

2 (a) (v) Proposal to establish Financial Regulations for UNHCR

Two Step Process for Financial Regulations

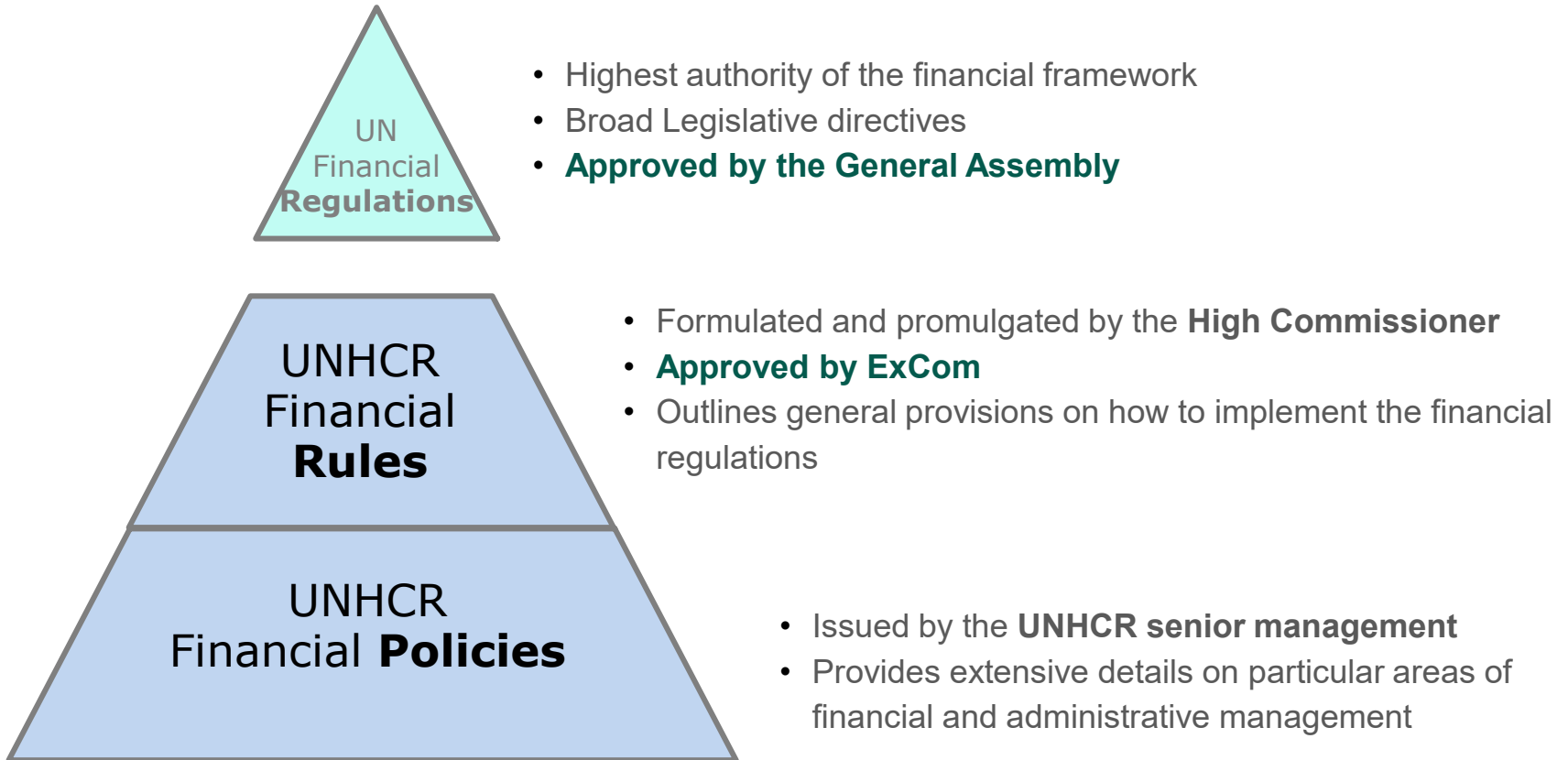
Q1 (2021):

Can UNHCR be strengthened by having its own Financial Regulations (Y/N)?

Q2 (2022):

What needs to be updated should the UNHCR Financial Regulations be endorsed?

