UNHCR Funded Partnerships: Modifications in 2025

Exceptional Measures for Funded Partners
This guidance provides an update to all funded partners on temporary measures introduced by UNHCR for 2025. These measures are specific to the current financial environment and take precedence where they differ from UNHCR's standard External Guidance Note on Funded Partnership Management.

1. New Partnership Agreements
Given constrained funding and the suspension of certain activities:
- UNHCR operations must carefully assess the need, scope, and value of any new partnership agreements.
- For any new agreement signed, the first prepayment will be limited to 25% of the agreement's total value.
  - This limit applies regardless of the assessed risk level of the project or partner and is purely to reduce UNHCR's financial exposure during 2025.
  - This does not apply to Grant Agreement, where the full amount continues to be released.

2. Prepayments
Subsequent prepayments (second or later) under any agreement in 2025 will be released only under the following conditions:
- The most recent **financial verification confirms that at least 75%** of all prior prepayments have been spent for the purposes of the project — this includes any remaining **unspent funds from 2024**.
- The requested prepayment does **not exceed three months** of projected required funds, unless:
  i. The project workplan implementation period ends shortly thereafter. In this case, the next prepayment may be treated as **final**. or
  ii. Other exceptions are discussed and authorized by UNHCR in writing.
- Please note that PFR reporting due dates in partnership agreements **may no longer apply**, except where required by donor conditions. These remain as an **indicative reporting plan** only.

3. Expenses Before the Project Start Date
- Any expenses a partner anticipates incurring **before the official start date** of a project workplan must receive **prior written approval** from UNHCR.
- UNHCR will not reimburse any **pre-financed expenses or commitments** made before the start date unless **formally authorized in writing**.
- Partners must report expenditure in the Project Financial Report (PFR) only **against UNHCR-released prepayment amounts;** PFRs must not include approved pre-financed expenditure exceeding UNHCR prepayments.

4. Return of Miscellaneous Income
- For any **exchange rate gains, VAT refunds or other miscellaneous income** above **USD 500 per agreement** (from 2024 or earlier), UNHCR will request a refund.
- If your organization has an **active 2025 agreement**, these amounts from a 2024 or earlier project workplan can be deducted from **prepayments** of the 2025 project workplan if agreed by the partner. Please refer to the **UNHCR External Guidance: Recovery of Partnership Funds** for more details.
- Notwithstanding the above**,** all interest income will be returned to UNHCR **if required by the Partner's financial rules**, in accordance with article 6 of the Partnership Terms.

5. Budget Flexibility for Amended 2025 Project Workplans
If your 2025 project workplan has been amended (or is being amended) to **reduce both** the total budget and the implementation period, it is acceptable for expenses to **exceed the output-level budget flexibility limits** during 2025, regardless of the initial risk assessment included in your contract. This flexibility applies to all PFRs, provided that the total approved Financial Plan amount is not exceeded. **It must be clearly documented in your PFR for audit purposes**. However, if an output is tied to a donor contribution that requiring strict reporting, **this flexibility does not apply.**

📧 Please contact your UNHCR focal point in the country operation for any questions or clarifications.