

## Implementing Partnership Management Guidance Note No. 3 (Rev. 2)

### UNHCR's Contribution towards Partner Integrity Capacity and Support Costs

<b>Subject:</b>	<b>UNHCR's Contribution towards Partner Integrity Capacity and Support Costs</b>
<b>Reference Documents</b>	<ul style="list-style-type: none"> <li>– Chapter 4 of the UNHCR Manual</li> <li>– Enhanced UNHCR Framework for Implementing with Partners</li> </ul>
<b>Reference No.</b>	<b>Policy : UNHCR/HCP/2014/6 Rev.2</b> <b>Guidance Note: 03 /FP/S2-2</b>
<b>Date of Issue</b>	<b>2019</b>
<b>Date of Revision</b>	<b>2024</b>

This Guidance Note informs Partners of UNHCR procedures and provisions related to UNHCR's policy and procedures of its contribution and support towards Partner Integrity Capacity and Support Costs.

This Policy requires

- UNHCR Offices to share with applicable Partners this section of this policy and its procedures on UNHCR's Contribution towards Partner Integrity Capacity and Support Costs under Partnership Agreements
- The Guidance is made available on the UN Partner Portal: <https://unpartnerportalcs.zendesk.com/hc/en-us/articles/360019902113-Guidance-Notes>
- UNHCR Offices and Partners must fully understand the policy and its correct application before entering into a Partnership Agreement and comply with its requirements.

## **A. Purpose**

1. This Guidance Note broadens and redefines UNHCR's contribution for support costs to Partners implementing a UNHCR funded Partnership Agreement<sup>1</sup> for undertaking programmatic activities. Its main purpose is to enhance UNHCR support to partners by introducing the concept of Partner Integrity Capacity and Support Costs (PICSC) which replaces "Project Headquarters Support Costs", or "Headquarters Overheads" or "Recovery Costs". The objective of PICSC is to enhance eligible partners' integrity, accountability, oversight and general support for undertaking UNHCR funded projects. PICSC applies to Non-governmental Partners (both international and National and other Not-for Profit Organisations).

2. In particular, the revised Guidance Note:

- a) Further supports Partners to strengthen their capacity for effective and accountable management of projects including the prevention and combating against misuse of resources, fraud, sexual exploitation and abuse and other forms of misconduct and irregularities;
- b) Expands support costs to **National Partners** likewise to enhance their capacity for effective and accountable management of projects, address frequently observed weaknesses and act on UNHCR's commitment under the Grand Bargain for enhanced localization;
- c) Contributes towards costs that cannot be definitively attributed to a specific activity implemented by the Partner (so-called "shared costs") in connection with the Project activities; and,
- d) Streamlines the calculation of the support costs by using a flat rate expressed as a percentage of the approved expenditure under the Partnership Agreement. In other words, UNHCR's contribution is no longer apportioned based on the nature of project activity.

3. UNHCR's contribution towards PICSC is subject to the eligibility criteria, relevant terms and application procedures set forth in this policy and in applicable Partnership Agreements.

## **B. General provisions**

4. UNHCR will financially contribute to PICSC to assist **both International and National Non-governmental Partners** undertaking a Partnership Agreement as well as International NGOs implementing project activities as part of a Global Programme project from their Headquarters location(s). **PICSC is defined as the support provided by UNHCR to its partners to cover expenses for enhancing integrity, accountability, oversight, as well as administrative and other support (such as headquarters and shared costs) which cannot be**

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<sup>1</sup> Agreement includes Letters of Mutual Intent (LOMI); Bipartite or Tripartite Partnership Agreements; Small Scale, Special Partnership Agreements and other partnership agreements as available in the UNHCR MSRP Partnership Module.

**definitively attributed to a specific activity implemented by the Partner in connection with the projects carried out under a Partnership Agreement.**

### C. Eligibility

5. A Partner qualifies for a UNHCR contribution towards its PICSC when the following criteria is met:

- a) The Partner is an International or National Non-governmental Partners (as defined in footnote one<sup>2</sup>) for undertaking programmatic activities.
- b) UNHCR and the Partner must sign a relevant Partnership Agreement for undertaking a Project within UNHCR's Operational Plan and Partner commits to comply with its terms and provisions; and
- c) The payment of UNHCR's contribution towards PICSC to various Partner organizations must be stipulated in the Project Budget of the signed Partnership Agreement. The rate must be applied in accordance with this policy. The Partner specifically commits to use the PICSC according to the objectives set out in paragraph 1.

### D. Requirements and disbursement of UNHCR's contribution

6. The financial allocation for the PICSC must be included in the Project Budget (Annex B) of the Partnership Agreement. It shall be budgeted as a single budget line under the Project Budget against the following MSRP chart fields:

- *Objective: 811 – Operations Management, Coordination and Support Strengthened and Optimised*
- *Output: 811AH – General project management service provided*
- *Account: 611000 — **Partner Integrity Capacity and Support Cost***

7. UNHCR must disburse the financial allocation for the PICSC as part of each instalment transferred to the Partner's bank account as set out in the Project Agreement.

8. The amount for PICSC shall be part of instalments transferred to Partner. The actual amount paid as PICSC is based on the actual expenditure (not the budget). Hence, at the end of the Project period, the total payment of the PICSC must be adjusted on the basis of the final actual expenditure of the Project, before the final Project Financial Report (PFR) is submitted.

