

EXPLANATORY NOTE ON THE 2006 BUDGET

I. THE PROCESS

1. Within the context of the preparation of UNHCR's 2006 Annual Programme Budget, the programming instructions specifically called for comprehensive needs-based assessments, and country offices were requested to engage all key partners in participatory planning exercises. This process helped country teams to identify overall beneficiary needs and unmet gaps. The subsequent content reviews at Headquarters focused on country and sub-regional objectives which, when endorsed, established a reference against which funding would be requested during the budget review. The latter then determined the appropriate level of UNHCR's contribution towards the overall identified needs, in line with the established country or sub-regional envelopes.

2. The overall preparation of the 2006 budget has been broadly based on existing resource allocation procedures. As in previous years, the budgeting process was premised on, inter alia, a funding projection for 2006 which served as an indicative overall ceiling within which specific regional ceilings were established by the former High Commissioner. In parallel, and based on UNHCR's Global Strategic Objectives for 2006-2007, Bureau Directors established regional strategic goals and parameters in order to facilitate prioritization by country offices.

3. Following the consolidation of submissions at Headquarters earlier this year, content reviews have been held, followed by budget reviews and an executive review. The final results are to be presented to UNHCR's Operations Review Board on 15 June 2005, before being submitted to the High Commissioner for endorsement.

4. The consolidated results of this process are presented in the table "UNHCR – 2006 Annual Programme Budget Review" dated 9 June 2005, which shows 2004 expenditure, the 2005 ExCom-approved budget, the 2006 field submissions and the preliminary results of the consultations. These preliminary figures show a 2006 budget of \$1,144.3 million as compared to a 2005 approved budget of \$981.6 million, i.e. an increase of some 16.6 per cent, attributable mainly to the mainstreaming of the Burundi and Chad operations and increased costs due to projected exchange variations.

II. REGIONAL HIGHLIGHTS

5. In 2006, the primary objective of UNHCR in the Africa region will remain the voluntary repatriation of refugees in safety and dignity, and their reintegration in their communities of origin in a sustainable manner. Priority will be given to those in protracted refugee situations for whom political developments and peace initiatives, as well as living conditions in their places of origin, have made voluntary return a possibility. The next four paragraphs briefly describe budgetary variations between 2005 and 2006 in the African sub-regions.

6. In the West African sub-region, the budget decrease is attributed mainly to the consolidation of the reintegration programme for Sierra Leonean refugees and a decrease in the care and maintenance of Liberian refugees in asylum countries in accordance with an accelerated voluntary repatriation strategy for this caseload. It is also part of the objectives of this sub-region to focus more on self-reliance activities for all refugees as opposed to ongoing care and maintenance assistance.

7. In the East and Horn of Africa sub-region, the budgetary increase is mainly due to the pace of return of Sudanese refugees being slower than originally anticipated. The 2005 programmes were approved on the assumption that large numbers of refugees would repatriate (mainly from Uganda, Ethiopia and Kenya) and that it would be prudent to focus assistance towards return activities rather than, for example, undertaking activities that would involve capital expenditures in the camps such as infrastructure development or the construction of permanent facilities. As voluntary repatriation is gradually taking off, standards of assistance, including some basic construction work, need to be addressed in a more realistic manner than in 2005. In addition, the arrival in 2005 of Congolese refugees in Uganda (15,000 now in camps) is a new element that contributed to the increase in 2006 (assistance provided to these refugees from the 2005 Operational Reserve is not reflected in the approved 2005 budget). The strengthening of the Regional Support Hub in Nairobi is also included in the budgetary increase.

8. In the Central Africa and the Great Lakes sub-region, the budgetary increase is due to the mainstreaming of the Supplementary Programme covering the return and reintegration of Burundian refugees (some \$40 million for both Burundi and the United Republic of Tanzania), as well as the Chad operation (\$70 million). Also included is a provision for the return and reintegration of Central African refugees from southern Chad and assistance for the return of spontaneously settled Angolan refugees.

9. In the Southern Africa sub-region, the main reasons for the budgetary increase are the provisions to increase the reintegration activities for returns in Angola, the creation of two additional HIV Officer posts (with earmarked contributions) and staff costs in general.

10. In CASWANAME, UNHCR remains focused on seeking durable solutions for refugees in protracted situations. In 2006, in parallel with ongoing return and reintegration efforts, UNHCR will work with governments in the region to open opportunities for some groups of refugees, for whom return or resettlement is not an option, to remain in the country of asylum for a longer period under a different framework in order to ensure their protection. In some countries, renewable temporary arrangements may be more appropriate and, in others, naturalization is a realistic option. UNHCR will also strive to enhance the protection space in the region by supporting national asylum structures as well as UNHCR's protection capacity in countries where asylum structures do not yet exist. Overall, the 2006 initial budget will remain very close to the 2005 level.

