

# FUNDING AND BUDGET

## OVERVIEW

UNHCR relies almost exclusively on voluntary contributions to cover the costs of its operations. Although a limited subsidy from the Regular Budget of the United Nations covers some 200 administrative posts, this represents only two per cent of UNHCR's total budget and the Office must raise 98 per cent of its financial requirements each year. This reliance on voluntary funds, coupled with unforeseen refugee crises, often results in funding shortages which directly affect UNHCR's ability to respond to the needs of refugees and other populations of concern. Through this Global Appeal for funding of its activities in 2000, UNHCR is seeking contributions of USD 965.2 million, of which USD 933.5 million will be required for the Annual Programme and 31.7 million for two Supplementary Programmes. The requirements are based on careful assessments of the precise needs of refugees and other persons of concern to the Organisation undertaken in field-based planning sessions which involve host governments, NGOs and other actors. At the same time, the nature of UNHCR's work requires that the Office maintains flexibility to expand or contract its financial and other resources, as needs dictate.

## DONORS

### Government Donors

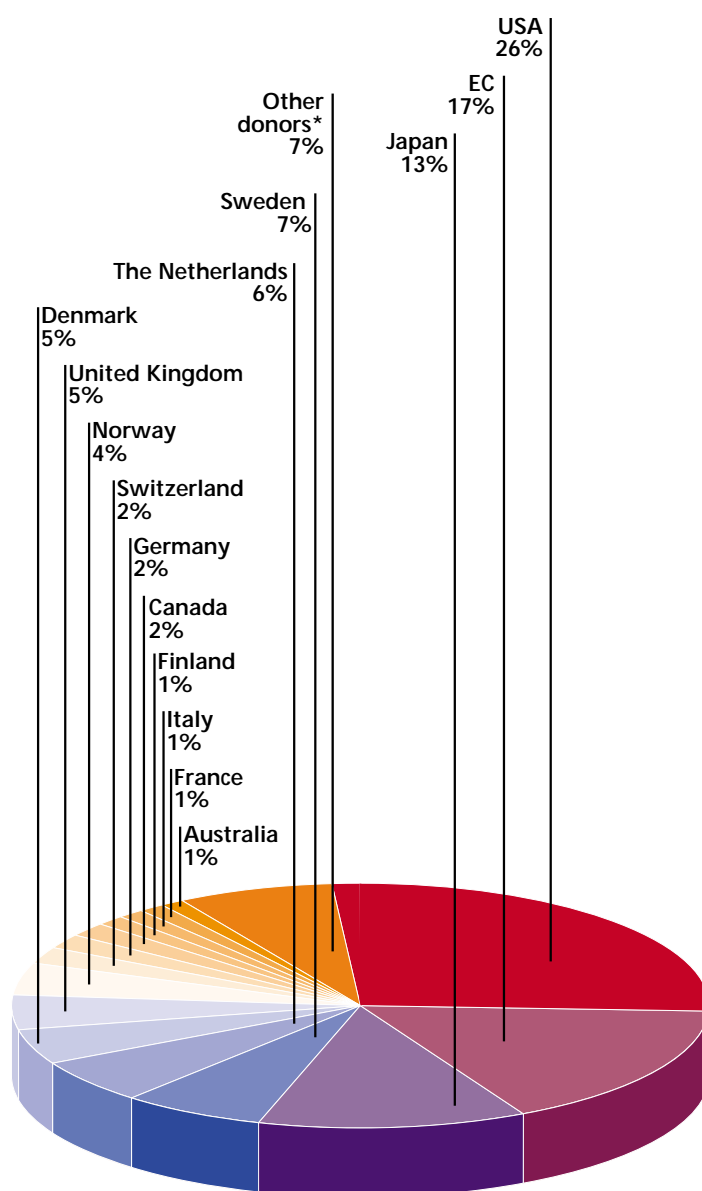
Although UNHCR receives contributions from a large number of governments, inter-governmental organisations, NGOs and individuals, most of its funding is provided by 15 donors – 14 governments and the European Commission. In 1998, these 15 donors provided almost 95 per cent of UNHCR's total funds. To reduce the potential vulnerability engendered by such a narrow donor base, UNHCR is constantly seeking ways to enlarge its circle of donors. These efforts will continue in 2000, particularly in countries with emerging economies, and is expected to lead to a broader donor base with a wider geographical distribution.

