



UNHCR

42nd Meeting of the Standing Committee

Agenda Item 7 (c)

An update on programme budgets and
funding including consideration of the revised
Programme Budget for 2008

Presentation by the Controller
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26 June 2007

2007 Overall Financial Situation



Total Budget:

| | | |
|--------------------------------------|----------------|----------------------------------|
| • Annual Programme Budget | \$ 1057.9 m | |
| • JPO Budget | 10.0 m | |
| • 19 Supplementary Programme Budgets | <u>416.5 m</u> | |
| • Total | | <u><u>\$ 1484.4 m</u></u> |

Total Funds Available (with adjustments): **\$ 1459.9 m**

Total Expenditure:

| | | |
|-----------------------------------|----------------|---------------------------------|
| • Annual Programme Budget | \$ 1015.9 m | |
| • Supplementary Programme Budgets | <u>326.1 m</u> | |
| • Total | | <u><u>(1342.0 m)</u></u> |

Total Carry-over: (AB \$62.1 m, JPO \$7.2 m, SB \$48.6 m) **\$ 117.9 m**

2007 Financial Situation



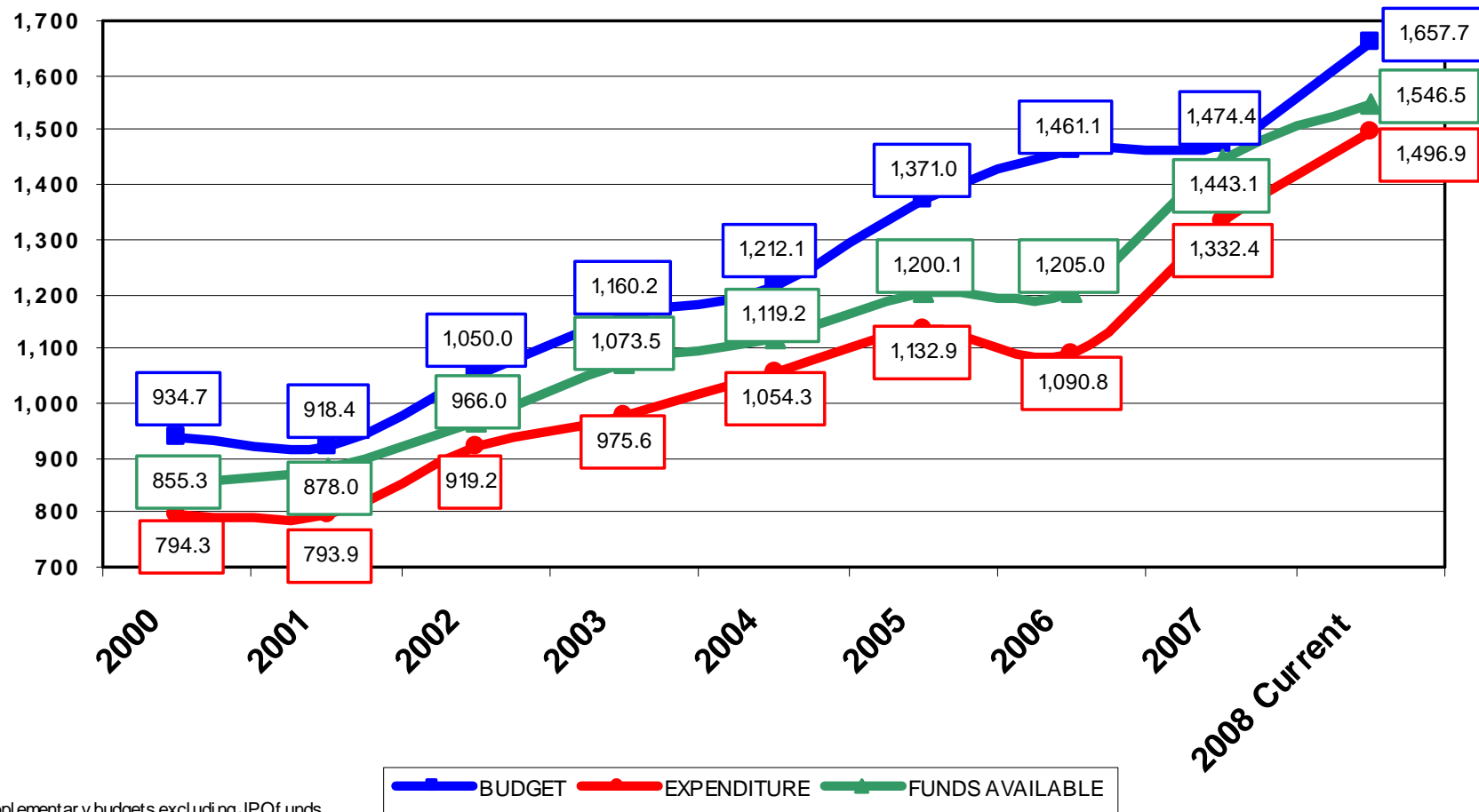
- The 2007 Annual Programme Budget closing balance of \$69.3m
 - \$3.7m higher than in 2006 (comprised of \$62.1m under the Annual Programme Fund and \$7.2m under the JPO Fund).
- The 2007 Supplementary Programme Budgets closing balance was \$48.6m:
 - \$5.8m was transferred from the Supplementary Programmes Fund to the Annual Programme Fund:
 - Supplementary Programme for the Pakistan Cyclone and Floods Emergency came to an end
 - Supplementary Programme for the Repatriation and Reintegration of Congolese (DRC) Refugees mainstreamed in 2008
 - \$42.8m remaining balance was made available for use under the relevant 2008 Supplementary Programmes
- UNHCR benefited from favourable foreign exchange rate movements in 2007, against contributions received for 2007.
 - The net gain recorded of \$6.1m has been added to the \$23.7m buffer established in 2007

