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UNHCR ANNUAL PROGRAMME BUDGET
2006

Addendum

Report of the Advisory Committee on Administrative and Budgetary Questions

I. GENERAL

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the United Nations High Commissioner for Refugees entitled "UNHCR Annual Programme Budget 2006" (A/AC. 96/1011). The Committee also had before it the following documents:

- (a) "Proposed post of Assistant High Commissioner (Protection)" (EC/55/SC/CRP. 24);
- (b) "UNHCR's information and communications technology: strategy and implementation thereof" (EC/55/SC/CRP. 23);
- (c) "Biennialization of the programme budget" (EC/55/SC/CRP. 20).

2. During its consideration of the reports, the Advisory Committee met with representatives of the High Commissioner.

3. The estimated budgetary requirement for 2006 amounts to \$1,145,297,000, broken down as follows:

<u>Area</u>	<u>Amount</u>	<u>Percentage</u>
▪ Programmes	\$648,916,300	56.7
▪ Programme support, both field and headquarters	\$275,091,100	24.0
▪ Management and administration, including the United Nations regular budget contribution of \$32,873,500	\$86,966,300	7.6
▪ Operational reserve		
Category I	\$75,823,300	6.6
Category II	\$50,000,000	4.4
▪ Provision for Junior Professional Officers	\$8,500,000	0.7

II. PRESENTATION

4. The Advisory Committee welcomes the further progress that has been made in the presentation of the logical framework and the move towards a results-based formulation. It notes in particular, the quantification of indicators of achievement as requested in its previous report (A/AC. 96/992/Add. 2 para. 3) with the provision of estimated performance measures for 2005 and targets for 2006. The data collected will thus constitute a baseline for evaluating actual performance against targets and will also facilitate the setting of realistic targets in the future.

5. The Committee was informed that UNHCR has established a Results-based Management (RBM) Board chaired by the Deputy High Commissioner to provide overall leadership for UNHCR's efforts to institutionalize RBM, thus establishing the facilitator and support function requested by the Committee (A/AC. 96/992/Add. 2 para. 3). The Advisory Committee has consistently stressed the importance of involvement at the highest levels of management in the formulation of strategic goals and the results-based budgeting process to ensure that these reflect

the management plan of action rather than being a mere paper exercise (A/60/7 paras. 7-24). It therefore welcomes this commitment of UNHCR and its senior management to the implementation of RBM as a tool for improving programme planning and delivery, management culture and accountability.

6. While the Committee commends UNHCR for the improvements made, it is of the opinion that there remains room for further improvement, in particular with respect to the streamlining of the budget document, to making it more concise and reader-friendly and less repetitive. For example, the figures and certain tables provided at the end of each section could be incorporated into the body of the report, thereby adding clarity. Conversely, information of a general, informative nature such as the definition of the various categories of the workforce could be included in an annex and be simply referenced in the text, as appropriate. In a number of cases, the same information is presented in a fragmented manner and incorporated in more than one place; it could easily be combined or rearranged so as to avoid unnecessary repetition and be referenced where necessary. For example, information on the operational reserves is repeated in paragraphs 19 and 24. Information on the programme and support budgets is given under Part I (paras. 22-23 and 60), in Table I. 1, as well as under Parts II and III which deal with these sections of the budget.

7. The Advisory Committee encourages UNHCR to pursue its efforts to refine the presentation of the budget document and logical framework. In this regard, it suggests that an exchange of information on the lessons learned and best practices adopted by United Nations entities having implemented RBB such as UNDP and DPKO could be helpful. Given the fact that UNHCR is planning to present the biennium budget covering the period 2008-2009 in 2007, greater efforts need to be made to harmonize definitions and terms used for results-based budgeting in line with United Nations Systems practice, as far as possible (see also para. 9 below).

8. The Advisory Committee notes with appreciation the detailed comments on the follow-up to its observations, which have been provided separately in Annex 1. It encourages UNHCR to continue this useful practice.

