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## **Executive Committee of the High Commissioner's Programme**

**Sixty-first session**

Geneva, 4-8 October 2010

Item 5 (a) of the provisional agenda

**Consideration of reports on the work of the Standing Committee**

**Programme budgets, management, financial control  
and administrative oversight**

## **Report of the 49th meeting of the Standing Committee (21 September 2010)**

**Report by the Standing Committee**

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## **I. Introduction**

1. The Chairperson of the Executive Committee, His Excellency Ambassador Peter Woolcott (Australia), opened the meeting and gave a report on his recent field mission from 4 to 10 July to Egypt and Yemen.

## **II. Adoption of the agenda**

2. The agenda for the meeting (EC/61/SC/CRP.22/Rev.1) was adopted.

## **III Adoption of the draft report of the forty-eighth meeting of the Standing Committee**

3. The report of the forty-eighth meeting of the Standing Committee (EC/61/SC/CRP.21) was adopted.

## **IV. Management, financial control, administrative oversight and human resources**

4. Introducing the agenda item, the Deputy High Commissioner stressed the importance of accountability - to host governments, the international community, and beneficiaries - in terms of how UNHCR raises, spends and accounts for money. The new budget structure was enabling the Office to show for the first time the real costs involved in assisting more than 35 million people under UNHCR's care, and he highlighted results-based management (RBM) and the Global Needs Assessment (GNA) as essential tools that were helping the Office achieve its goals, in the most effective manner, with the funds available.

### **A. Finance**

5. The Chief of the Financial Control Section introduced the accounts for 2009 as presented in document A/AC.96/1083.

6. Although the Office had ended the year in a favourable financial position, delegations expressed concern about the decline in funding for supplementary programmes and asked UNHCR how it foresaw managing this in the future. In response, the Deputy High Commissioner recalled that the decline in funding for supplementary budgets for 2009 had been under the old budgetary system; for 2010 and 2011, under the new structure, supplementary budgets would be mainstreamed and rolled over into the GNA budget in the following financial period. Although the creation of new supplementary budgets could be expected, he anticipated that this would be at a much lower level than in the past.

### **B. Oversight**

7. The Senior Policy Advisor in the Office of the Controller presented the Report of the Board of Auditors on the accounts for 2009 (A/AC.96/1086) and a summary report on main risk areas (EC/61/SC/CRP.23), together with the paper on measures taken or proposed in response to the Report of the Board of Auditors (A/AC.96.1086/Add.1). The Board of Auditors had made 24 recommendations in its 2009 report, of which 11 were considered to be main recommendations. The majority were related to issues and topics previously

raised: they had been accepted by UNHCR and were being addressed. The Office's accounts for 2009 had received an unqualified audit opinion.

8. The Senior Policy Advisor described the three main risk areas identified in 2009: implementing partner audit certification; asset management; and funding for end-of-service and post-retirement liabilities. The Board had noted improvements in the first two, but encouraged UNHCR to continue its efforts. For the third area, the Board had expressed concern that no decision had yet been reached regarding funding.

9. As for the 2008 recommendations, the vast majority had either been fully implemented or were under implementation, and the Board of Auditors in its current report acknowledged that UNHCR had made tremendous efforts towards improvement in the areas raised.

10. Delegations welcomed the progress achieved and the fact that the Office had received an unqualified audit for 2009; however, they encouraged UNHCR to continue its efforts, particularly for those recommendations that had been outstanding for more than two years. One delegation suggested that UNHCR consider adopting an "enterprise risk management" approach, which would make targeted follow-up easier. A number of delegations welcomed the more systematic interaction and cooperation between UNHCR's various oversight bodies, as well as the establishment of an independent advisory committee, due to begin functioning in 2011, and stressed the importance of it being truly independent.