### Private Donors

UNHCR also receives financial support from the private sector, which includes the general public, corporations, foundations and NGOs. In response to ongoing fund-raising efforts in a number of

countries in 1999, and especially to events in Kosovo and East Timor, UNHCR estimates that it could receive some USD 30 million from the private sector in 1999, compared to USD 11.5 million in 1998. Funds were raised primarily in Europe (France, Germany, Italy, Spain and the UK), the USA and Japan.

Voluntary Contributions 1994-1998  
Top 15 Donors



\*Includes Governments, Private Donors, Inter-Governmental Organisations, NGOs and the United Nations System.

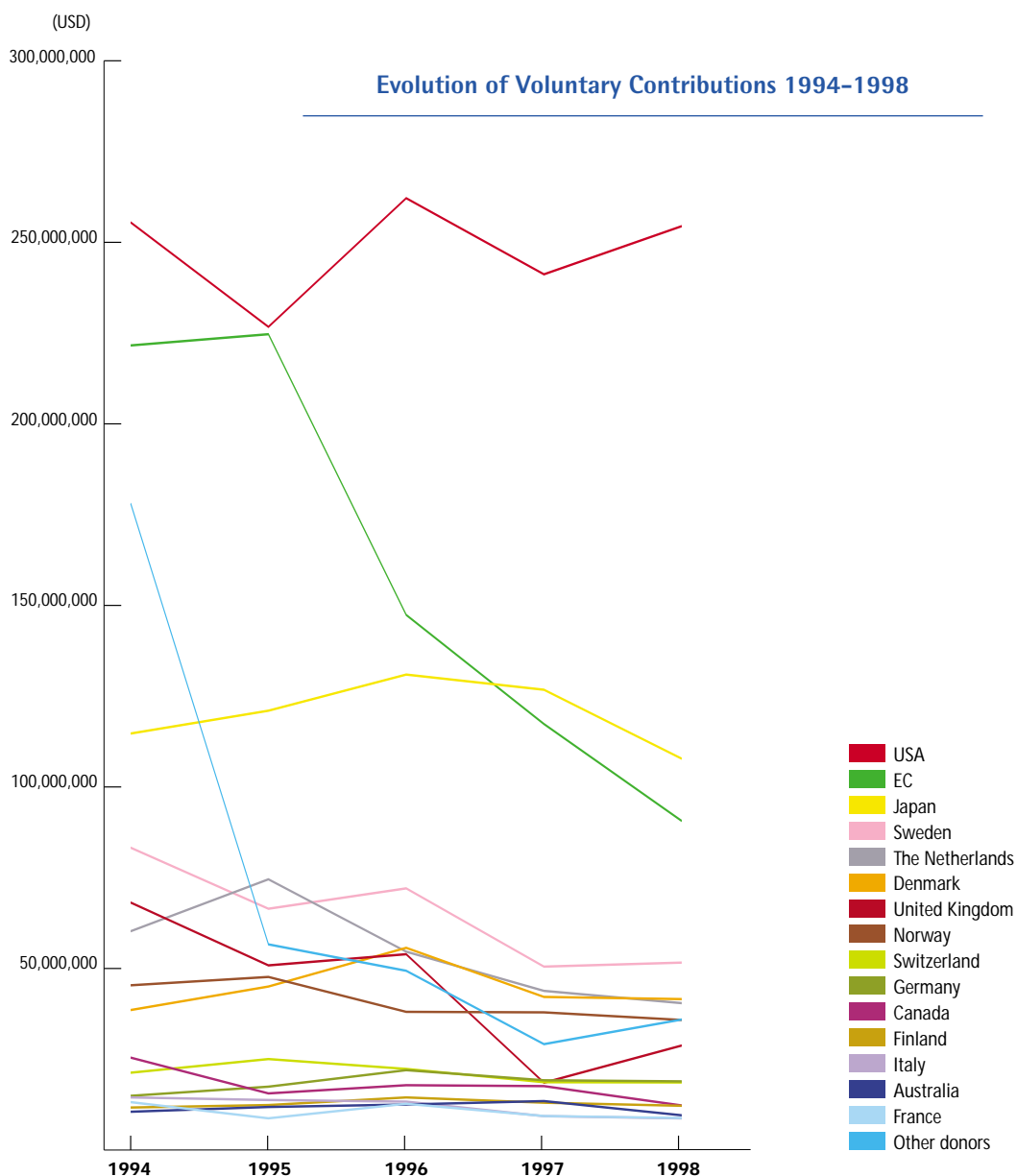
While NGOs traditionally implement UNHCR's programmes in the field, they are also important partners in providing advocacy for UNHCR's mandate and in generating support for refugees. NGOs contribute to UNHCR's annual budget by making public appeals on behalf of UNHCR for a number of operations. Some NGOs are specifically dedicated to generating financial support for UNHCR. This is the case with *España con ACNUR*,