III. BIENNIALIZATION OF THE UNHCR BUDGET CYCLE

9. The changing of the budget cycle from annual to biennial had been recommended by the JIU in its report entitled "Review of the Management and Administration in the Office of the United Nations High Commissioner for Refugees" (JIU/REP/2004/4, Recommendation 3). The Advisory Committee had concurred with this recommendation (A/AC. 96/992/Add. 2, para. 6) and urged UNHCR to carry out the necessary consultations with donors and other partners. From the document provided on this subject (EC/55/SC/CRP. 20), the Advisory Committee notes that UNHCR has prepared a plan to shift to a biennial budget in 2008-2009. An annual budget will therefore be presented for the last time in 2006 for 2007. The Advisory Committee welcomes this progress and endorses the plan outlined in this document. It requests UNHCR to maintain consultations with all concerned throughout the planning and implementation process to ensure a smooth transition to the new budget cycle.

IV. ORGANIZATIONAL RESTRUCTURING AND STAFFING MATTERS

10. An increase of 27 posts at Headquarters is proposed, including the regularisation of 23 posts related to the Management Systems Renewal Project (MSRP) and the mainstreaming of four posts related to the Burundi and Chad Supplementary Programmes. According to the budget document, the total number of posts at UNHCR headquarters on 1 January 2006 is projected to be 888 compared to 861 on 1 January 2005. Upon request, the Committee was provided additional information indicating that the increased budget under posts would be partly offset by a reduction under temporary assistance in respect of the MRSP, from \$3.5 million in 2005 to \$1.4 million in 2006. Aside from the fact that the conversion is not cost neutral, the creation of posts adds to the regular establishment and carries with it a commitment to funding well beyond that assumed by General Temporary Assistance (GTA). While the Committee will not interpose an objection to the regularization of these posts, it emphasizes the need to justify new posts as such, rather than continuing to rely on conversion, with an implication that it would be more or less cost neutral. In this connection, the Advisory Committee reiterates the need to manage posts dynamically on an organization-wide basis, with greater flexibility and redeployment of resources when and where they are required (A/60/7 paras. 52–55).

11. The Advisory Committee recalls that it had agreed in principle to the proposal for the establishment of a post of Assistant High Commissioner for Protection (A/AC.96/992/Add.2 para. 11). The Committee notes that UNHCR is now proposing (EC/55/SC/CRP.24, para. 9) to establish this position through the upgrading of the post of Director of International Protection to the Assistant Secretary-General level and that efforts have been made to take into account the Committee's observations regarding this post, namely the need to balance its workload with the heavier workload of the post of Assistant High Commissioner for Operations (A/AC.96/992/Add.2 para. 13). The Committee notes that, the Community Development Section and Reintegration and Local Settlement sections would be transferred from Operations to Protection. Further, the Committee was informed that since protection is an integral part of the every activity undertaken by the Office, there would be close horizontal, functional links between the staff in the Field and the Office of the Assistant High Commissioner for Protection. The Advisory Committee recognizes that these adjustments redress the situation to some extent and requests UNHCR to continue seeking greater balance in the distribution of the workload amongst the Deputy and the two Assistant High Commissioners.

V. OPERATIONAL RESERVE

12. The 2006 budget proposes the continuation of the operational reserve with two components as introduced on a trial basis in 2004. The first reserve would be set at \$75,823,300 or 7.5 percent of the proposed programme activities, for the purpose of covering unforeseen situations as defined under financial rule 6.5. The second category, set at \$50 million, is aimed at accommodating additional contributions for expanded or new activities that are considered as falling within the mandate of the Office, but which have not been included in the annual programme budget because of resource considerations.

13. The Advisory Committee recalls that the Executive Committee had decided to carry out a thorough review of the pilot phase of Operational Reserve Category II. The Committee notes that an analysis of the pilot project will be presented to the Standing Committee in March 2006,

which will then make a recommendation on the possible need for the Operational Reserve Category II beyond the current trial period. The Advisory Committee concurs with this course of action and requests that it be kept informed of decisions made regarding this matter.