11. Regarding funding for end-of-service and post-retirement liabilities, UNHCR was requested to present to the Executive Committee an in-depth analysis of options, including risks, as well as an indication as to which option the Office would prefer to pursue, so that Member States would be in a better position to provide advice. A number of delegations reiterated that compliance with the International Public Sector Accounting Standards (IPSAS) should remain a priority for the Office. On the issue of implementing partner audit certification, UNHCR was advised to assess the capacity of any new national partners to deliver audit certificates.

12. In responding to various issues raised, the Deputy High Commissioner reassured the Committee that UNHCR was addressing the issue of risk management and announced that a senior level position had been created to help work out the best way forward. On funding for end-of-service and post-retirement liabilities, the Senior Policy Advisor explained that UNHCR was in the process of engaging an actuary to evaluate the options, and would share the results of this assessment with the Executive Committee.

### **C. Internal audit**

13. The Chief of the Geneva Audit Service of the Office of Internal Oversight Services (OIOS) introduced the annual report on internal audit activities (A/AC.96/1088) undertaken during the period 1 July 2009 to 30 June 2010. Key findings included the need to:

- (a) continue to pay attention to oversight and control of implementing partners;
- (b) develop policies and procedures to handle remote monitoring in areas of poor security to ensure consistency and the ability to demonstrate results;
- (c) issue standard operating procedures for information technology staffing in the Field; and
- (d) improve UNHCR's participation in coordinated United Nations activities, including the cluster approach and common humanitarian funds, for greater effectiveness.

14. A number of delegations expressed concern regarding the unfilled vacancies in OIOS. There was general agreement that UNHCR needed to review the mainstreaming of

its activities under the inter-agency cluster approach, notably to avoid duplication of efforts. On the issue of remote monitoring arrangements in highly insecure areas, while UNHCR's approach in Iraq was considered innovative and effective, delegations considered that there was a need for greater consistency. Delegations also concurred with the recommendation of the Office of Internal Oversight Services (OIOS) regarding the Sudan Common Humanitarian Fund and urged UNHCR to ensure that it had sufficient field-level capacity to tap into such funding mechanisms.

#### **D. Management**

15. The Deputy High Commissioner provided an oral update on the structural and management change process, describing the results achieved and challenges faced during 2010 after nearly a year of operating under a new budget structure and with new planning tools. He briefed the Committee on RBM; the use of the new *Focus* software; and how the Office was monitoring the changes, including through evaluation "snapshots" of country operations and a regionalization review study. The Deputy High Commissioner then described some of the adjustments being made and next steps, such as improving the use of UNHCR's information technology systems. With reference to oversight, he indicated that by the next Standing Committee, the Terms of Reference for the new independent advisory committee would be ready, as well as the results of a study on oversight coordination within the Office.

16. Delegations expressed appreciation for the continued regular updates on the subject of reform; however there was a request for UNHCR to provide a conference room paper on reform issues, rather than just an oral update at future meetings. A number of governments welcomed UNHCR's plans to monitor the new structures and tools and encouraged the Office to present the findings of the "snapshot" evaluations to governments as well as to partners. Interest was also expressed in learning more about the review of the decentralization and regionalization measures, including the establishment of the Global Service Centre in Budapest, and the corresponding operational impact, both positive and negative. On the topic of RBM, delegations urged the Office to continue refining its baseline targets and indicators, in order to demonstrate results and impact in real terms.

17. The Deputy High Commissioner acknowledged that it would be useful to have reform updates in the form of reports to the Committee. On RBM, he explained that the purpose of the "snapshot" evaluations was to gauge the impressions of staff in the Field. In response to the request for more information on the impact of the structural changes, it was still too early to analyse this. However, he commented that there had been a dramatic shift in terms of putting more resources in the Field, and the creation of the Global Service Centre in Budapest had established essential services in a less expensive location while maintaining or even improving the quality and level of services. Looking forward, over time, *Global Focus* would enable the Office to take advantage of an enormous volume of information and turn this into useful report for governments. In closing, the Deputy High Commissioner reminded delegations that much of the work performed by UNHCR could not be measured quantitatively, and he hoped that there would also be space for a qualitative evaluation.

