFPA obligations at agreement end date, and then implements select applicable pre-closure reviews from Table 6 that will facilitate fulfilling those requirements and obligations.

E. Earmarked contribution agreement completion



Final evaluation

201. If a donor requires or UNFPA commits to performing an evaluation at the end of an earmarked contribution agreement implementation period, the evaluation should be carried

out prior to the agreement end date unless the donor requires otherwise. In the latter case, the programme manager obtains a written commitment from the donor that it will accept the expenses associated with evaluation carried out past the agreement end date.⁷²

202. All evaluations performed as part of earmarked contribution agreement implementation must be carried out in full compliance with [UNFPA Evaluation Policy](#).

Operational and financial closure

203. All earmarked resources funds are subject to *operational* and *financial closure* procedures.

Operational closure

204. The earmarked resources fund is deemed as ‘expired’ and operationally closed upon reaching its expiration date, set in accordance with the logic specified in Table 5 above. The programme manager must ensure that all activities funded with the correspondent earmarked resources are completed, and all associated goods and services are delivered by the fund code’s expiration date. Delivery dates for goods and services are determined in accordance with UNFPA’s IPSAS [Guidance Note on Delivery Principle](#).

Financial closure

205. The earmarked resources fund must be financially closed within twelve-month period following its operational closure or by the date its certified final financial report is due, whichever is earlier.
206. As part of financial closure, the programme manager, jointly with the operations colleagues, works to ensure *accuracy and completeness* of expenses charged to the expired fund code in the corporate ERP solution. Ensuring *completeness* includes taking the following actions: (a) process all pending or unrecorded e-FACE forms and direct payment requests of Implementing Partners; (b) ensure that all relevant payroll costs have been posted; (c) liquidate all outstanding project cash advances and prepayments; (d) ensure that various applicable service fees (e.g. SCMU service fees, UNDP service fees, appropriate share of common services costs, carbon tax charges etc.) are recorded; (e) review and clean-up all pending requisitions and purchase orders; (f) ensure that costs of all goods and services consumed for the implementation of relevant programme activities are charged as expenses to the expired fund code.
207. As part of *accuracy* checks, the programme manager reviews all expenses recorded against the expired fund code to confirm that neither of them: (a) are unrelated to the fund; (b) are specifically disallowed by the donor;⁷³ and/or (c) have been incurred outside of the fund’s start and end dates. The programme manager further ensures that all expenses are identifiable⁷⁴ and have been incurred in furtherance of the goals and objectives that the donor has provided the funding for.

⁷² Not required if the terms of earmarked contribution agreement already allow this. For example, the terms of agreements with the European Union permit conducting the final evaluation after earmarked contribution agreement's end date, as long as the final evaluation report is available within six months (for development funding) or three months (for humanitarian funding) thereafter.

⁷³ E.g. interagency reproductive health kits 1A, 1B, 4, 7A, 7B or 8 charged to the USA funds.

⁷⁴ Expenses are identifiable when they can be traced to specific goods, services and/or activities.

208. If any expenses are found as missing or ineligible, the programme manager works closely with programme and operations colleagues to identify the reasons and correct as appropriate.
209. Following the completion of reviews above, the operations team within the relevant business unit, with programme manager's support, performs other financial closure procedures using the guidance developed by Finance Branch for this purpose, as summarized in this [checklist](#).
210. In case activities covered by single earmarked contribution agreement are implemented by multiple business units, the coordinator assigned in line with the provisions of paragraph 136 initiates, coordinates and oversees financial closing procedures among all programme managers in concerned business units, analyzing consolidated results, assigning responsibilities and following up, as appropriate. Financial closure procedures described in paragraph 209 above are either performed or coordinated by the coordinator's business unit.
211. Even though a fund code expires at operational closure, it remains active in the corporate ERP solution for an additional three months to allow processing of lagging transactions (e.g. settlement of pending liabilities, recording of last e-FACE forms from Implementing Partners, posting of pending service fees, etc.) during the financial closure period. Re-activating a fund code past the three-months grace period requires approval by Chief of Accounts, or the person they delegates, and is only authorized for processing transactions incurred within the fund code's start and end dates or for clean-up of pending financial account balances.
212. The programme manager⁶⁷ carefully checks the earmarked contribution agreement for other, donor-specific requirements relating to closure (e.g. requirements regarding disposal of assets) and implements them, as appropriate.
213. The programme manager⁶⁷ and operations team within the relevant business unit must ensure completion of all financial closure procedures as detailed above **at least two months prior to the date when certified final financial report for the fund is due for issuance**. During the remaining two months, Finance Branch performs additional reviews, as appropriate, completes the final run of indirect costs, and prepares and issues certified final financial reports.

Final reporting

214. The head of office and Finance Branch prepare and issue final narrative and certified final financial reports following the same process as described in paragraphs 153-167 of this policy in relations to interim reports and by the deadlines set in the signed earmarked contribution agreements. Both narrative and certified final financial reports must be cumulative, covering full implementation period of relevant programme activities.