USA for UNHCR, UK for UNHCR (Refaid) and *Action Réfugiés* with whom UNHCR maintains strong ties. Over the past year, contributions from the private sector and NGOs have increased as a result of a more concerted effort to raise public awareness via radio, television, the press and other channels.

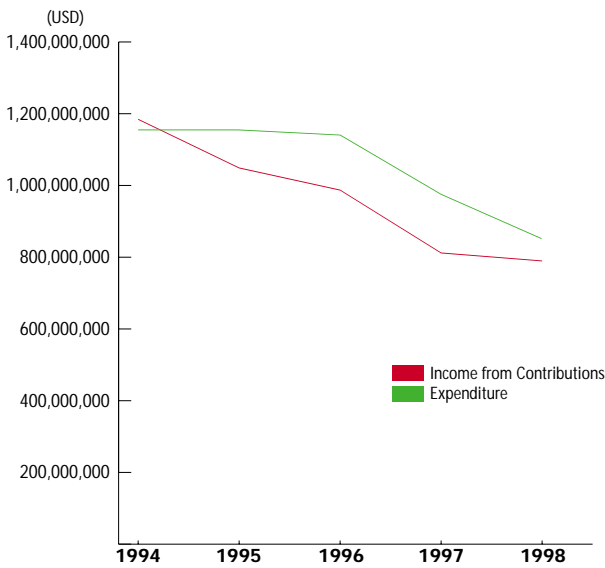
## PREDICTABLE AND FLEXIBLE FUNDING

The quantity of funding is, of course, important; but no less important is the quality of funding – its predictability, flexibility and promptness. Too often, UNHCR has to begin operations without knowing when it can expect to receive funding for a programme, or how much, or whether contributions will come with restrictions attached. Early and predictable financial support helps UNHCR plan. Flexible funding allows UNHCR to use its financial resources efficiently. Tight ear-

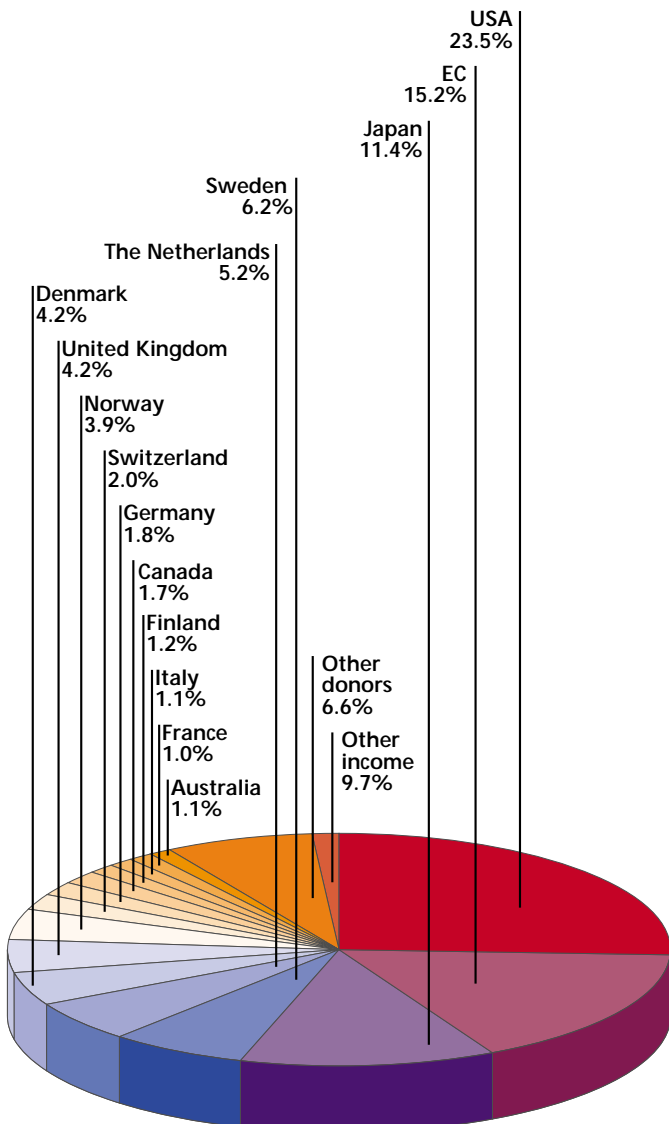
marking limits UNHCR's independence and weakens its coordinating role. UNHCR encourages contributions without earmarking (specific conditions determining their use), or if this is not possible, regional earmarking is the preferred option. This permits the High Commissioner to redirect funds when new needs arise or refugee situations are solved, thereby providing the quick response expected by governments, the general public, and the refugees.