Current Financial Policy Framework of UNHCR



Sample Analysis of UN Financial Regs

UNITED NATIONS REGULATIONS		UNHCR Review	
1	Regulation 1.1. These Regulations shall govern the financial administration of the United Nations, including the International Court of Justice.	No substantial change	
2	Regulation 1.2. The financial period shall consist of a calendar year, except for peacekeeping operations with special accounts, for which the financial period shall be one year, from 1 July to 30 June.	No substantial change	
3	Regulation 1.3. The budget period for the proposed programme budget shall consist of two consecutive calendar years , the first of which shall be an even year, except for peacekeeping operations with special accounts, for which the budget period shall be one year, from 1 July to 30 June.	Needs review – budget period decided outside of Regs by ExCom	
4	Regulation 1.4. These Regulations shall become effective on 1 July 2013. They may be amended only by the General Assembly.	No substantial change	
5	Regulation 2.1. The proposed programme budget for each budget period shall be prepared by the Secretary-General.	No substantial change	
6	Regulation 2.2. The proposed programme budget shall cover income and expenditures for the budget period to which it relates and shall be presented in United States dollars.	Needs review – income relates more to assessed contributions	
7	Regulation 2.3. The proposed programme budget shall be divided into parts, sections and programmes. Programme narratives shall set out subprogrammes, outputs, objectives and accomplishments expected during the biennium. The proposed programme budget shall be preceded by a statement explaining the main changes made in the content of the programme and the volume of resources allocated to it in relation to the previous biennium. The proposed programme budget shall be accompanied by such information, annexes and explanatory statements as may be requested by or on behalf of the General Assembly and such further annexes or statements as the Secretary-General may deem necessary and useful.	Needs review – UNHCR does not use this structure	
17	Regulation 2.13. The Secretary-General shall submit twice a year to the General Assembly for informational purposes a table summarizing the budgetary requirements of each peacekeeping operation for the budget period from 1 July to 30 June, including a breakdown of expenditure by major line item and the aggregate total resource requirement.		Does not apply - PK
18	Regulation 2.14. The programme budget proposals of the International Court of Justice shall be prepared by the Court in consultation with the Secretary-General. The programme budget proposals shall be submitted to the General Assembly by the Secretary-General, together with such observations as he or she may deem desirable.		Does not apply - ICJ
19	Regulation 3.1. Appropriations, subject to the adjustments effected in accordance with the provisions of regulation 3.2, shall be financed by contributions from Member States, according to the scale of assessments determined by the General Assembly. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.		Does not apply – Regular Budget
20	Regulation 3.2. For each of the two years of a budget period, the contributions of Member States shall be assessed on the basis of half of the appropriations approved by the General Assembly for that budget period, except that adjustments shall be made to the assessments in respect of: (a) Supplementary appropriations for which contributions have not previously been assessed on Member States; (b) Half of the estimated amounts under the categories of revenue defined in regulation 3.3 for the budget period for which credits have not previously been taken into account and any adjustments in estimated amounts under these categories of revenue previously taken into account; (c) Contributions resulting from the assessment of new Member States under the provisions of regulation 3.8; (d) Any balance of the appropriations surrendered under regulations 5.3 and 5.4; (e) Half of the Member States' credits in the Tax Equalization Fund for the budget period estimated to be not required to meet charges for tax refunds during the calendar year and any adjustments in the estimated credits previously taken into account.		Does not apply - Assessed
21	Regulation 3.3. Member States' assessments shall be offset in accordance with regulation 3.2 by net revenue from the following revenue categories: (a) Revenue-producing activities; (b) Investment revenue; (c) Services rendered; (d) Contributions from new Member States in accordance with regulation 3.8 and non-member States in accordance with regulation 3.9; (e) Other/miscellaneous revenue, including revenue from rental of office premises, and unspecified contributions in accordance with regulation 3.14; (f) Any other revenue attributable to Member States. Requests for payment of assessed contributions		Does not apply - Assessed

Summary of Draft Analysis of UN Financial Regs

42 paragraphs would not have any substantial change other than references, for example Secretary-General would become High Commissioner. General Assembly would become Executive Committee.

31 Paragraphs do not apply and should be deleted.

9 paragraphs would need further review and discussion with UNHCR Membership on how to tailor them for UNHCR. These 9 paragraphs mainly relate to annual/biennial budget, format, budgeting income vs expenditure, and use of Working Capital Fund.

Limitations of current United Nations Financial Regulations when applied to UNHCR

1. United Nations Fin Regs are designed for an entity with assessed contributions whereas UNHCR is fully voluntarily funded.
2. Language not relevant to UNHCR.
3. Difficult to have an integrated view of Financial Regulations and Rules
4. Confusion as to what UN Regulations apply to UNHCR.

