

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

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**Standing Committee
55th meeting**

**Draft report of the fifty-fifth meeting of the
Standing Committee (18-19 September 2012)**

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I. Introduction

1. The Chairperson of the Executive Committee, His Excellency Ambassador Jan Knutsson (Sweden), opened the meeting. The Vice-Chairperson, Her Excellency Ambassador Alicia Arango Olmos, chaired the items on programme budgets and funding, and coordination.

II. Adoption of the agenda

2. The agenda for the meeting (EC/63/SC/CRP.18/Rev.1) was adopted.

III Adoption of the draft report of the fifty-fourth meeting of the Standing Committee

3. The report of the fifty-fourth meeting of the Standing Committee (EC/63/SC/CRP.17) was adopted with an amendment to paragraph 15.

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

4. The Deputy High Commissioner introduced the agenda item, noting that UNHCR had faced an extraordinary past two years and an unprecedented number of emergencies. Crises in Mali, South Sudan, the Sudan and the Syrian Arab Republic had necessitated a number of supplementary budgets and revisions to the budget. Reprioritization and deferral of some expenditures – such as for hiring and non-essential procurement – had enabled UNHCR to re-direct additional funds to the emergencies. UNHCR's oversight and accountability structures had been overhauled and now included a new internal oversight and compliance committee. The Deputy High Commissioner thanked States for their continued support and for keeping their borders open to the 1.2 million refugees who have been displaced over the past two years. Finally, he noted the extraordinary efforts of UNHCR staff in responding to emergencies, noting with regret the staff that lost their lives this year.

A. Finance and oversight

(a) Report of the Board of Auditors

5. The Controller presented the Report of the Board of Auditors to the General Assembly on the Accounts of the Voluntary Funds administered by the United Nations High Commissioner for Refugees for 2011 (A/AC.96/1111; see also A/67/5/Add.5). The Controller noted that 2011 was the last year during which UNHCR accounts were presented under the United Nations System Accounting Standards (UNSAS) and that from 2012 accounts were being presented under the International Public Sector Accounting Standards (IPSAS). Total expenditure in 2011 rose by 16 per cent compared with 2010, representing the highest level of implementation in the Office's history. The Board had issued 33 recommendations, all of which UNHCR had accepted and initiated measures to address. The Controller also gave an overview of the six main risk areas identified by the Board and explained responsive actions taken by UNHCR.

6. Delegations welcomed UNHCR's adoption of IPSAS and requested updates on its implementation. They expressed concern about comments made by the Board on issues including: monitoring of performance of implementing partners; strengthening procurement capacity in the Field; and improving internal oversight and risk management. Delegations requested more information on the 25 outstanding Board recommendations from 2010 or earlier.

7. Regarding the management of implementing partners, the Controller said the Office was developing a risk-based monitoring approach which was currently being piloted. A workshop on partner selection and retention had been held, with another on project monitoring and coordination planned for November. On procurement, among other initiatives taken, a detailed action plan was being finalized and a certificate course for supply officers was being launched. Risk identification would be an integral part of the Enterprise Risk Management framework once implemented. UNHCR was making progress on all outstanding Board recommendations, with many to be completed in 2012.

(b) Internal Audit

8. The Chief of the Geneva Audit Service of the Office of Internal Oversight Services (OIOS) presented the Report on Internal Audit (A/AC.96/1113), pointing out that 20 of 21 vacant posts in the Service had now been filled. In more than three-quarters of the areas audited during the reporting period, no significant deficiencies in controls were identified. Failure by UNHCR to take timely action to recover amounts owed was a recurring concern. Effective management of implementing partners was cited as the primary weakness observed in Field audits.

9. Delegations welcomed the update on filled vacancies. They expressed concern over the monitoring of implementing partners and urged UNHCR to act on the recommendations of OIOS. Questions were raised about the Service's access to senior management; the actions of management to address the recommendations; and the opinion of OIOS on UNHCR's plan of action to address issues raised by the Service.

10. The Chief of the Audit Service responded that OIOS was working to improve access to senior management and that he had received updates on the UNHCR action plan. The Deputy High Commissioner added that a new internal oversight and compliance committee had been established and had held its first meeting. Regarding accountability, the Deputy High Commissioner pointed to the Global Management Accountability Framework.

