



# **Making Contributions In Kind to UNHCR**

## **A Guide for Donors**

**Division of External Relations**  
**UNHCR Geneva**  
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## ***Making Contributions In Kind to UNHCR***

### ***Introduction***

Whilst UNHCR appeals for cash funding in order to carry out its programmes and generally makes purchases of commodities or services by a procedure of competitive local or international tenders, there are occasions when contributions in kind are accepted. For instance, in the initial phase of complex emergencies, contributions in kind may make up a proportion of contributions and enable a faster response to the emergency than would otherwise be possible.

However, it is important that there is a clear understanding between donors and UNHCR with regard to the procedures which must be followed in order to ensure the maximum benefit to the target population. Also, UNHCR needs to ensure that contributions in kind are appropriate to the situation (such as climate, culture etc) and the needs as identified. It is with these objectives in mind, and also to maintain the best possible working relationship with donors, that this guide has been prepared and made available.

### ***General Information***

In order for a contribution in kind to be recognised and recorded by UNHCR, it is important that an offer made by a donor is formally accepted by UNHCR and that the commodities or services come under the direct control of UNHCR. Many contributions to the welfare of UNHCR target populations are made through channels other than UNHCR. Hence, for registration as a contribution to UNHCR, it is not sufficient that the materials or services are merely used towards the objectives similar to those of UNHCR. Contributions in kind should be formally agreed by an exchange of letters with the relevant services in the *Division of External Relations* (DER) before the donor dispatches them. It is not possible for UNHCR to recognise contributions in kind, of either commodities or services, retroactively.

### ***Types of Contributions In Kind***

It is important that UNHCR is able to account for and report on the use of all contributions in kind accepted whilst maintaining the integrity of its accounting practices. For this reason, UNHCR has defined criteria and types of in kind contributions it can accept. UNHCR will only recognize and record in-kind contributions whose value is equal to or greater than USD 10,000.

**Commodities** are items considered by UNHCR as being needed or useful in its operations in the context of the relevant country and programme objectives and which a donor makes available to the organisation. They may be either part of the existing programme (i.e. needed) or supplemental to it (i.e. useful); see “budgetary/extrabudgetary” below.

**Services** are activities that facilitate UNHCR's operations and are put at UNHCR's disposal for a defined period of time. These may include the secondment of staff and/or the loan of facilities. To the maximum extent possible, contributions in kind of services should be "self-contained" and should not result in additional managerial or physical resources being required by UNHCR, i.e. they should approximate to services contracted by UNHCR from a competent organisation or company. In a similar way to commodities these may be either budgetary or extra-budgetary.

**Budgetary contributions in kind** are contributions in kind that replace commodities that have been budgeted for and would have been purchased by UNHCR or one of its implementing partners in the normal execution of the programme. Contributions of this type are recorded by UNHCR in its financial statements in a similar way as cash contributions. It is important to note that the value put on such a contribution by UNHCR may be less than the value claimed by the donor (see under "Valuations"). It is also important that the contribution in kind is acknowledged before UNHCR initiates the purchase of the same budgeted commodity so as to allow the in kind contribution to be charged against relevant budget lines.

**Extra-budgetary contributions in kind.** It is unlikely that the budgeted activities of UNHCR will meet all the needs of a beneficiary community. Offers of additional materials or services which are considered by UNHCR to fill essential needs are often accepted. This is particularly important in rapidly developing complex emergencies where events often overtake budgeting procedures. Also, rapid solutions, such as massive airlift capacity, would, if contracted commercially, exceed fundable budget levels. Government Service Packages, airlift operations and staff deployments by other agencies and by governments will usually fall into this category. Such contributions in kind, when accepted by UNHCR, are considered extra-budgetary. These contributions are identified and donors receive recognition for them in a detailed table attached to UNHCR's financial statements and in the Global Report.

As it is possible, in extraordinary circumstances, that donors will be requested to provide specific commodities and services that fall outside the budgeted activities of UNHCR, it is important, in negotiations with the *Division of External Relations* (DER), to identify in which category any particular contribution in kind may fall.

