

EXECUTIVE COMMITTEE OF THE HIGH COMMISSIONER'S PROGRAMME
GENEVA, 6 OCTOBER 2016
KELLY T. CLEMENTS, UNITED NATIONS DEPUTY HIGH COMMISSIONER FOR REFUGEES
INTRODUCTORY REMARKS FOR ITEM 4B:
PROGRAMME BUDGETS, MANAGEMENT, FINANCIAL CONTROL AND ADMINISTRATIVE OVERSIGHT

Mr. Chairperson,

Mr. High Commissioner,

Excellencies,

Distinguished Delegates,

I am honoured to address this Executive Committee once again. A whirlwind of developments have occurred since my last address to this body one year ago. From the World Humanitarian Summit to the New York Declaration, 2016 has focused the world's attention squarely on forced displacement. This attention, like your support, is a precious resource that we must maximize on behalf of the people we serve. Therefore, we hold ourselves to the highest standards of efficiency, accountability, and oversight. The annual meeting of the Executive Committee is an important opportunity to reflect upon what is working for us, what we can improve, and what we should prioritise moving forward.

The reports we have received from the Board of Auditors and the Office of Internal Oversight Services help guide this reflection. Before I move to their insights, however, I would like to say a few words about how UNHCR is preparing itself to seize this "moment of opportunity" that the High Commissioner spoke of Monday.

UNHCR is in the midst of significant changes to improve how we identify, assess, and respond to problematic issues as an organisation. A number of you have expressed keen interest in this process, and I am pleased to report on our progress today.

Recent years have seen a rapid growth of oversight, control, and management monitoring initiatives in the United Nations family. The benefits are clear. For instance: Ethics has been established as an important office for protecting whistle-blowers, systems of investigation are more professional, and risk management continues to integrate further into our decision-making and planning processes. On the other hand, this expansion has also meant significant growth in control functions and compliance demands.

As the High Commissioner mentioned, many of our internal processes have become unnecessarily heavy. Our field colleagues struggle to keep up with the demands from many different entities. Many of our team also report struggling with the steady volume of prescriptive guidelines that flow from headquarters.

From management's perspective, UNHCR's suite of oversight functions report or relate in a multitude of ways to different parts of the organisation. Such fragmentation deprives the Office of a central point of convergence where lessons learned may be analysed and implemented—and where future oversight priorities may be shaped. This lack of convergence complicates coherent management.

In addition, inadequate coordination among oversight functions undermines their individual efficacy. Without any institutional mechanism for coordinating their different priorities, it is

difficult to avoid duplicate efforts. This means that these functions cannot fully inform our vision of the Organisation's future.

Distinguished Delegates,

These issues have been identified in past meetings of this body, as well as of the Standing Committee. UNHCR's response is based upon this valuable input, along with other useful insights. We are obliged—and remain committed—to managing institutional risk responsibly. We are also responsible for delivering concrete results to the people we serve as quickly as humanly possible. To strike a better balance between these different duties, UNHCR is streamlining and simplifying our procedures, processes and tools, while taking care to maintain the highest standards of accountability for the resources entrusted to us.

I am happy to report that the High Commissioner has undertaken to address these concerns comprehensively, based on extensive prior analysis of the Office's oversight functions, with updated information from our colleagues, external experts, and other UN agencies who face analogous challenges. Based on these consultations, the High Commissioner is directing a structural consolidation of UNHCR's oversight functions, among other major changes. Please allow me to offer a broad overview of the changes that are underway.

In the reconstituted structure, the Inspector General (IG) will be responsible for ensuring coherence among the different functions—including the merging of the Inspection function into the Internal Audit function. Ad hoc inspections will remain available to respond to a specific management problem or need, with adequate capacity ensured by dedicated staff. The current Director of the Division of Human Resource Management (DHRM), our colleague Karen Farkas, has been appointed to this position, and will be the final internal appointment to this role. To ensure the IG's independence and impartiality, the position will henceforth be externally recruited with a time-limited mandate.

UNHCR will also undertake a comprehensive risk-based mapping of its control frameworks in order to ensure that there are neither gaps nor unnecessary duplications of coverage. The Office already instituted systematic and structured risk management throughout the organization. We will continue to develop our Enterprise Risk Management (ERM) framework in support of managers in the field and Headquarters, and the centralized oversight functions. The Office will also prioritise the introduction of a common data management platform to provide a holistic view of oversight recommendations and monitor their implementation. In combination with ERM, this will facilitate strategic analysis and identification of vulnerabilities.

Moving forward, UNHCR will establish a dedicated Evaluation Service, disassociated from policy development. Regarding policy development, the Senior Management Committee is currently reviewing options for rationalizing UNHCR's central capacity for drafting, testing, and revising the policies that dictate how we operate. This process will also alleviate the burden on our field colleagues, and allow management to better prioritize and more extensively vet policy proposals.

The High Commissioner also made mention of the headquarters review he commissioned this summer. It is important that we regularly take stock of how we function, in order to remain agile and flexible as an organisation. We need to ensure that the design and functions of our Headquarters are tailored to provide the best possible support to our field operations.

Distinguished Delegates,

These reforms herald meaningful change in how our institution prioritises, evaluates, and revises its policies. Equally important, I am confident that this process will result in a more coherent set of tools for receiving and addressing our staff's concerns. This is important because the skills, expertise, and dedication of our workforce are the lifeblood of this organization.