(c) Independent Audit and Oversight Committee

11. The Chairman of the Independent Audit and Oversight Committee (IAOC) presented an oral update on the first session held by the Committee in June. He summarized the Committee's meetings with UNHCR's senior management and principal oversight bodies. The Committee's work plan for the coming year would focus on the following: accountability and enterprise risk management within UNHCR; financial reporting and IPSAS implementation; the evaluation function; and IAOC self-assessment. In September 2013, the IAOC would report on significant oversight issues and provide recommendations.

12. Delegations said they were encouraged by the extensive consultations already being held by the IAOC and expressed an interest in receiving updates on the Committee's work before the September Standing Committee in 2013.

B. Human resources

13. The Director of the Division of Human Resources Management (DHRM) and the Director of the Division of Emergency, Security and Supply (DESS) provided an update on human resources issues, including staff security (EC/63/SC/CRP.19). The Director of DHRM gave a thorough briefing on actions taken to address, among other issues, the postings process for international staff, staff-in-between-assignments (SIBAs), and gender equity. The Global Staff Survey had identified a number of concerns, such as a fear of speaking out, which were now being addressed. He said the Office would continue to advocate to the United Nations General Assembly for better conditions for staff in the Field including in hazardous locations.

14. The Director of DESS remarked that security remained a daunting challenge for humanitarian workers in 2012. He provided an update on the successes achieved and efforts still underway towards meeting the objectives of UNHCR's Security Management Plan of Action. Implementation of the action plan was focused on field support and analysis; oversight and Headquarters processes; coordination and policy development; and training.

15. Delegations commended UNHCR for its ongoing efforts to enhance protection in the Field, to achieve gender equity and to reduce the number of staff-in-between-assignments. There were requests for more information on staffing for emergencies, the introduction of a new international recruitment system and the findings of the staff survey. Several delegations stressed the importance of basing appointments and promotions on performance and an effective performance appraisal system. The lack of qualified staff in financial management and procurement was cited as a concern as was providing adequate compensation for staff serving in D and E duty stations.

16. The Director of DHRM welcomed the observations on recruitment and postings, noting that UNHCR was examining the selection process. The reduction in the number of staff-in-between- assignments was attributable to improved career counselling and work with managers. The Director stated that the issue of long-term non-working staff-in-between assignments would be addressed through such management. Regarding the staffing of emergencies, delegations were told that with the exception of the Mali situation, adequate staffing was achieved. Language requirements and harsh field conditions were noted as challenges to emergency staffing. The new recruitment policy had been reviewed by the Joint Advisory Committee (JAC) and was now being considered by the High Commissioner. The Director highlighted the importance of Junior Professional Officers (JPOs) and urged States to provide more support to the programme. The Director of DESS added that a UNHCR level 3 senior management emergency response team had been established and was available for deployment to support the United Nations humanitarian system.

V. Programme budgets and funding

(i) Update on budgets and funding for 2012

17. The Controller presented an update on the 2012 budget (EC/63/SC/CRP.20), noting that the initial figure of US\$ 3,591.2 million, approved by the Executive Committee in October 2011, was revised to US\$ 4,126 million as of mid-September. The basis for the upward adjustments included the establishment of supplementary

budgets for emergency situations including Mali and the Syrian Arab Republic. The Director of the Division of External Relations provided an update on the current funding situation, highlighting the considerable gap that remained towards the full funding of the revised needs. Against the revised needs, there was a projected shortfall of US\$ 1.74 billion. This meant that 42 per cent of the identified needs of persons of concern would not be met. The Director expressed appreciation for the support of donor governments and stressed that flexible and early pledges were key to responding to emergencies. She also acknowledged the role of governments and communities hosting refugees, whose support was indispensable in providing protection and assistance to the displaced. Finally, she took the opportunity to brief the Committee on private sector fundraising activities.

18. UNHCR received support for its efforts to reduce expenditures at Headquarters and expand its donor base, particularly with the private sector. Concern was expressed over the gap between the current budget and the projected funding level. Questions included: what challenges the Office was facing as a result of the shortfall; how the reduction in the Headquarters budget was achieved; and why the expenditure for private sector fundraising activities was so high.

19. The Controller recalled that UNHCR was an organization funded from voluntary contributions and that the Office relied on the resources and goodwill of donors. Although the budget reflected the needs identified by UNHCR, in terms of re-prioritization, the Office was partly restricted by earmarked funding. In addition, she noted that implementation and results were necessarily limited by contributions received. UNHCR's performance therefore could not be measured against the global needs assessment planning figures; rather, it should be measured against the funds made available. Regarding the reduction of costs at Headquarters, the Controller explained that this was achieved in a number of ways including reducing travel budgets and delaying some non-essential activities. She agreed with a suggestion made by one delegation to make use of informal consultative meetings (ICM), in particular to discuss the format and presentation of the budget for the next planning period.