11. In the Asia and the Pacific region, the main objectives for 2006 are to enhance the relevance and effectiveness of UNHCR's protection activities by initiating a strategic review of state and sub-regional protection priorities, and to strengthen strategic partnerships within the United Nations system and with NGOs, government authorities and civil society. In addition, a strong focus will also be maintained on finding durable solutions for the protracted situations in the region, as well as on possible engagement in new areas such as statelessness and IDPs. While some operational budgets have been reduced, increased activities in Cambodia, the

Republic of Korea, Malaysia, Myanmar and Thailand, as well as projected cost increases due to varying exchange rates, account for an initially higher budget in 2006 as compared to 2005.

12. In Europe, different sub-regional priorities have been established within the overall strategic framework of the Bureau which focuses on i) strengthening asylum; ii) promoting stability and solutions; and iii) securing support for UNHCR worldwide. A budgetary increase of some \$7 million compared with the 2005 ExCom-approved budget is attributable mainly to the nominal increase in staffing costs and projected exchange rate losses of the relevant local currencies in relation to the US dollar. Reductions realized through the continued phasing down in the Balkans are offset by incorporating significant programme activities in Chechnya into the Annual Programme. In Western and Central Europe, the regionalization process yields a net decrease of posts in 2006 with more to follow in 2007. This is, however, partially offset by the process of continued decentralization and consolidation of private sector fund-raising activities.

13. In the Americas region, UNHCR's main regional objectives for 2006 are i) in Latin America, to enhance protection of refugees and internally displaced persons through the implementation of the protection and durable solutions strands of the Mexico Plan of Action, which accounts for the bulk of the budgetary increases being proposed for 2006. The humanitarian situation in Colombia is also of particular concern to UNHCR and requires an increased protection response for the growing number of IDPs; ii) in North America, to maintain high protection standards and enhance political support of North American countries for UNHCR's operations in general and, in particular, to the furthering of protection and solutions in Latin America; and iii) to enhance partnerships through participatory planning to obtain increased political and financial support for UNHCR's work and to keep a high level of civil society involvement in the protection and identification of solutions.

14. At Headquarters and for Global Operations, the main focus during the budget review process was on maintaining the same number of posts in 2006 as had been approved by the Executive Committee for 2005. Hence, the projected cost increases are mainly due to exchange rate variations but also, for example, an increase related to the cost sharing of United Nations field-related security costs (\$3 million), the need to increase UNHCR's emergency stockpile (\$3 million) and a provision for HIV/AIDS-in-the-workplace training (\$350,000).

UNHCR - 2006 Annual Programme Budget Review

(in thousands of US dollars, including the UN Regular Budget)

Region	2004 Expenditure	2005 EXCOM	2006 Field Submissions	Preliminary Consultations
West Africa	89,301.9	121,627.3	109,292.8	103,890.7
East & Horn of Africa	103,608.4	94,670.8	108,885.3	99,926.6
Central Africa & the Great Lakes ^{/1}	103,576.2	71,324.9	138,316.2	191,224.9
Southern Africa	54,265.5	53,731.9	58,310.1	56,520.0
Sub-total Africa	350,752.0	341,354.9	414,804.4	451,562.2
North Africa	7,517.0	6,399.4	8,123.6	7,481.1
Middle East	17,731.8	18,903.7	23,275.1	21,564.6
South-West Asia	128,672.7	107,057.9	112,239.3	102,908.4
Central Asia	5,898.8	6,220.4	6,806.6	6,758.7
Sub-total CASWANAME	159,820.3	138,581.4	150,444.6	138,712.9
East Asia & the Pacific	30,204.9	22,370.4	35,375.0	30,077.1
South Asia	20,628.2	28,139.4	27,035.1	25,452.3
Sub-total Asia & the Pacific	50,833.1	50,509.8	62,410.1	55,529.5
Eastern Europe	28,779.7	25,577.0	30,351.2	30,058.4
South-Eastern Europe	52,097.5	46,376.0	46,015.2	45,267.3
Central Europe & the Baltic States	14,738.5	13,460.2	15,794.1	15,798.7
Western Europe	17,427.2	17,620.8	20,074.2	19,144.0
Sub-total Europe	113,042.9	103,034.0	112,234.7	110,268.4
Northern South America	13,418.6	13,774.7	18,658.4	17,543.4
Southern South America	3,067.6	2,928.5	4,201.8	3,954.8
North America & the Caribbean ^{/2}	7,922.8	7,154.0	8,398.1	7,899.1
Central America	4,134.8	4,320.3	4,522.3	4,255.8
Sub-total Americas ^{/2}	28,543.8	28,177.5	35,780.6	33,653.1
Global Operations	67,743.8	76,024.9	97,447.3	84,274.1
Headquarters	126,762.5	124,460.4	152,365.1	141,274.1
Sub-total Annual Programme	897,498.4	862,142.9	1,025,486.8	1,015,274.2
Operational Reserve I	-	62,504.1	74,699.0	70,492.5
Operational Reserve II	-	50,000.0	50,000.0	50,000.0
Total Annual Programme	897,498.4	974,647.0	1,150,185.8	1,135,766.7
JPOs	8,369.4	7,000.0	8,500.0	8,500.0
Grand Total ^{/1}	905,867.8	981,647.0	1,158,685.8	1,144,266.7

^{/1} the 2006 "SB" requirements for Chad were not included in the field submissions

^{/2} including the UNHCR Office in New York

9 June 2005