**Total Contributions Compared to Expenditure  
1994-1998**



**Contributions as a Percentage of Total  
Expenditure 1994-1998**



While every donor would like to see its contribution alleviate the most urgent refugee needs, UNHCR also requires funds for its Headquarters support structure to underpin its extensive field operations. In addition, a number of activities of a global nature are budgeted and administered at Headquarters. These include, to mention only a few, activities for refugee women, refugee children and the environment, programme support activities, the integrated systems project, training, resettlement activities, and emergency preparedness and response. In the spirit of transparency, the related financial requirements are, for the first time, presented in great detail in this Global Appeal. It is hoped that this will make donors more incline to contribute to these costs.

The publication of this Global Appeal, soon after the Executive Committee of the High Commissioner's Programme has endorsed the budget for the year 2000, permits the donor community to make early funding commitments thereby reducing financial uncertainty.

**CONTRIBUTIONS IN KIND**

Contributions in kind, in the form of goods or services, such as tents, medicines, tools, trucks, air transportation, logistics and specialised personnel, complement UNHCR's resources, especially in large or complex emergencies, or when responses need to be fast. However, these contributions must be appropriate to the situation. Further, there must be a clear understanding between the donor and UNHCR procedures which allow maximum benefit to flow from the donor's contribution. UNHCR's guidelines on contributions in kind have been distributed to donors and copies may be obtained from the Donor Relations and Resources Mobilisation Service.

## 2000 - THE NEW BUDGET STRUCTURE

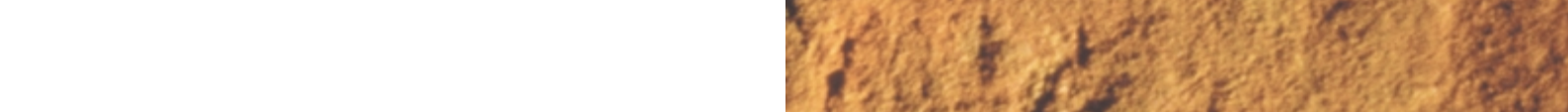
UNHCR's activities were until recently divided into two types of programmes: General Programmes and Special Programmes. General Programmes mainly focused on UNHCR's statutory activities and included activities to protect and care for refugees in exile, whereas Special Programmes covered assistance and protection during emergencies, voluntary repatriation, and assistance for persons outside the refugee mandate but still of concern to UNHCR, including internally displaced persons, victims of war and returnees. As of 1 January 2000, all UNHCR's programmes have been consolidated into one unified budget – the Annual Programme Budget. The aim is to provide governments and others interested in UNHCR's work with an overall, transparent and comprehensive picture of the totality of its operations in terms of protection and assistance, while at the same time provide

increased flexibility for UNHCR in the management of its financial resources.