#### **E. Human resources**

18. The Director of the Division of Human Resources Management (DHRM) provided an update on human resources (HR) issues, as presented in conference room paper EC/61/SC/CRP.24. He outlined a number of broad goals in the area of HR management, including efforts to meet the needs of both staff members and operations, and expressed serious concern regarding the plans being discussed in New York to introduce a new, unified system for the deployment of staff to the Field. He explained to the Committee that

it was absolutely critical to have adequate conditions of service for staff serving in non-family duty stations in order to permit UNHCR to deliver effectively in the most complex and insecure environments. In the course of his introduction, the Director also presented some comparative statistics to illustrate the breakdown of UNHCR's staffing table, including by nationality and by gender, copies of which were provided to Member States in the course of the meeting.

19. Delegations expressed support for the comprehensive policies and useful tools - such as the new Performance Appraisal Management System - being put in place. The Committee was interested in learning about the impressions of the staff themselves regarding the impact of the changes that had taken place. On the issue of staff benefits, many delegations agreed that UNHCR would not be well served if the conditions of service for staff serving in non-family duty stations were to be significantly reduced as a result of a harmonized system.

20. Delegations welcomed the fact that the High Commissioner had made it a priority to ensure adequate protection staffing in 2011. There was also support for UNHCR's efforts to develop external recruitment through the international professional roster and the new PRIDE (Professional Recruitment, Induction and Deployment) system; to move towards gender parity; and to introduce the gender and diversity scorecard. At the same time, several delegations remained dissatisfied with the geographical representation in the staffing table and queried whether the new parameters for recruitment would address the imbalance.

21. Almost all speakers who took the floor expressed concern about the ongoing challenge of staff-in-between-assignments (SIBAs) and urged UNHCR to find a solution in conjunction with the recommendations of the OIOS audit on this question. While acknowledging the implications of the rotation system and the fact that there would always be a number of staff without assignment at any given time, some delegations suggested that a benchmark for an acceptable number of SIBAs within the organization should be established and used to measure progress.

22. In response to the comments on the SIBA issue, both the Deputy High Commissioner and the Director agreed that it was important to establish what UNHCR's tolerance level was. In five years' time, it was anticipated that the number of staff with indefinite and permanent contracts would be fewer. As regards the 40 staff members who had been SIBAs for more than two years, the Director commented that the majority of cases were related to health issues. He assured the Committee that UNHCR would continue to work to address this issue and would share the audit report once available. The Deputy High Commissioner added that UNHCR needed to do more mid-career training and work further with people on developing their careers, as well as to create more expert positions.

23. On the issue of staff attitudes towards reform, the Director informed the Committee that the third global staff survey would be carried out in 2011, by which time it hoped to obtain a more meaningful assessment, following the implementation of many of the current new policies. He also undertook to demonstrate further just how diverse UNHCR's workforce really was.

## **V. Programme budgets and funding**

24. Opening the item on programme budgets and funding, the Deputy High Commissioner made a general presentation during which he recalled how UNHCR had assessed, planned and prioritized activities through the Global Needs Assessment process in order to draw up its 2010 budget. He also illustrated how operations would be affected by any funding gaps, with examples from some key operations.

## A. Update on programme budgets and funding for 2010

25. The Head of the Programme and Budget Section (PBS) updated the Committee on the overall 2010 financial situation (as of 31 August), as presented in document EC/61/SC/CRP.25/Rev.1. The budget stood at \$3,288.7 million, and with an estimated total funding of \$1,986.9 million available for 2010, the projected shortfall was \$1,301.8 million. However, this situation could be further affected by currency exchange rate fluctuations.

26. The Director of the Division of External Relations (DER) commented on the funding levels; the new supplementary programmes created in 2010; the timing of contributions; United Nations and pooled funding mechanisms; and private sector fundraising issues. She expressed UNHCR's deep appreciation to all host countries, donors and partners for their generosity and support, and in closing, appealed for additional flexible contributions to meet outstanding requirements.

