

Chapter 2 UNHCR's OPERATIONS

Chapter Overview

This chapter explains UNHCR's management of operations, in particular the move towards a more results-oriented Operations Management System (OMS). It also introduces the programme terminology in use in UNHCR, including the difference between a programme, project and sub-project. It describes the five basic forms of protection and assistance. The new Annual Programme Budget is also described, as well as the planning and reporting calendar.

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Section 2.1 UNHCR's OPERATIONS MANAGEMENT SYSTEM

1. UNHCR's Operations Management Model
2. Projects and Sub-Projects
3. Types of Protection/Assistance
4. Financial Management Information System (FMIS)

1. UNHCR's OPERATIONS MANAGEMENT MODEL



On the basis of experience gained and lessons learned, UNHCR has developed a management framework for planning, organizing and controlling its protection and assistance activities for refugees and other groups of beneficiaries. This framework, which was initially known as the Programme Management System (PMS), is gradually being redesigned into a new and more results-oriented Operations Management System (OMS). This system is the means whereby UNHCR ensures that all aspects of its operations (the provision of international protection, assistance and the search for solutions) are appropriate, consistent and effective. At the heart of this new framework is the basic

Operations Management Model, illustrated on this page, which allows planners to conceptualize UNHCR's assistance programmes. The model includes the core management functions and implies an operations management cycle through which projects normally progress. While the timing and nature of assessment, planning, implementation, monitoring and coordination processes might vary depending on the unique circumstances and constraints of a particular operation, all stages of the cycle are of equal relevance whether dealing in a complex emergency, a stable repatriation programme or any other type of operation.

2. PROJECTS/SUB-PROJECTS

2.1 While UNHCR's programmes within a region or country is now based on a situational approach organized around beneficiary populations and themes, the basic unit for organizing activities (embracing both international protection and material assistance) within UNHCR remains a project. There will generally be one project per beneficiary population and per type of assistance. A project may cover a Sector such as legal assistance/protection, water or education or may be multi-sectoral and cover a range of assistance activities including food, transport, shelter, sanitation, health, education, water and many others. The other part of the overall assistance programme will be the activities UNHCR carries out directly, such as international protection, external relations, and the promotion of durable solutions for refugees.

2.2 The UNHCR Operations Management System provides standardized formats for project submissions, and procedures and schedules for the submission, review, and approval of projects in which UNHCR will participate and may fund. It also prescribes the method for delegating authority from UNHCR Headquarters in Geneva to a UNHCR Representative in a Field Office (or the Head of a UNHCR Headquarters unit, for Headquarters-administered projects) to implement projects directly and/or to enter into agreements with partner organizations for project implementation. The Operations Management System states the basic requirements for monitoring and reporting of projects. While the new system will require a number of other changes, including a new programme management software, the Financial Management Information System (FMIS) will continue to be used during the transition period and until a new software is developed to replace it.

2.3 Within UNHCR, a project is defined by the type of assistance (see part 3 below), the source of funding, the geographic location and the specific refugee group for whom assistance is provided. The part of a UNHCR project undertaken by a particular implementing partner is called a **sub-project**, which also involves only one currency. In a large UNHCR project, there are likely to be many sub-projects (i.e. many implementing partners). In a small UNHCR project, there may be only a few, or even one, sub-project(s). Large refugee operations may involve numerous UNHCR projects, with a combination of UNHCR-implemented sub-projects and sub-projects implemented by a range of partners, including governmental and non-governmental organizations.

2.4 When UNHCR requests an implementing partner to implement a sub-project on its behalf, the UNHCR Field Office or Headquarters organizational unit and the implementing partner enter into sub-projects agreement. Please refer to Section 3.1 for additional information.

Programme, within OMS, consists of the totality of protection and assistance activities undertaken for one distinct beneficiary population or theme. The set of programmes in a country makes up the country operation.

Project is a single component of an assistance programme. It is established for each of the goals (type of operation), and normally includes all the assistance of the same type, and from the same UNHCR fund, provided to a *specific population of beneficiaries*, for a given period of time.

Sub-project is that part of a project which is undertaken by a single implementing partner (or UNHCR organizational unit) in a *single currency*.