VI. INFORMATION TECHNOLOGY

14. From the note on UNHCR's information and communications technology strategy and its implementation (EC/55/SC/CRP. 23) as well as additional information provided upon request, the Advisory Committee notes that it is planned to complete implementation of the Management Systems Renewal Project (MSRP) worldwide by mid-2007. This includes: the completion of the field roll-out of the Finance, Budget and Supply chain modules; the design, development and integration of Human Resource Management and Payroll modules into the MSRP; the introduction of a variety of additional Peoplesoft modules such as Travel and Expenses, portal, fleet management; and the roll-out of these modules to all field offices.

15. The Advisory Committee was informed that at present personnel actions are largely executed manually. Further streamlining and automation of administrative processes should therefore be pursued as a matter of high priority. The Committee urges UNHCR to make all efforts to ensure that the modules of the MSRP are implemented according to the planned timeframe.

VII. OVERSIGHT ACTIVITIES

16. The Advisory Committee notes that the Inspector General's Office would be strengthened with the addition of 4 professional posts through redeployment. It was informed that a number of consultations between the Executive Committee and the High Commissioner had taken place on the subject of the independence of the Inspector General and the observations of the JIU, in particular recommendation 10 (JIU/REP/2004/4); the Executive Committee is expected to take a decision on this matter at its 2005 plenary session. The Advisory Committee was also informed that summaries of the Inspector General's inspections were available to ExCom members on the UNHCR website, and that the related reports were provided to member States on request, in conformity with GA resolution 59/272.

17. On a related matter, the Advisory Committee was informed that negotiations on OIOS charges for investigations carried out were ongoing and that UNHCR was considering the establishment of MOUs with OIOS for future investigations.

VIII. FRAUD AND PRESUMPTIVE FRAUD

18. The Advisory Committee notes from the report of the Board of Auditors on the financial statements of the voluntary funds administered by the UNHCR for the year ended 31 December 2004 that "UNHCR could not inform the Board of the controls that had been implemented to prevent the recurrence of [cases of fraud and presumptive fraud], but indicated that it would continue to strengthen controls and procedures to identify and minimize situations of fraud risk as part of the institutional commitment to embrace better practices in the assessment of risks,

including fraud” (paras 247-276). The Advisory Committee emphasizes that all cases related to fraud and presumptive fraud need to be followed up by the High Commissioner for expeditious and decisive action with clear timeframes; such action should be reported regularly to the appropriate bodies.

IX. OTHER MATTERS

19. The Advisory Committee notes that a provision of \$3.35 million is made for training. It trusts that the training programmes offered to international staff conform to the spirit of GA resolution 54/249 (para.68) which indicated that training programmes should be aimed at enhancing skills and increasing expertise of staff. In its review of the Department of International Protection, the Board of Auditors notes that about one third of the participants in the refugee status determination and resettlement learning programme drop out, mainly due to the heavy workload in the Field which makes training difficult (paras 198-204). In spite of these difficulties, the Advisory Committee is of the opinion that this rate is unacceptably high and requests that UNHCR monitor the attendance, graduation rate and impact of the training programme and to report on this matter in the next budget submission.

20. Upon request, the Advisory Committee was provided information on the fast-track recruitment model applied for international staffing, which was initially adopted for the Afghanistan operation in 2003. However, it was informed that these procedures were not adequate to cover all emergency needs and that recourse to project posts continued to be necessary. The Advisory Committee urges UNHCR to pursue its efforts to find satisfactory solutions for emergency recruitments and it requests that it be kept informed of lessons learned and best practices adopted in this area which is of interest to many United Nations entities.

21. The Advisory Committee notes that an amount of \$36,500,000 is projected for contributions from the private sector in 2006. It trusts that clear ethical guidelines on private sector fundraising are observed. In this connection, the Advisory Committee points out that other organizations have developed codes of conduct for fundraising from the private sector and that it would be useful for all agencies to adopt best practices in this matter.