The 2000 Annual Programme Budget amounts to USD 933.5 million and was approved by the 50th session of the Executive Committee in October 1999. Since then, new requirements of USD 31.7 million have been identified for repatriation and reintegration of Sierra Leonean refugees and for the situation related to East Timor. These are included in this Global Appeal under the heading "Supplementary Programmes". Any further requirements in 2000 that cannot be funded from the Annual Programme Budget will become part of this second category and will be the subject of separate appeals. According to UNHCR's Financial Rules, any Supplementary Programmes that need to be extended into 2001 will be incorporated into the 2001 Annual Programme Budget.

### TOTAL FINANCIAL REQUIREMENTS IN 2000

OPERATIONS	ANNUAL PROGRAMME	SUPPLEMENTARY PROGRAMME	TOTAL (USD)
Great Lakes	100,209,397		100,209,397
East and Horn of Africa	91,232,024		91,232,024
West and Central Africa	69,207,938	15,847,282	85,055,220
Southern Africa	19,867,550		19,867,550
North Africa	8,967,055		8,967,055
The Middle East	20,340,638		20,340,638
South-West Asia	43,627,016		43,627,016
Central Asia	7,182,135		7,182,135
South Asia	29,257,682		29,257,682
East Asia and the Pacific	19,259,150	15,878,098	35,137,248
Eastern Europe	38,246,390		38,246,390
South-Eastern Europe	213,033,376		213,033,376
Central Europe and the Baltic States	11,185,697		11,185,697
Western Europe (including Turkey)	21,186,877		21,186,877
North America and the Caribbean	6,227,510		6,227,510
Central America	8,635,857		8,635,857
South America	8,247,052		8,247,052
Global Operations	49,252,400		49,252,400
Headquarters	76,279,000		76,279,000
<b>Total Programmed Activities</b>	<b>841,444,744</b>	<b>31,725,380</b>	<b>873,170,124</b>
Operational Reserve	82,108,300		82,108,300
Junior Professional Officers	10,000,000		10,000,000
<b>Grand Total</b>	<b>933,553,044</b>	<b>31,725,380</b>	<b>965,278,424</b>



Another change is the introduction of new categories for support costs, which used to be listed under the headings “Programme Delivery” and “Administrative Support”. As of 2000, these costs have been defined as “Programme Support” and “Management and Administration”. This is in line with recommendations by the ACABQ, subsequently approved by the Executive Committee, to harmonise UNHCR’s budget structure with that of other UN agencies. The new categories are defined as follows:

**Programme Support (Field and Headquarters):** covers the costs of organisational units whose primary function is the development, formulation, delivery and evaluation of the Office’s programmes. This includes units that provide techni-

cal, thematic, geographical, logistical and administrative support to programmes.

**Management and Administration (Headquarters):** covers the costs of organisational units whose primary function is the maintenance of the identity, direction and well-being of the Office. This includes functions such as executive direction, organisational policy and evaluation, external relations, information and administration.

Information on Programme Support costs is given under this heading in the country budgets. Information on costs for Management and Administration is found in the chapter on UNHCR Headquarters.

## THE OPERATIONAL RESERVE

Starting in 2000, a new Operational Reserve encompasses what was previously covered under the Emergency Fund, the Voluntary Repatriation Fund and the Programme Reserve. Following an ACABQ recommendation that this new Reserve be established at 10 per cent of programmed activities, the 2000 Operational Reserve amounts to USD 82.1 million. The use of the Operational Reserve is similar to that of the previous three reserves. It can be used to:

- provide assistance to refugees, returnees and displaced people in emergency situations for which there is no provision in the programmes approved by the Executive Committee;
- fund administrative expenditure related to emergencies that cannot be covered by the Annual Programme Budget or Supplementary Programmes;
- fund the planning of repatriation, including activities in the country of origin (e.g. initial reintegration costs) as well as in the country of asylum;
- cover unexpected increases in the cost of projects financed from the current or previous years’ Annual Programme Budget or from an allocation made in current or previous years to cover an emergency;
- meet the cost of modifications to current year projects under the Annual Programme Budget;
- increase existing allocations to meet needs

resulting from a new influx of refugees belonging to a group already receiving assistance under the current year’s Annual Programme budget;

- increase (with the Executive Committee’s approval) the Fund for International Field Staff Housing and Basic Amenities.