Negative Effect on UNHCR of not having tailored UNHCR Financial Regulations

1. Risk of misinterpretation of Financial Regulations and Rules
2. Inability to have a coherent financial policy framework from Regulations down to standard operating procedures.
3. Challenges for donors and other external partners to fully understand financial policy framework

What will UNHCR Specific Regulations Improve?

- **Clear Policy Governance** (reduce risk misinterpretation)
- **Improve training and accountability at all levels**
- **Aid in discussions with external donors/partners**
- **Modern integrated policy framework similar to other large agencies.**

Context for change (why now?)

1950

Establishment of UNHCR

- UNHCR established
- Legislative directives: UN Regulations

1957

UNHCR Financial Rules

- GA Resolution 1166 (XII) allowed for the formulation of UNHCR Rules
- UNHCR established its financial rules

2003

Removal Temporal Limitation on Office

- Several revisions of UNHCR Rules
- Last revision approved by ExCom in 2020

2021

UNHCR embarks in Business Transformation Programme

- Reviewing processes, systems and policies
- Improve efficiencies, accountability, deliver more to persons of concern.
- Proposal to start process to have UNHCR Financial Regulations

Other UN entities with their own financial regulations

● UN-Women



UN Women has its own financial regulations established since its inception since **2011**

● UNICEF



The Executive Board adopted UNICEF's own financial regulations and rules in **1987**

● UNFPA



UNFPA established its own financial regulations in **1974**

● UNDP



UNDP promulgated its own set of financial regulations in **1966**

● WFP



WFP has authority to establish financial regulations to govern itself

Proposed Two Step Process

Q1 (2021):

Can UNHCR be strengthened by having its own Financial Regulations (Y/N)?

STEP 1: Start Process in 2021 to request authority from General Assembly to have our own Financial Regulations

Q2 (2022):

What needs to be updated should the UNHCR Financial Regulations be endorsed?

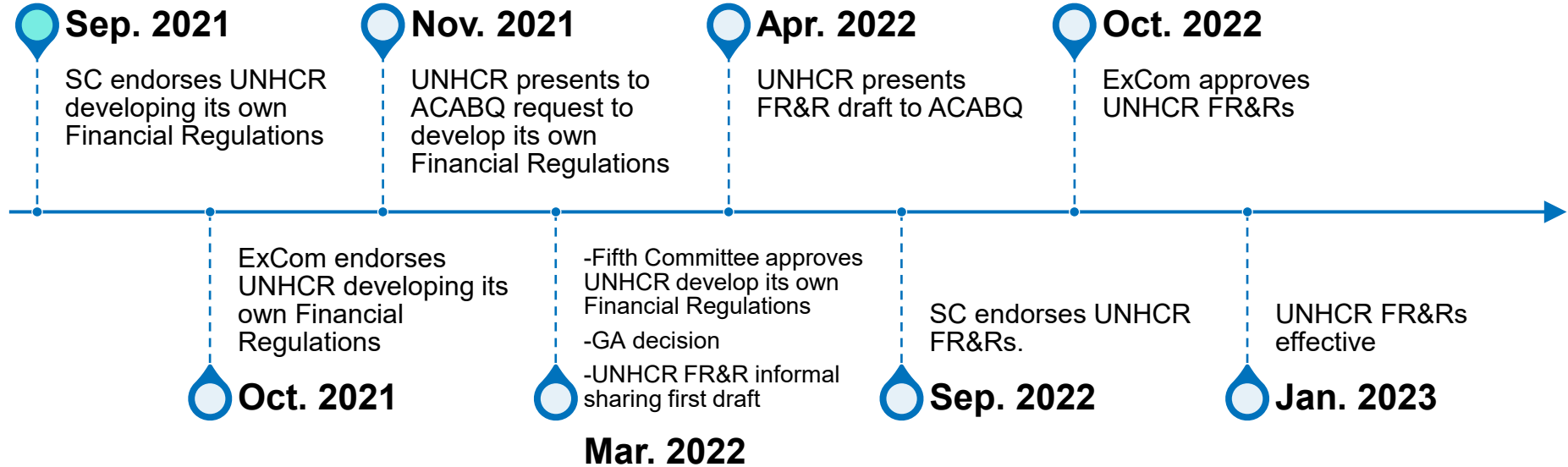
STEP 2: Engage in full consultative process with Member States starting in early 2022 to develop UNHCR Financial Regulations

GOAL: Integrated Financial Regulations and Rules

UNHCR
Financial
Regulations
& Rules

UNHCR
Financial Policies

Timeline



Permission for UNHCR Regulations

Approval of UNHCR Financial Regulations and Rules

Effective

Thank you