Management of unspent balances

215. Unless caused by events outside of UNFPA control (e.g. force majeure such as sudden outbreaks of natural disasters, security crises limiting access to certain geographic locations, etc.), unspent balances reflect poorly on UNFPA implementation capacity, are heavily scrutinized by donors, and may have a negative impact on future corporate resource

mobilization efforts. Therefore, the programme manager must regularly monitor progress in implementing programme activities to enable early detection of possible underspent of resources and taking remedial actions detailed in Table 6 above.

216. If in spite of all the efforts, some resources remain unspent following settlement of all eligible liabilities relating to the expired fund code, and are reported as such in the certified final financial report, these balances can be: (a) returned back to the donor; (b) reprogrammed by UNFPA; (c) require further consultations with the donors. Relevant option is normally specified in the terms of every earmarked contribution agreement.⁷⁵
217. Processing of unspent balances to donor governments and other donors based in donor countries is centralized in DER, while processing of unspent balances to all other donors is decentralized to the units that negotiated the earmarked contribution agreements. DER maintains a list of all active donors specifying split of responsibilities among the different business units in UNFPA as relating to management of unspent balances.
218. Actions to process unspent balances must be initiated within the timeframes set in the earmarked contribution agreements, or, in their absence, within six months following issuance of the certified final financial reports to the donors.
219. When earmarked contribution agreement clearly specifies the requirement to refund the unspent balance, DER or resource mobilization focal point of the unit that negotiated the agreement confirms with the donor the bank account details that refund should be paid to, and then submits relevant payment request to Finance Branch.
220. When agreement clearly specifies that unspent balance can be reprogrammed by UNFPA, DER or resource mobilization focal point of the unit that negotiated the agreement issues instructions to Finance Branch to transfer the balance to the relevant fund.
221. When donor consultations are required, DER or resource mobilization focal point of the unit that negotiated the agreement approaches the donor advocating for the following options, listed in the order of preference: (a) credit the unspent balance to UNFPA regular resources; (b) credit to one of UNFPA softly earmarked funds; (c) credit to one of UNFPA tightly earmarked active funds. DER / resource mobilization focal point of the unit that negotiated the agreement follows up with the donor until a response is received and then ensures that donor instructions are followed by working with Finance Branch for this purpose.
222. In the absence of a response from the donor within eighteen months after the initial communication from UNFPA, during which time UNFPA provided at least two official and duly-documented reminders, the DER or the resource mobilization focal point for the unit that negotiated the agreement instructs Finance Branch to transfer the unspent funds to the regular resources of UNFPA.
223. Step by step instructions for processing unspent balances are further detailed in the dedicated [Standard Operating Procedure](#) and associated [flowchart](#), and must be followed by responsible personnel accordingly.

⁷⁵ For agreements without relevant clause, it is assumed that further consultations with the donor are required.

Pre-mature agreement termination

224. Contractual terms normally provide both UNFPA and a donor with the right to terminate an earmarked contribution agreement prematurely by serving the other party with an advance written notice. Such terminations are extremely rare. Premature termination on UNFPA's side can only be initiated with the approval of the Director, DER.
225. The resource mobilization focal point of the business unit that wants to initiate termination submits a written request, approved by the head of their unit, to DER, via agreement clearance focal point, providing full background and rationale for the request. DER reviews the request and advises the requesting business unit, as appropriate, based on available information and following consultations with Legal Office and/or other headquarter units, as is warranted by the relevant facts and circumstances.
226. In case of a donor-initiated termination, the donor normally sends a relevant notice to the business unit that negotiated the agreement. The head of that unit forwards the notice to DER together with the draft response, via agreement clearance focal point, providing all additional background information (if available). If the notice is received at DER, the latter shares it with the head of the relevant unit and works closely with them in formulating a response. DER may consult with the Legal Office and/or other headquarter units, as is warranted by the facts and circumstances of each case.
227. As soon as a termination notice is received, the programme manager works with the implementing partners and suppliers to bring the ongoing activities to orderly closure. This normally includes completing the activities that have already started and honoring commitments to suppliers, already placed via approved purchase orders, unless the orders can be easily canceled.⁷⁶ The programme manager works with the Human Resources Business Partner to determine the appropriate actions as regards to personnel (staff, service contract-holders, United Nations Volunteers and individual consultants) with ongoing contracts funded with the relevant earmarked resources.⁷⁷ The programme manager also cancels all ongoing procurement and recruitment processes, and instructs all implementing partners to do the same. Programme manager initiates the workplan revision process removing or changing the funding source for the activities not yet initiated and adjusting the related budgets.
228. Head of office further assesses the reasons for early termination of agreement and if performance-based, produces detailed lessons learnt analysis, describing the associated facts and circumstances and reflecting on how to avoid the same happening in the future.

IV. Other

No other content applicable.

⁷⁶ Normally applies to the orders with the due dates far in advance, where suppliers have not yet started acting on these orders. Programme manager works with SCMU for internationally sourced orders to determine if the latter could be easily cancelled.

⁷⁷ When a programme manager is directly funded from the same earmarked resources subject to termination, personnel-related issues are attended to by their managers.

V. Process Overview Flowchart(s)

No overview flow chart applicable.

VI. Risk Control Matrix

Risk Control Matrix is accessible [here](#).