3. TYPES OF PROTECTION/ASSISTANCE

While the categorization of types of assistance eventually will be changed to more accurately reflect the diverse character of UNHCR's work, the existing categorization into five types will be maintained during a period of transition:

- a. **Emergency (EM):** covers activities following an influx of refugees or persons of concern to the High Commissioner, aimed at meeting basic/survival needs quickly. This type of assistance will normally not last more than one year, and will essentially focus on life-saving/life-sustaining measures.
- b. **Care and Maintenance (CM):** covers activities for refugees in relatively stable situations, where survival is no longer threatened, but where the future

of the refugee group in terms of a durable solution has not yet been determined. This may include the provision of food, transportation, household utensils and clothing, water, sanitation, health services, shelter and basic education. When feasible, it may also include vocational training or small income-generating activities to prepare refugees for a more productive life and to promote limited self-reliance. This assistance should not exceed a period of two years; however, in many countries these projects have lasted much longer because the refugees were granted temporary asylum only, and the attainment of a durable solution has proven impossible.

- c. **Voluntary Repatriation (RP):** covers activities linked to the return home of a refugee group, this being the most desirable solution, as long as the voluntary nature of the repatriation is safe-guarded. Assistance in this category is designed to help refugees overcome practical difficulties in repatriating to their home country. In the country of asylum, it includes preparations for departure and measures to help organize the journey home. Often, tripartite commissions are formed, involving the countries of origin and asylum along with UNHCR. Reception facilities may have to be organized in the home country, as well as assistance in the initial phase of reintegration, e.g. the provision of basic needs and measures for rehabilitation.
- d. **Local Settlement (LS):** where voluntary repatriation is not yet possible, and refugees have the opportunity to legally reside in the host country and to enjoy civil and economic rights comparable to the local population, activities in this category help refugees become self-supporting in the country of first asylum, and to integrate into the

economic and social life of the new community. It requires the full participation of the refugees themselves, and the agreement of the host country. Measures to meet the refugees' needs must also take into account the living standards of the local population.

- e. **Resettlement (RE):** where no other durable solution is feasible, activities in this category enable refugees to resettle in a new country. This is usually applied when refugees are admitted only temporarily to a country of asylum, on condition of permanent resettlement elsewhere. It may also be the only answer if local integration is impossible for ethnic, political or economic reasons, or in cases where the security of the refugees is at risk. Family reunion is another major reason for resettlement. Assistance may include measures to secure places, and arrangements for both travel and prior to departure – exit formalities, medical screening, counselling, language training and other measures designed to facilitate integration in the new country of asylum.

4. FINANCIAL MANAGEMENT INFORMATION SYSTEM (FMIS)

4.1 The FMIS is a software which was designed in the late 80s to provide timely, accurate and meaningful information to assist UNHCR managers in Field Offices and at Headquarters with decision-making on financial matters. The system is based on the classification of budgetary inputs, i.e. the organization and tracking of the use of financial resources. With the introduction of the OMS, the focus has shifted towards more results-oriented planning with clearer definition of objectives and outputs as well as measuring results against set indicators. This shift requires the development of a new financial management software which is

able also to budget and measure results in financial terms against the results framework (results-based budgeting). However, pending the development and introduction of such new software, UNHCR and its partners will continue to make use of the FMIS. This will naturally pose some challenges and UNHCR has issued specific guidance to advise its staff and implementing partners on how best to make use of FMIS within the context of the new OMS (*see Project Planning in UNHCR – A Practical Guide on the Use of Objectives, Outputs and Indicators*, March 2002; see UNHCR's public website: [Our Partners](#)).

4.2 The FMIS uses both mainframe and microcomputer applications to record and report financial and related non-financial information between, UNHCR Headquarters and the Field Offices.

4.3 Microcomputer software, primarily for Field Offices and known as FMIS/Field, provides the following facilities:

- a. automated reporting of monthly financial transactions;
- b. budgetary control and related narrative text on planned and actual performance; and
- c. budget calculation worksheets.

4.4 Mainframe software at Headquarters, known as FMIS/HQ, serves to:

- a. integrate all financial and budgetary information received from the Field Offices with data from relevant Headquarters sub-systems; and
- b. provide on-line access to basic information, consolidated data and comparisons across projects.