27. Delegations appreciated the useful examples provided by the Deputy High Commissioner in respect of the anticipated impact on beneficiaries should the 2010 budget not be fully funded, and several echoed UNHCR's calls for additional robust and predictable contributions to meet the shortfall. One refugee-hosting Member State spoke of the impact of a budget decrease in 2010 on health, sanitation and self-reliance activities for the refugees, as well as in relation to capacity-building. Some concerns were raised about the volume of transfers for headquarters costs from reserves, and it was suggested that some space for headquarters activities should be made in future within the GNA exercise to reduce the use of the Operational Reserve.

28. The Deputy High Commissioner acknowledged the suggestions to work on closing the funding gap through RBM and reaching out to new donors by developing a new private sector funding strategy. In response to queries about the Office's capacity to take on new tasks, the Deputy High Commissioner clarified that new funding would have to be sought for any natural disaster work in which UNHCR was asked to be involved. The Director of DER commented on current efforts to strengthen resource mobilization efforts; these included training staff in the area of pooled funding and in private sector marketing and branding work.

29. At the end of the sub-item, the draft decision on overall programme budgets and funding for 2010 contained in EC/61/SC/CRP.25/Rev.1 was adopted (see Annex I).

## B. UNHCR's Biennial Programme Budget for 2010-2011 (revised)

30. The Head of PBS reviewed the main elements of the revised Biennial Programme Budget for 2010-2011 (A/AC.96/1087) and its addendum, the *Report of the Advisory Committee on Administrative and Budgetary Questions*, presented in conference room paper EC/61/SC/CRP.27.

31. Several delegations commented on the usefulness of the informal consultative meeting arranged at the beginning of September to enable an initial presentation and discussion of the revised 2010-2011 biennial budget document. While there was wide support for the GNA and new budget structure, UNHCR was advised to invest further in clarifying policy and developing guidelines on prioritization; ensuring a sound RBM system to give visibility to results on the ground; and bolstering the resource mobilization strategy.

32. There were requests for greater clarity on the unmet needs and explanations on how softly earmarked contributions were allocated across pillars, in particular for "mixed caseload" situations, where all beneficiaries should be supported without discrimination and based on need. One delegation suggested that UNHCR establish a mechanism to alert ExCom members of any changes in supplementary budget appeals, and another queried

whether the 2011 budget would be sufficient to cover unforeseen situations or if, like in 2010, there would be frequent revisions and increases to include new supplementary programmes.

33. Having taken note of the comments of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), delegations encouraged UNHCR to pay particular attention to prioritization; pursue dialogue with other organizations in relation to resource mobilization and planning on the basis of needs identified; improve risk management; and continue efforts to meet the deadline of 1 January 2012 for implementation of IPSAS.

34. In their responses, the Head of PBS and the Deputy High Commissioner provided further clarification on how unearmarked or “softly earmarked” contributions could be used across all pillars, as well as on the use of the Operational Reserve. As requested, new tables showing the “Rights Groups” which reflected goals and priorities would be made available at the next Standing Committee meeting.

## VI. Coordination

35. The conference room paper *Update on Coordination issues: strategic partnerships* (EC/61/SC/CRP.26) was introduced by the Director of the Division of External Relations who recalled the evolution of UNHCR’s partnerships since 1951 and commented on key areas where the Office was now working to further strengthen common strategies and joint efforts with other humanitarian actors. These included: humanitarian reform, in particular the cluster approach; strengthening humanitarian coordination; national-level partnerships; and accountability towards populations affected by forced displacement.

36. Delegations taking the floor encouraged UNHCR to pursue its engagement in bilateral and multilateral partnerships by building long-term strategies and solid relationships with other actors, notably host governments and national non-governmental organizations (NGOs). This included the need for humanitarian agencies to coordinate their interventions, not just amongst themselves, but also with the host government. There were queries regarding the selection procedures for partners and the operational and policy implications of efforts to develop national and local partnerships, including how UNHCR envisaged reducing the administrative and bureaucratic burden placed on national and local partners.