### **Initial Discussions**

Discussions regarding possible contributions in kind may initially take place at field locations or with various departments of UNHCR Headquarters. However, they must always be confirmed and finalised with the relevant services within DER at Headquarters - the *Donor Relations and Resource Mobilisation Service* (DRRM) for governmental donors, and *Private Sector Fund Raising Service* (PSFR) for the private sector.

### **Need and Technical Suitability**

UNHCR will determine the need for and technical suitability of each contribution in kind offered. In order to maintain the standard of UNHCR's programmes, it is regretted that offers of contributions deemed unnecessary or technically unsuitable will be considered unacceptable. UNHCR cannot take any responsibility for contributions delivered without its express agreement.

In order for UNHCR to determine the technical suitability of a contribution in kind, a potential donor must provide UNHCR with detailed specification of the items that it intends to donate.

### **Transport Costs**

**The costs of delivery of contributions in kind to beneficiaries often exceed the value of the contribution itself.** It is in this context that it is important for transport and related costs to be covered by the donor.

In the case of budgetary contributions UNHCR asks the donor to fund the transport and related costs as part of the contribution. Transport will then be recorded by UNHCR for the value as budgeted by the Office.

In the case of extra-budgetary contributions, the donor must cover all international and in-country transport costs (including insurance). UNHCR may agree to assist with customs clearance, warehousing or distribution, but the conditions under which this is possible must be formally agreed between the donor and UNHCR before the assistance is shipped.

### **Formal Offer and Acceptance**

In order for a contribution in kind to be recognised by UNHCR, it is necessary for a formal offer and acceptance to be completed by an exchange of letters with the UNHCR *Donor Relations & Resource Mobilisation Service* (DRRM) or *Private Sector Fund Raising Service* (PSFR) before the delivery of the contribution. The acceptance letter will contain a number of conditions that must be complied with by the donor if the contribution is to be recognised and accounted for by UNHCR.

### **Transport Arrangements and Documentation**

In order to ensure safe, timely transport and to avoid unnecessary charges, it is important that correct transport and documentation practices are followed. Goods sent with unsuitable transport arrangements and/or documentation may either not arrive to the beneficiaries or may involve port and other charges that far exceed the value of the goods themselves. One of the functions of UNHCR's *Supply Management Service* (SMS) is to ensure that the various transport and import requirements of transit and recipient countries are met. Immediately following the acceptance of a contribution of commodities, SMS will contact the donor with transport and documentation instructions. No dispatch should be undertaken before these instructions are received and it is vital that goods are not dispatched by other means or with other documentation.

Required paper work could differ, depending on the custom regulations of the countries to which the items are dispatched to. However, UNHCR normally requires the following documents. These documents must reach UNHCR before the donor dispatches the items:

- Way Bill
- Packing list
- Certificate of Origin
- Gift Certificate/Invoice

### **Delivery of Services**

The delivery of contributions of services generally are much more complicated than that of commodities, involving detailed discussions on status of staff, deployment, recovery of resources and organisational lines of responsibility. These must all be formally agreed with UNHCR before services are delivered. Funding of individuals or agencies who undertake operations on behalf of UNHCR will not be considered as a contribution in kind unless formally agreed with UNHCR before commencement of the operations.

### **Valuations**

All goods in-kind received by UNHCR will be valued at fair market value in US Dollar amounts using the United Nations operational exchange rate prevailing at the date the goods are received.

Fair market value is the amount which UNHCR would have had to disburse in order to acquire goods through a commercial transaction.

Donors may provide an estimate of the value of the donated goods. Donor valuations may be accepted as fair market value only in the following circumstances:

Donor valuation is within +/- 10% of UNHCR's assessment of fair market value using the methodology described above.

Donor valuations which differ from UNHCR's assessment of fair market value by more than +/- 10% may be accepted if they are supported by objective, external evidence.

Food commodities may be valued using prices obtained from the most recent WFP price list.