Overall Trends

Annual and Supplementary Programme Budgets



Millions of US\$



Annual & Supplementary budgets excluding JPO funds

2008 Programme Budgets



Total current budget: \$ 1,667.7m

- Annual Programme Budget \$ 1,096.1m
- 22 Supplementary Programme Budgets \$ 571.6m

The Annual Programme Budget includes:

- UN RB contribution towards HQs costs \$ 34.8m
- Operational Reserve \$ 91.9m
(\$ 70.1m transferred as at 31/5)
- New or additional activities –
mandate-related (NAM Reserve) \$ 75m
(\$ 48.8 m have been transferred)
- Budgeted activities for JPOs \$ 10m

As at 30 April, estimated expenditure stood at \$ 323.2m

2008 Programme Funding



| | | |
|-----------------------------------|------------|---------------------|
| Annual Programme Budget | | \$ 1,096.1 m |
| Income to 31 May: | \$ 888.1 m | |
| Contributions include: | | |
| \$ 33.8m UNRB | | |
| \$ 35.2m NAM Reserve; | | |
| \$ 3.3m under the JPO Fund; | | |
| and \$ 69.3m carry-over from 2007 | | |
| Income projected: | \$ 257.6 m | |
| Total projected income: | | \$ 1,145.7 m |
| Projected carry over: | | \$ 49.6 m |

2008 Programme Funding



| | | |
|--|-----------|------------------|
| Supplementary Programme Budgets | | \$ 571.6m |
| Income to 31 May | \$ 358.5m | |
| \$ 315.7m in contributions | | |
| \$ 42.8m carry-over from 2007 | | |
| Income projected | \$ 52.3m | |
| | | |
| Total projected income | | \$ 410.8m |
| | | |
| Remaining funds required | | \$ 160.8m |
| | | |
| As at 30 April, estimated expenditure stood at | | \$ 96.1m |

Proposed Increase to the 2008 Annual Programme Budget



- The established guidelines, priorities and goals for the 2008-2009 Biennial Programme Budget process was established in early 2007
 - Included review of the Office's fiscal status and projected income and expenditures
 - Over a year has passed since the initial planning assumptions and budget rates set
 - Since then, the parameters underlying the calculations of expected income and expenditure targets have changed
- Significant decline of the US dollar since then
 - Budget rates set in March 2007 for non-US dollar currencies no longer corresponds to the prevailing market rates
 - UNHCR plans to adjust the budget rates for non-US dollar currencies for selected operations in line with current programme objectives and priorities
- To create the additional budgetary space required to compensate for some of these budgetary exchange rate losses, and to be able to respond to unforeseen activities and further emergencies until year end
 - Mechanism proposed is to reconstitute the Operational Reserve at the full 10 per cent of current programmed activities (those originally approved by ExCom at \$919.2 million), plus the Operational Reserve allocations of \$70.1 million made to date bringing the 2008 Annual Programme Budget to a revised figure of \$1088.2 million

Next Steps (1)



- It is imperative that UNHCR's current funding projections regarding fresh contributions be met
- The budgetary space created through the reconstitution of the Operational Reserve would be strictly managed to the level of available income to:
 - Selectively cover adjustments of budget rates for non-US dollar currencies, rising fuel costs and inflationary pressure
 - Respond to new operational needs
 - Examples include: budget rate exchange losses, increase in food and fuel prices, repatriation programmes, and newly developing refugee influxes

Next Steps (2)



- The 2009 Annual Programme Budget is currently under revision. It is likely that the budget will be increased to reflect inflationary pressure and the impact of updated budgetary parameters, including updated budget rates for non-US dollar currencies
- The final results of this budget exercise will be reviewed by the ACABQ, the September meeting of this Standing Committee and, finally, the Executive Committee in October of this year.