20. The Director of the Division of External Relations explained that the High Commissioner applied a results-based approach to private sector fundraising activities and that the money invested was proportionate to the amount raised. The Chairperson concluded by reminding delegations of the complications caused by earmarked funding and suggested that the Office might be more successful in meetings its objectives if donor governments give the Office greater freedom in the use of funds.

21. The draft decision on overall budgets and funding for 2012 was adopted.

(ii) UNHCR's Biennial Programme Budget for 2012-2013 (revised)

22. The Controller presented the revised Biennial Programme Budget for 2012-2013 (A/AC.96/1112), noting that UNHCR had not yet received the Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), which was an addendum to the budget document. She noted that budgeting for the second year of the biennium is initially done on a preliminary basis, mainly due to the unpredictability of needs at the time of formulation, and that the revised budget for 2013 took into account regional developments since October last year. Detailed information on the breakdown of the budget by pillar and geographic region was also provided. The Controller noted that the updated 2013 Global Appeal would be launched after review of the revised 2013 budget by the Executive Committee at its upcoming annual session.

23. A number of delegations commented positively on UNHCR's budget and programming based on a global needs assessment, and one delegation suggested that the Office undertake a lessons learned exercise to reflect on the process. At the same time, the Office was encouraged to be more transparent in the process of prioritization, to share information about the consequences of shortfalls in funding, and to consult more with States, including host countries, on the distribution among pillars and geographic areas. The Office was also called upon to ensure that programmes for refugees, including durable solutions, were prioritized.

24. Responding to requests for UNHCR to include more information on results in the budget document, the Controller explained that the Office was limited by UN documentation control, which restricted the number of pages allowed, and reminded delegations that information on implementation and contributions from donors could be found in the Global Report. The Controller agreed that an ICM would provide a good opportunity to discuss the needs of member States and either possibly come up with a better format for budget presentation or find alternative ways of providing the information required. She also said she would endeavour to provide greater transparency in prioritization, to the extent possible, in the budget document.

25. The Deputy High Commissioner explained how the global needs assessment was updated based on new needs and reductions where appropriate, and noted that the process was a highly consultative one involving an annual programme review in the Field. He also assured delegations that 70 per cent of the budget was devoted to refugee issues, including durable solutions. The overall percentage for durable solutions reflected the degree to which it was possible to obtain a solution.

VI. Coordination

26. The Director of the Division of External Relations presented the *Update on coordination issues: strategic partnerships* (EC/63/SC/CRP.21), emphasizing that coordination and partnerships were more important than ever to UNHCR's work. This was due, in part, to the simultaneous escalation of conflicts and proliferation of emergencies, requiring a large-scale humanitarian response involving many actors. She highlighted new elements in UNHCR's approach towards partnership and coordination, including the Emergency Relief Coordinator's Transformative Agenda and adjustments of internal procedures related to enhanced leadership and coordination in emergencies. She also briefed the Committee on the High Commissioner's initiative to engage non-governmental organizations (NGOs) in a structured dialogue to discuss strengthened operational partnerships.

27. There was a lengthy discussion on this agenda item with numerous delegations taking the floor to express support for UNHCR's efforts to strengthen partnerships, improve coordination, and invest in building capacity, particularly at the senior level. UNHCR was encouraged to continue to support effective cluster coordination for IDP situations, and delegations commented positively on the Office's efforts to ensure effective linkages between regional refugee response mechanisms and the cluster coordination system for IDP situations. Delegations asked for more information on the measures UNHCR was taking to implement the Transformative Agenda, and there was a suggestion to hold an ICM with Member States on this issue. Questions were asked about data and IDP profiling, cooperation with governments, including those hosting refugees, UNHCR's contribution to the Humanitarian Coordinator pool, the Office's response to level 1 and 2 situations, and the scope and timeframe of the structured dialogue with NGOs.

28. Member States also stressed the importance of partnerships in finding durable solutions to refugee situations. They noted the decision of the Secretary-General's Policy Committee, which adopted a framework in the aftermath of conflict to support durable solutions for returning IDPs and refugees, and requested more information on the initiative. A number of delegations also expressed support for the Transitional Solutions Initiative and urged that it be extended to other countries, while one government requested more clarification of the Transitional Solutions Initiative. One government commented on the importance of such initiatives in "frontloading development funding instead of stretching humanitarian funds." Another government stressed that the prerogative to devise and implement any strategy rests with the government. It conveyed that no unilateral strategy, in its context, was acceptable to it.

