

Refunds to Donors

1. Unexpended resource balances are refunded to donors in accordance with the provisions of donor contribution agreements and in the Terms of Reference for trust funds. Refunds can only be made where specified in Financial Closure of Development Projects or Financial Closure of Trust Funds
2. Country offices are authorized to issue refunds to donors for **cost-sharing** balances at the fund/project-donor level when the following conditions are met:
 - The transfer of the unspent balance to the pending-refund-to-donor account (21030) is the very last action prior to designating the project as financially closed (refer to procedures for designating projects as financially closed)
 - The refund amount is higher than the amount stipulated in the contribution agreement that can be retained by UNDP upon completion of the project. Refer to refund provision in the contribution agreement.
 - the donor is not Belgium, United States, European Commission (see below).
3. Offices should refer to the contribution agreement with the donor to determine whether the donor permits UNDP to retain any portion of unspent resource balances. Where funds can be retained; this should be credited to fund 11888 in accordance with the POPP guidance on fund 11888 and if not, the funds should be refunded to the donor.
4. For refunds of cost-sharing balances, the steps are as follows.
5. The CO prepares a GLJE to transfer the resource balance from the project to account 21030. This should be done as the last step before designating the project as financially closed. Confirmation from the donor including verification of donor's bank account details should be done before the funds are transferred to account 21030.

Debit

Operating Unit – Project Manager (CO or HQ Unit)
Department – Project Manager (CO or HQ Unit)
Project BU, Project, and Activity
Fund Code
Donor Code
Account 51040 (Refunds)
Resource Analysis Type GLR

Credit

Account 21030 (Refunds Pending to Donors)
Fund 00001
Operating unit – Project Manager (CO or HQ Unit)
Department – Project Manager (CO or HQ Unit)
Donor Code
Project, implementing agency and activity – not required

Resource Analysis Type GLR

6. While the programme officer or the head of finance should consider the General Ledger balance before moving the residual balances to 21030 and closing the project financially, it is advised to check the residual balance in the commitment control (KK) by running the query: UN_FUND_STATUS_IPSAS to ensure that the residual balances are liquidated at all **fund, donor and department levels** to avoid affecting their office planning and all management reports.
7. The CO prepares an AP voucher to issue the refund and charge account 21030. To facilitate accurate monitoring and ageing of account 21030 outstanding balances, the COA debit account 21030 **SHOULD** match the COA that was credited in the GLJE.
8. The AP voucher must be processed as soon as practicable after the transfer of funds to account 21030 and after the donor provides written confirmation of its bank account details.
9. In certain specific situations where the activities funded by a specific donor are completed resulting in closure of activities and refund to this specific donor while the project activities funded by other donors are still ongoing, the same project closure checklist should be prepared noting that this is a donor specific checklist . For such donor requests for refund at an earlier point, the country office or the Regional Bureau must obtain the approval of the Chief, Financial Performance Management and Reporting (FPMR) prior to issuing or advising the refund.

Annex A: Special donor procedures:

Netherlands

10. For agreement signed effective 01.01.2012, unspent balance in the amount of US\$5000 and above , REFUNDS will need to be processed by the Country offices.
11. All refunds to The Government of Netherlands should indicate the Receivable Reference number (12 digit number). This number can be obtained from the payment request received from the donor. In the absence of a receivable reference number, the five-digit Activity number (also referred to as the Ministry's internal identification number) usually included in the contribution agreement should be indicated. The reference should be entered in the invoice number field when preparing the payment voucher. There is a 30 character limit when entering the donor reference in the invoice number field. Any character in excess of the limit will be truncated in the bank advice received by the donor.

Belgium

11. This donor has requested that unexpended balances be credited to a Special Account XXXXX (for both residual balances and for interest for pre-2012 agreement). FPMR xxx maintains the Special Account. OFRM submits a statement of this special account together with Certified Donor report to Belgium on an annual basis. Upon receipt of the written request / confirmation from Belgium

OFRM will advise GSSC to take action for either reprogram or refund the remaining balance in special account.

United States: USAID or US Department of State refunds through the letter of credit

12. Refunds to USAID or USDOS for contributions received through the US letter of credit are handled by the OFRM/ FPMR. In addition to the prerequisites for refunds to donors, refunds to USAID/USDOS require a report indicating the final project or trust fund expenses. Offices should send the report to the FPMR xxx who will prepare the final report (FF425) to USAID/USDOS and have it signed by a HQ official. FPMR /xxxx will submit the report to USAID/USDOS who will in turn will reduce the letter of credit by the amount to be refunded.

European Commission

13. Effective 2009, European Commission (EC) contributions are recorded under cost-sharing fund code 30079. As such, cost sharing project closure procedures apply (Financial Closure of Development Projects). All refunds to the EC are processed by GSSC .xxx.

Trust Fund Refunds:

14. Upon receipt of the completed trust fund completion check list and authorization from the trust fund manager, OFRM/FPMR/ will process the refunds of unexpended trust fund balances