Our team today—including both our staff and flexible workforce—is over 15,000 people strong. They represent UNHCR in 464 locations across 129 countries. Africa continues to be our largest region in terms of workforce, with Europe now the second. 87% of our staff is in the field, and half of them serve in locations with moderate to extreme threats of armed conflict, terrorism, crime, civil unrest, or other hazards. Their daily courage allows UNHCR to maintain the unique field presence that makes our work possible. We owe it to them to prioritize our strategic, pro-active, and inclusive human resources approach.

I am pleased to report that we are doing just that. In January, we launched our first-ever People Strategy to define a vision for addressing human resources challenges for the next five years. This strategy has four main goals: Preparedness and diversity; Performance and competence; Flexibility and timelines; and Care and support. This vision will ensure that our organization has the skills and experience necessary, and that we are supporting our workforce in the right ways.

Based on this strategy, a series of internal consultations lead to a multi-year, results-based implementation plan that comprises defined activities, specific targets and indicators of success. Many activities are already underway, such as the recent analysis of our Flexible Work Arrangements and our ongoing efforts to build a stronger culture of Inclusion, Diversity and Gender Equity.

A key aspect of this People Strategy is that it speaks to our entire workforce, from staff members to our colleagues working alongside us under more flexible arrangements. One third of our colleagues are now part of this flexible workforce. They play a critical role in enabling us to respond rapidly and flexibly to emerging crises, challenges and opportunities. We are working to increase our support to them, and to ensure that they are fully integrated as part of our team.

With this vision as a guide, UNHCR will continue to take seriously a strategic approach to recruiting, supporting and developing those who embody this organisation day in and day out.

Distinguished Delegates,

I now have the pleasure of introducing the reports of the Board of Auditors and the Office of Internal Oversight Services.

I am pleased to report that the Board issued an unqualified audit opinion. It confirmed that UNHCR remained in a strong financial position at the end of 2015, despite the continuance of existing emergencies in addition to five new ones.

Like last year, the Board noted the unpredictability of the timing of contributions and pledges we receive. This was due in large part to an increase in donor commitments that arrived

towards the end of the year. The Board remains convinced, and I absolutely agree, that such unpredictability undermines our ability to use donor funds most effectively. Distinguished Delegates, we hope you will take this into consideration as you plan your future contributions.

As part of its examination of UNHCR's financial statements for 2014, the Board visited UNHCR operations in Jordan and Sudan and reviewed 10 other field locations remotely. The Board also reviewed the efficiency of our financial systems and internal controls and, more broadly, the administration and management of operations. In its report, the Board issued new recommendations on financial and governance matters, enterprise risk management, population data accuracy, prioritization of resources, driving efficiencies, and durable solutions. It noted positive progress in the implementation of outstanding recommendations, in particular with respect to counter-fraud measures and the development of a strategic risk register. Out of the 34 outstanding recommendations for 2013 and previous years, six had been implemented, 25 were in the process of being implemented, and the remaining three were superseded by events. UNHCR remains fully committed to addressing the outstanding recommendations and to continue improving systems and controls to mitigate identified risks.

The report of the Office of Internal Oversight Services (OIOS) reflects the fruits of 35 audits conducted between 1 July 2015 and 30 June 2016. OIOS made 198 recommendations, of which 23 were considered critical.

At the most recent Standing Committee, a number of delegations expressed concerns about the prevalence of partially satisfactory or unsatisfactory ratings for many of these audits. To be sure, these audits are crucial to UNHCR's efforts to bolster accountability and efficiency. The core issue is not so much the policy framework we have, but rather how this framework is implemented in the field. This is admittedly a challenge for an organization the size of UNHCR, but one that management takes very seriously. We are discussing with OIOS how to improve, and are absolutely committed to addressing the issues they help us identify.

I should also highlight here another detail of our structural consolidation of UNHCR's oversight functions. Responsibility and capacity for managing our relationship with OIOS will move from the Division of Financial Management to a new Internal Audit Support Service in the strengthened Inspector General's Office. The IGO will benefit from an increased secretariat capacity to allow it to better integrate the OIOS into our oversight system. This revamped IGO will also be better suited to follow-up on OIOS recommendations and identify cross-cutting issues that call for a more macro-level response from management.

One of the overarching trends in the OIOS reports was the need for UNHCR to improve how we manage the work with our partners. Improving support to both programme and finance staff in the field, and enhancing the financial management of programmes will be a key area of work in the coming year.

This is also relevant in light of the outcomes of the World Humanitarian Summit, including our commitments to empower national and local humanitarian action. Our ongoing engagement to follow up on the Grand Bargain commitments is also important, as we are co-championing—with Japan—the work stream on reducing duplication and management costs. As part of this effort, we are working with UNICEF and WFP to harmonize how we assess, select, and manage our relationships. We will continue to brief this Committee on our progress, as well as any challenges, in implementing the set of commitments.

Distinguished Delegates,

The initiatives I have just described give a broad sense of UNHCR's continued investment to improve how we operate. As I mentioned at the outset, such commitment is even more important in light of both the sizable challenges we face as an organization, and the incredible opportunities we have at hand for making real progress in what we can deliver for the millions of people around the world who rely on our efforts. We remain sincerely grateful for your generous support.

Thank you.