29. The Director emphasized the importance of partnerships with host governments and that the work of UNHCR and its partners was meant to support governments in their response. She also stressed that partnerships with donor governments were not only about funding but also strategically important. She spoke about efforts to develop the coordination skills of staff and partners, UNHCR's senior emergency leadership programme, and the Office's contribution to the Humanitarian Coordinator roster. Lessons were being drawn from coordination in level 1 and 2 situations, including in South Sudan – although she noted that a number of elements had come together in that situation which were not necessarily typical of others. The Director said that UNHCR would continue efforts to ensure an effective interface between refugee coordination and the IDP cluster system, and described efforts undertaken to develop awareness about these mechanisms among staff and partners in the Field. She agreed with the suggestion to hold an ICM on the Transformative Agenda, which would be discussed with the Executive Committee Bureau. Noting that UNHCR was in the process of upgrading its *proGres* data management tool for registration, she said its implementation in urban situations was a priority. The Director also briefed the Committee on the structured dialogue with NGOs, including three themes of focus: cooperation in urban refugee situations, advocacy and capacity building for local partners.

30. The Deputy High Commissioner clarified that the Secretary-General's Policy Committee decision was a framework for returning refugees and IDPs, whereas the transitional solutions initiative was focused on host countries. Both initiatives were aimed at helping to bridge the gap between humanitarian and development work, and partnerships with the private sector – such as the IKEA Foundation – played an increasingly important role in this area.

VII. Any other business

31. The Rapporteur reported on the results of the consultations among member States to explore ways to enhance the negotiation process on the conclusions on international protection. She recalled that a number of good suggestions were put forward which helped build understanding among States. Given that a decision could not be taken on the elements of an improved process, it was agreed at the last informal preparatory meeting that future negotiations would continue to be based on past practice. Several delegations expressed appreciation for the work of the Rapporteur, noting that the conclusions continued to play a vital role in the application of refugee law and policy. The Chairman added that the Committee had a long and rich history in adopting conclusions on international protection, which were meant to help protect one of the most vulnerable populations in the world.

32. The Secretary provided a briefing on progress being made with respect to the High Commissioner's 10-year strategic overview of the global refugee situation and the role of the Office, which was being prepared for the 68th Session of the General Assembly in 2013, as mandated in Resolution GA/RES/58/153. He noted that an informal meeting with member States was held recently, during which delegations had an opportunity to provide suggestions on themes to be covered in the report. Among those suggested were: solutions to protracted refugee situations, key organizational and management initiatives, and changes within the UN humanitarian coordination system. He indicated that member States would be kept abreast of progress and further consulted during key stages of the process.

Annex

Decision on overall budgets and funding for 2012

The Standing Committee,

Recalling the Executive Committee's decision on administrative, financial and programme matters at its sixty-second session (A/AC.96/1107, para.13), as well as its discussions under the programme budgets and funding item at the fifty-fourth meeting of the Standing Committee in June 2012,

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 sixty-second session, approved programmes and budgets for Regional Programmes, Global Programmes and Headquarters under UNHCR's 2012-2013 Biennial Programme Budget amounting to \$3,591.2 million for 2012;
 2. *Notes* that the 2012 supplementary budgets currently amount to \$489.7 million for programmes benefiting refugees and internally displaced persons;
 3. *Notes* the reduction of \$28.3 million for the following: Liberia operation (\$9.8 million), Sudan operation (\$16.2 million) and Headquarters (\$2.3 million);
 4. *Notes* the current funding of \$13.6 million for the special account for the Common Humanitarian Pipeline in Sudan;
 5. *Takes note* of the increase in UNHCR's 2012 Annual Budget, bringing the revised 2012 Annual Budget to \$4,052.6 million;
 6. *Notes* that the funds available for the year 2012 leave a projected shortfall of \$1,706.3 million;
 7. *Recognizes* that emergencies and unforeseen activities unfolding in 2012 may result in the need for additional or expanded supplementary budgets and additional resources to meet such needs; and
 8. *Urges* Member States to continue to respond generously, in a spirit of solidarity and in a timely manner, to the High Commissioner's appeal for resources, to meet in full the 2012 Annual Budget.
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