4.5 For project management, the systems are made up of the following levels:

- a. **Project:** the project code identifies the fund, assistance type and assisted refugee population.
- b. **Sub-Project:** a separate code uniquely identifies each combination of implementing partner (or UNHCR unit) and currency of implementation.
- c. **Site:** budgets (and other information) for larger projects can be sub-divided according to the location (site) of the refugees.
- d. **Sector-Activity:** activities are summarized into the 16 Sectors of the budget structure (see Appendix B3).
- e. **Item/Sub-Item:** detailed inputs, objects of expenditure (Sub-Items), are grouped by category (Item).
- f. **Detailed calculation level:** the calculations for a budget occurs at this level, incorporating a number of variable factors (such as number of units required, population figures) to establish budgetary amounts at the Item/Sub-Item level.

Protection and Assistance

In its operational activities, UNHCR seeks to integrate protection and assistance. Assistance is one aspect of international protection and is a means of facilitating it. It is rooted in and grows out of the protective nature of the work of the Office of the United Nations High Commissioner for Refugees

UN Medium Term Plan
2002 - 2005

Section 2.2 UNHCR's BUDGET AND FUNDING

1. Background

2. Annual Programme Budget

3. Supplementary Programmes

1. BACKGROUND

1.1 In 1957, the General Assembly authorized UNHCR to create an annual assistance programme, to be submitted to UNHCR's Executive Committee (EXCOM) for approval. Up until 1999, UNHCR Programmes were divided into two broad categories of General Programmes and Special Programmes. Effective from 1 January 2000, all programmes have been consolidated into a unified Annual Programme Budget.

1.2 The aim of the unified budget is to provide governments and others interested in UNHCR's work with a transparent and comprehensive picture of the totality of its operations in terms of protection and assistance, while at the same time give some increased flexibility for UNHCR in the management of its financial resources. In other words, the new budget structure was intended, within the limits imposed by pledges which " earmark " contributions for particular programmes, a more equitable distribution of resources between all programmes. This flexibility in distributing " unearmarked " or restricted resources has allowed the High Commissioner to fund those operations less attractive to donors and which are faced with anticipated budgetary shortfalls. But such flexibility is contingent on having enough " unearmarked " resources. Resource trends of late, as well as " earmarking " of contributions by donors, have made the management of the Annual Programme Budget more and more difficult.

1.3 At the time of adopting a unified budget, there was little illusion that a unified budget structure, in spite of its advantages such as

greater transparency, would in itself turn around dwindling resource trends. But the move to the unified budget was not accompanied by any hard decisions as to whether the approved budget level should reflect realistic, already prioritised *needs*, or be based on sound estimates of likely *income*. *De facto*, the Executive Committee opted for a needs-based budget, on the implicit understanding that if resources did not meet approved budgetary levels, further prioritization exercises would be undertaken in the course of the year to bridge the gap. The pattern of a " disconnect " between a budget approved at one level and insufficient resources to meet the approved budget has continued, with all its attendant disadvantages, especially for the refugees. Having to live within the level of anticipated resources, whose level and timing are uncertain, UNHCR has been forced to resort to prioritization exercises in the course of a programme year. These are time-consuming, disruptive and do not make for a smooth relationship with implementing partners.

2. ANNUAL PROGRAMME BUDGET

2.1 The Annual Programme Budget is made up of the following elements:

- Regional Programmes (Africa, CASWANAME, Asia and the Pacific, Europe, The Americas);
- Global Programmes (e.g. initiatives to promote policy priorities such as refugee women, refugee children/adolescents, the environmental impact of refugee flows);
- Headquarters.

These three elements constitute the total **Programmed Activities** for a given year. On the basis of the level of Programmed Activities, an **Operational Reserve** (see below) is established, normally at a level equivalent to 10 per cent of the total Programmed Activities. The budgeted Programmed Activities and the Operational Reserve together constitute the Annual Programme Budget. In addition to these budgetary requirements, there are others related to certain administrative costs covered by a grant from the UN Regular Budget and costs related to Junior Professional Officers (JPOs) covered by Trust Funds. In the budget submitted to the Executive Committee for approval these various components are identified. For example, the Executive Committee in relation to the 2003 Annual Programme Budget took the following decision:

Approves the programmes and budgets for Regional Programmes, Global Programmes and Headquarters under the 2003 Annual Programme Budget amounting to \$809,081,600, including an Operational Reserve of \$73,552,900 (representing 10 per cent of programmed activities); which together with the United Nations Regular Budget contribution of \$20,218,000 and provisions for Junior Professional Officers (\$7.0 million) bring total requirements in 2003 to \$836,299,600; and authorizes the High Commissioner within this total appropriation, to effect adjustments in Regional Programmes, Global Programmes and the Headquarters budgets.