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<sup>2</sup> In this context, *Non-governmental National* Partners, include Non-governmental and other Not-for-Profit organizations that operate solely in the country where their headquarters are established and *International Partners* as International NGOs and other Not-for-Profit Partners that operate both within and outside the country where the organisation has been incorporated, including those that undertake projects under the Global Programme from their headquarters location. Partners identify themselves as National or International Partners via registration on the [UN Partner Portal](#).

9. UNHCR's contribution towards PICSC must be transferred in the same currency as stipulated in the Project Budget under the Partnership Agreement.

#### **E. Rate and Calculation Methodology**

10. PICSC shall be calculated and contributed as flat rate of the overall **programmatic expenditures**<sup>3</sup> under a Partnership Agreement as follows:

- i) **Seven per cent** for International Partners (International NGOs and other Not-for-Profit Partners that operate within and outside their country of establishment (country where the organization is incorporated) including those that undertake projects under Global Programme from their headquarters location);
- ii) **Four per cent** for National NGOs, and other Not-for-Profit Partners that operate only in the country where their headquarters are established; and,
- iii) **Respective applicable Interagency rates** for the International Organization for Migration (IOM) and other UN system organizations<sup>4</sup>.

11. UNHCR's contribution towards PICSC will be calculated based on a flat rate on the overall expenditure of direct costs under a Partnership Agreement. It is no longer required to exclude certain categories of expenditure in order to calculate the amount of funds provided by UNHCR as PICSC.

12. **Any diversion from the rates defined above must be approved by UNHCR before the Agreement is signed or at the time UNHCR funding is extended to the Partner. Requesting Partner should submit its request and rationale to respective UNHCR Country Office that will through UNHCR internal procedures seek the approval of UNHCR Headquarters.**

#### **F. Use and reporting by Partner**

13. In order to allow more flexibility for using the resources, the Partner can use the funds contributed by UNHCR under PICSC at its discretion to support its headquarters, regional, country operations and branch offices or other locations, to achieve the overall humanitarian purposes and/or project goals. Thus, the Partner is no longer restricted to use such funds solely to cover headquarters costs, as it was the case in the previous policy.

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<sup>3</sup> Programmatic expenditures in this document is defined as all expenses under Project Budget (Annex B) of the Partnership Agreement covering all costs except for allocation under the budget line for PICSC.

<sup>4</sup> There are interagency rates and reciprocal arrangements for "the support costs" among UN agencies. The prevailing rates will apply

14. The Partner receives the allocation and reports for the PICSC as a single budget line, as a contribution towards the overall expenditures incurred by the Partner under the Project Budget.

15. The single budget line expenditure reflecting the PICSC is to be reported in the PFR submitted by the Partner. A detailed breakdown and reporting at an itemized level is not required in the PFR. However, the Partner is advised to retain relevant information supporting such expense, as UNHCR reserves the right to conduct random checks to obtain assurance, when required, at a detailed level to check that PICSC funds were spent for the intended purpose described in this document.

#### **G. Dates**

16. The implementation of the policy will be rolled out in stages, starting from the date of issue and taking into account prevailing operational needs and availability of funding with the aim of reaching full compliance by end of 2020. Concerning 2019 Partnership Agreements signed prior to this date, the relevant provisions for the previous Project Headquarters Support Costs will remain in force until their expiry date, unless Agreement Amendment is issued, where resources permit.

#### **H. Annexes**

*Annex A* – Main changes relating to UNHCR’s Contribution towards Partner Integrity Capacity and Support Costs.

**Annex A: Main Changes**

The following table provides a summary of the main changes relating to document.

<b>Changes reflected in the new Policy</b>	<b>Superseded Provisions under UNHCR/HCP/2014/6/Rev.1) Guidance Note No3 Rev.1</b>	<b>New Policy UNHCR/HCP/2014/6/Rev.2) Guidance Note No3 Rev.2</b>
<b>Terminology</b>		
New definition: Partner Integrity Capacity and Support Costs (PICSC)	Project Headquarters Support Costs (PHSC)	Throughout the document
<b>Eligibility: Conditions for UNHCR’s Contribution towards Partner Integrity Capacity and Support Costs</b>		
Partner: All types of Partners, including National Partners (NGOs and other Not-for Profit Partners) as well as International, UN and other Not-for-Profit Partners that undertake UNHCR-funded projects.	Eligible Partner: Only International NGOs and UN Partners	Paragraph 8
<b>Calculation of the PICSC Allocation</b>		
<p>Flat rate- percentage of the overall programmatic budget under Partnership Agreement: (exclusion of certain cost categories as per previous Policy is removed).</p> <ul style="list-style-type: none"> <li>▪ 7% for International Partners (Non-governmental and Not-for-Profit organizations).</li> <li>▪ 4% National Partners (Non-governmental and Not-for-Profit organizations)</li> <li>▪ Interagency rate for IOM/UN Partners.</li> </ul>	<p>Applicable only to International and UN Partners at various applicable rates and subject to the exclusion of certain categories of costs, such as:</p> <ul style="list-style-type: none"> <li>▪ Bulk Procurement above USD 100,000 of a single budget line at account level;</li> <li>▪ Voucher/cash assistance;</li> <li>▪ Micro-credit assistance;</li> <li>▪ Any delivery items of large volume and bulks, which would result in a similar impact on the Project cost, as the above items.</li> </ul>	Paragraph 13