37. While recognizing UNHCR’s contributions to humanitarian reform and the cluster approach, several delegations commented on the need for sufficiently skilled and experienced personnel to lead country-level clusters and for improved coordination capacity. Despite the progress achieved in joint needs assessments, there were gaps in areas such as vulnerability assessments which had shown up in the Haiti operation, and the Committee encouraged UNHCR to remain engaged in the inter-agency group led by the Office for the Coordination of Humanitarian Affairs (OCHA).

38. A number of delegations concurred with UNHCR’s position that Humanitarian Coordinators needed to possess the right profile and skills – notably strong humanitarian experience as well as country knowledge and expertise – and that in some situations, the combination of Resident Coordinator/Humanitarian Coordinator may not be the best option.

39. Delegations welcomed the focus given in the conference room paper to the issue of accountability to affected populations. Nevertheless, it was underlined that measures to ensure Protection from Sexual Exploitation and Abuse (PSEA) could not be undertaken in isolation and that, as already recognized by NGOs, beneficiaries needed to be provided with access to adequate information, decision-making processes and appropriate complaints handling mechanisms.



40. In her responses, the Director acknowledged some of the main areas where the Office should endeavour to strengthen certain areas of coordination and partnership, notably in respect of joint needs assessments; greater involvement at the policy level in inter-agency cluster approach debates; and in simplifying procedures with local and national NGO implementing partners to relieve the administrative burdens. The Head of the Inter-Agency Unit also commented on the issue of long-term engagement and investment in national partnership, and invited ExCom members to share ideas on how to manage this.

## **VII. Any other business**

41. There being no further business, the Chairman declared the meeting closed.

## Annex I

### Decision on overall programme budgets and funding for 2010

#### *The Standing Committee*

*Recalling* the Executive Committee's decision at its sixtieth session on administrative, financial and programme matters (A/AC.96/1078, para.14) as well as its discussions under the programme budgets and funding item at the forty-eighth meeting of the Standing Committee,

*Reaffirming* the importance of international burden and responsibility sharing in reducing the burden on countries hosting refugees, especially developing ones,

1. *Recalls* that the Executive Committee, at its sixtieth session, approved programmes and budgets for Regional Programmes, Global Programmes and Headquarters under UNHCR's 2010-2011 Biennial Programme Budget amounting to \$2,778,471,100 in 2010 including the United Nations Regular Budget contribution towards headquarters costs, an Operational Reserve (representing 10 per cent of programmed activities under Pillars I and II) of \$196,826,200 an amount of \$20.0 million for the "New or additional activities - mandate-related" Reserve; and notes that these provision, together with those of \$12.0 million for Junior Professional Officers in 2010 brought total requirements for 2010 to \$3,007,297,300;
2. *Notes* that the 2010 supplementary budgets currently amount to \$281.4 million for programmes benefiting refugees and internally displaced persons;
3. *Takes* note of an increase to UNHCR's 2010 Annual Budget amounting to \$281.4 million, thereby bringing the revised 2010 Annual Budget to a level of \$3,288 million;
4. *Recognizes* that emergencies and unforeseen activities unfolding in 2010 may result in the need for additional or expanded supplementary budgets and that additional resources, over and above those for existing budgets, would be needed to meet such needs;
5. *Notes* that projected income for the year 2010 reveals a possible shortfall of \$1,301.8 million under the Annual Budget; and
6. *Urges* Members States, in light of the extensive needs to be addressed by the Office of the High Commissioner, to continue to respond generously, in a spirit of solidarity, and in a timely manner, to his appeal for resources to meet in full the approved 2010 Annual Budget.

## Annex II

### List of points for follow-up action

1. UNHCR to provide the details of the approach of the independent oversight advisory committee.
  2. UNHCR to provide an in-depth analysis of options for funding after-service and post-retirement liabilities, including risks, as well as an indication of which option it thought was best.
  3. UNHCR to provide new tables showing budgetary breakdown according to “Rights Groups” reflecting goals and priorities for the next Standing Committee meeting.
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