Included in the same decision was the following provision:

Requests the High Commissioner, within the resources available, to respond flexibly and efficiently to the needs currently indicated under the Annual Programme Budget for the year 2003, and authorizes him, in the case of additional new emergency needs that cannot be met fully from the Operational Reserve, to create Supplementary Programmes and issue Special Appeals.

The nature of Supplementary Programmes/Budgets is discussed below.

Programmes and Support

2.2 In presenting UNHCR's budget estimates (or expenditure), a distinction is made between **Programmes** and **Support**. The Programme Budget covers both operations and related programme posts. The Support Budget is broken down into the categories of Management and Administration (MA) and Programme Support (PS) costs, which were introduced, for the first time, in the *Annual Programme Budget 2000*.

2.3 Definitions of these support categories, as they relate to various functions in the organization (UNHCR), are as follows:

Management and Administration (MA) of Organization: Organizational units whose primary function is the maintenance of the identity, direction and well-being of an organization. This will typically include units that carry out the functions of executive direction, organizational policy and evaluation, external relations, information and administration.

Programme Support (PS): Organizational units whose primary function is the development, formulation, delivery and evaluation of an organization's programmes. This will typically include units that provide backstopping of programmes either on a technical, thematic, geographic, logistical or administrative basis.

2.4 Other budgetary sub-categories include the following:

- Staff costs cover salaries and common staff costs such as dependency allowances, education grants, medical examinations, etc.
- Non-staff costs cover travel, contractual services, operating expenses, supplies and materials, etc. Contractual services include language training, external translation and interpretation contracts, external printing and binding, public information and production costs, etc. Operating expenses refer to items such as rental and maintenance, utilities (water, electricity, etc.), telephones and stationery.

Non-staff costs for both Field and Headquarters locations are allocated on a *pro rata* basis between Programme Support or Management and Administration.

Posts

2.5 Within UNHCR's budget, there are three categories of posts, namely Management and Administration (MA), Programme Support (PS) and Programme (P) posts. Management and Administration posts are found only at Headquarters; Programme Support posts at both Headquarters and in the Field; and Programme posts only in the Field. Of the Management and Administration posts at Headquarters, some 220 are currently funded through the United Nations Regular Budget contribution.

Operational Reserve

2.6 An Operational Reserve exists within the Annual Programme Budget. This is a budgetary and appropriation mechanism, and is not a fully funded Reserve as in other organizations. The current Operational Reserve, introduced with the unified budget, replaced what was previously known as the Programme Reserve, the Emergency Fund and the Voluntary Repatriation Fund. The Operational Reserve is constituted at an amount equivalent to 10 percent of the proposed programmed activities in the Annual Programme Budget submitted for approval by the Executive Committee. The purposes of the Operational Reserve, and the rules governing its use, are set out in articles 6.5-6.9 of UNHCR's Financial Rules.

Financial Rules

2.7 The majority of UNHCR's programmes are financed by voluntary contributions, and their administration is subject to the **Financial Rules for Voluntary Funds Administered by the High Commissioner for Refugees**. These Rules are revised from time to time. The edition

current at the time of publication of this Handbook is dated 7 October 1999 (reference number: A/AC.96/503/Rev.7). The most current edition may be found on UNHCR's public website under the rubric: *Administration*.

3. SUPPLEMENTARY PROGRAMMES

Supplementary Programmes represent those activities that arise after the approval of the Annual Programme Budget and before the approval of the next Annual Programme Budget, and which cannot be fully met from the Operational Reserve. Such Supplementary Programmes are normally incorporated into the subsequent Annual Programme Budget. The distinctive feature of Supplementary Programmes is thus their timing, namely when they came on line.

Budget

When viewed from the point of view of many governmental and private sector organizations where the word "budget" is an indication of resources already allocated, the situation in UNHCR appears highly anomalous.

In making an appeal for voluntary contributions, UNHCR can only present a "budget" indicating a costing of planned activities for the coming year.

This is the amount for which UNHCR is appealing and the organization will only be able to continue its work for the world's refugees to the extent to which donors respond to this appeal and any subsequent additional needs.