The High Commissioner may make allocations from the Operational Reserve to other parts of the Annual Programme Budget and to Supplementary Programmes for the above purposes, provided that the amount made available for any one programme does not exceed USD 10 million. If sufficient funds are made available by donors for the relevant programme in the course of the year, such an allocation can be cancelled and the Operational Reserve replenished. Donors can contribute to the Operational Reserve or to the programme that requires funding.

UNHCR’s operational projects are classified by type of assistance: Emergency, Care and Maintenance, Voluntary Repatriation, Local Settlement and Resettlement. Project budgets are broken down into four levels: Sector, Activity, Item and Sub-Item. In order to keep this Global Appeal limited in size and to draw attention to the main themes of UNHCR’s work, assistance in 2000 is mostly described at the sector level.

The following is a brief description of the main activities covered under each sector of UNHCR's country budgets.

**Protection, Monitoring and Coordination (Programme):** direct inputs needed to achieve the objectives of a specific project or programme. This may include UNHCR experts on protection, programme and field work, support personnel, supplies and equipment, sub-contracts, cash assistance and individual or group training.

**Community Services:** services and activities (e.g. counselling, mental health and community services) for specified vulnerable groups (unaccompanied minors, children, women, single parents, elderly, disabled) and social workers for individuals and families.

**Crop Production/Livestock / Fisheries / Forestry:** these four sectors cover large-scale as well as peripheral or supplementary agricultural activities for refugees in rural areas, including: arable farming and small-scale gardening; animal husbandry; fishing and aquaculture; reforestation and tree-planting.

**Domestic Needs/Household Support:** covers the cost of cooking, heating, lighting fuel (charcoal, wood, kerosene, etc.) and household goods (blankets, cloth, cooking pots and utensils, cooking stoves, mosquito nets and sleeping mats).

**Education:** covers the construction, operating and maintenance costs of schools, classrooms, vocational training centres and related facilities for UNHCR-supported primary, secondary and post-secondary education, and the cost of relevant educational materials; also covers scholarships to attend local schools, and vocational skills training.

**Food:** covers the procurement of food commodities not provided by WFP, and any related processing and testing.

**Health/Nutrition:** covers the construction, operation and maintenance of health/nutrition facilities and the costs of general health services (drugs, medical supplies and equipment, family planning etc.). Also covers support for national governmental or non-governmental health institutions which provide services to refugees (e.g. the provision of equipment to a hospital or a grant-in-aid to a clinic) and various other health/nutrition activities (e.g. dental or physical rehabilitation services) and direct medical assis-

tance to individual refugees and their families (e.g. medical referral, treatment costs or medical examination costs).

**Income-Generation:** covers employment and labour-insertion activities, such as the cost of placing refugees in ongoing local commercial concerns, including incentives to agencies or employers and small-business assistance, and the provision of grants, equipment, supplies and materials, as well as technical advice for the setting up of refugee-owned businesses.

**Legal Assistance:** covers the costs of refugee registration, legal representation, refugee documentation, bio-data systems, tracing as well as ID cards/papers in relation to providing protection and/or achieving durable solutions. Also covers costs related to the training/orientation of government officials and NGO staff to promote refugee law and its favourable application to refugees and asylum-seekers.

**Operational Support (to Agencies):** covers implementing partners' administrative and management costs which overlap with more than one sector of a project.

**Sanitation:** covers human and solid/hospital waste and vector/pest control activities (i.e. the construction and maintenance of latrines and related facilities, spraying of human waste control areas, general and hospital garbage disposal etc.).

**Shelter/Other Infrastructure:** covers land and site preparation for shelters and infrastructure. Also covers the costs of tents, pre-fabricated buildings/structures and the construction of refugee housing, as well as direct assistance to individual refugees and their families (frequently urban beneficiaries) such as rental/housing allowances.

**Transport/Logistics:** covers in-country and international transport of refugees/returnees and of food and other items, as well as storage and distribution services, the construction, operation and maintenance of warehouses and mechanical workshops, in-country customs/harbour clearance, handling and in-transit storage costs, and road construction (outside camps).

**Water (non-agricultural):** covers the development and construction of all non-agricultural water supply systems and their running costs as well as any water trucking operations.

**Programme Support:** (see definition page 20).