Global Appeal 2003

Section 2.3 PLANNING AND REPORTING CYCLE

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1. Overview
 2. Planning and Reporting Calendar
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1. OVERVIEW

1.1 UNHCR's planning cycle spans three years; the *prior year*, the *current year*, and the *planning year*. It requires compliance with a number of planning procedures and reporting requirements, which all take place in a specific sequence known as the planning and reporting cycle. UNHCR reports to the Executive Committee (or its Standing Committee) on each of these phases of its programme cycle:

- At the Plenary Session of the Executive Committee (EXCOM) in October of each year, it presents its proposed Annual Programme Budget for approval for the *planning year*. Once approved, the budget becomes the basis for the preparation of UNHCR's *Global Appeal* document.
- In June of each year, UNHCR presents its *Global Report* on its achievements in the *previous year*; this Report is considered by the Standing Committee at its June meeting.
- In early September, UNHCR presents a *Mid-Year Progress Report* covering activities in the period 1 January to 30 June of the *current year*; this Report is considered by the Standing committee in its third session held immediately prior to the Plenary Session of the Executive Committee (October).

The various Reports of the High Commissioner on the work of the Office to the Economic and Social Council (ECOSOC) and the General Assembly are treated in Section 1.4.

1.2 To meet these various reporting requirements of the Planning and Reporting Calendar, a calendar has been established which is described below.

Reports on the UNHCR Website

Copies of the most recent reports, namely the *Global Appeal* and *Global Report* may be found on the UNHCR website: www.unhcr.org

2. PLANNING AND REPORTING CALENDAR

Prior Year

December: The Operations Review Board (ORB) issues *programmatic and financial parameters* according to global priorities and the level of anticipated resources for the new *planning year* (beginning 13 months hence). This information guides Bureaux, Offices in the Field, and Headquarters' Units prior to the preparation of Country Operations Plans (COP) and Headquarters' Plans. This is followed by the issuance of *instructions on planning and reporting*, including policy guidelines to Offices in the Field prior to the preparation of the new *planning year's* Country Operations Plans (COP).

Current Year

January: The Field prepares reports on *prior year's* statistics and activities (annual reports on statistics, resettlement, protection, and operations i.e. the "Country Report"). Units at Head-

quarters work on the annual "Headquarters Report".

February-March: In the Field, a substantive and participatory *operational planning exercise* is carried out. It is designed to provide a comprehensive presentation to Headquarters of anticipated requirements for the *planning year* by combining into one cohesive package – i.e. the Country Operations Plan (COP) – the summarized programme, project, administrative and staffing requirements of Offices in the Field within clearly stated objectives. This key exercise is by nature participatory, involving the host government, implementing and operational partners and representatives of the refugees themselves. The COP is due at Headquarters at the end of March; by the same date, Units at Headquarters will have prepared their submissions for the planning year.

March: Sub-Project Monitoring Reports (Final SPMRs) are forwarded to Headquarters; these cover the period 1 January to 31 December of the prior year. The preparation of the *Report of the United Nations High Commissioner for Refugees to the Economic and Social Council* (ECOSOC) begins (see Section 1.4). Submissions are made for the *Global Report*.

April-May: The Country Operations Plans and Headquarters Plans for the planning year are submitted to a Programme Review. Subsequently, the Operations Review Board (ORB) meets to consider the recommendations of the Programme Review and approve the Country Operations Plans and related budgets, as well as the plans and projects administered by Headquarters. Resource allocation is based on the priorities, overall strategies and budgetary parameters determined by the High Commissioner. The Board also determines, for the approval of the High Commissioner, the Annual Programme Budget target to be submitted to the Executive Committee (EXCOM).

June-September: On the basis of the decisions taken by the Operations Review Board, Offices in the Field and Headquarters units

revise and update plans for the *planning year*, as required.

June-July: The Field and Headquarters prepare submissions for the *Mid-Year Progress Report* for the *current year* (1 January-30 June).

October: The Annual Programme Budget for the *planning year* is submitted to the Executive Committee for approval.

November: In the Field, in preparation for the Planning Year, detailed project planning is finalized between UNHCR and Implementing Partners; these projects are based on the proposals in the Country Operations Plans.

November/December: Headquarters issues Letters of Instructions (LOIs).

Planning Year

January: The Field issues implementing instruments for the planning year i.e. sub-agreements with implementing partners, on the basis of Letters of Instruction received from Headquarters.

Project implementation begins in January, following the preparation and signing of the implementing agreements. Consistent with UNHCR's role and programme management model (see Section 2.1), UNHCR Field Offices monitor, control and report all programme, project and sub-project activities.

THE UNHCR PLANNING AND REPORTING CALENDAR

