

Identifying Needs and

| The planning process |

For the second year, comprehensive assessments of the needs of persons of concern to UNHCR provide the basis for the Office's programme planning and budgeting. Assessing and responding fully to the needs of people of concern has always been a challenge. The global needs assessment initiative, which was implemented in 2009 to plan for 2010-2011 operations, allows UNHCR to present a comprehensive picture of what the Office needs – and what it has the capacity to implement – to fulfil its responsibilities. It also allows UNHCR to highlight the consequences when basic needs cannot be met.

The planning process starts with thorough assessments by country teams of the needs of the populations they serve. These assessments are drawn from consultations with all involved parties, including people of concern, representatives of host communities, government officials, donors, NGOs and UN agencies. They also build on previous partner and inter-agency assessments, as well as protection reports and other relevant sources. Assessments are designed to include age, gender and diversity considerations.

Following the progressive introduction over the past 18 months of the operations management support software *Focus*, this year, all UNHCR offices have planned their operations using the new application, which provides a framework for results-based programming and implementation.

In February 2010, operations reviewed requirements for 2011 and updated plans and budgets in line with revised population projections and needs assessments. New operations plans for 2011 were developed in *Focus*, with goals and objectives specified by

population groups, budgets and performance and impact indicators.

In line with UNHCR's Global Strategic Priorities, field offices prioritized interventions that deliver life-saving assistance; ensure key protection activities; improve access to education and livelihoods in protracted displacement situations; strengthen protection capacity in situations of mixed migration; improve response to urban refugee situations; ensure emergency preparedness and response; and facilitate durable solutions. Headquarters divisions presented revised plans and budgets for 2011 in line with the principles underlying the structural and management change process of ensuring efficiency and cost effectiveness.

In April and May 2010, all country and regional plans for 2011 were reviewed at Headquarters. Regional Bureaux and technical support units scrutinized the plans and budgets to ensure overall coherence, consistency with guidelines and priorities and to ensure that the proposed activities could be implemented in the planning year.

As in previous years, at the beginning of 2011, it is unlikely that the Office will know the precise level of voluntary contributions that will be received for the year. This will require a phased approach to implementation of activities based on prioritization early in the year and careful management of income and budgets.

UNHCR will undertake periodic reviews of its priorities and budgets throughout the year as income levels evolve. To ensure smooth implementation, the Office is preparing detailed plans for activities to be implemented from January 2011, and will provide a progressive view of how needs will be prioritized as further funds become available.

Funding Requirements

| UNHCR's budget structure |

UNHCR's budget structure is broken down into four pillars, which represent the needs of particular population groups within each operation.

The needs of refugees and asylum-seekers are shown in Pillar 1 and those of stateless people in Pillar 2. These two pillars correspond to the Office's core mandate activities. Pillar 1 also includes the initial repatriation needs of returned refugees, whereas their longer-term reintegration needs are included under Pillar 3. The needs of internally displaced persons (IDPs) are shown under Pillar 4. Pillars 3 and 4 are designed to be implemented on a project basis, which means that activities will only be implemented as funds become available. They are kept separate from Pillars 1 and 2 to secure

funding for the Office's mandated tasks. All four pillars together constitute UNHCR's annual budget.

The four-pillar budget is linked to UNHCR's results framework. It replaces traditional sectoral breakdown of activities with different levels of objectives that the Office seeks to achieve. At the highest level, the financial requirements are shown as nine different "rights groups", which represent the main thematic groupings of desired results for the Office. Beneath the rights groups, the financial requirements are broken down into 78 individual objectives showing a more detailed picture of the results that the Office seeks to achieve. The financial requirements of each operation are directly linked to these objectives.

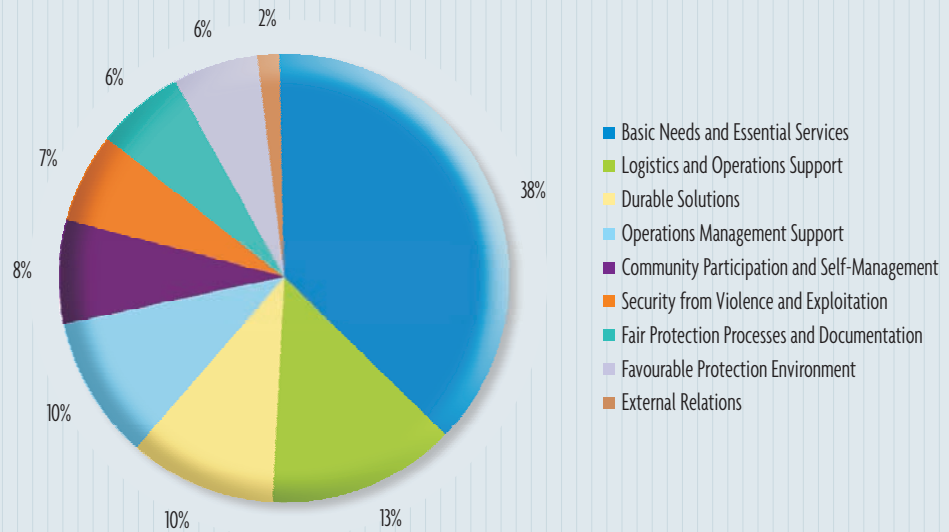
| Overview of the 2011 requirements |

UNHCR's financial requirements for 2011 are based on the comprehensive needs of people of concern, rather than on an approach linked to expected income levels.

At its sixtieth session in October 2009, the Executive Committee approved activities proposed under the 2011 annual budget amounting in value to just over USD 2.56 billion. Together with an Operational Reserve, the "New and additional activities – mandate-related" (NAM) Reserve, and budgeted activities for JPOs, the total initial 2011 requirements came to USD 2.78 billion. At its sixty-first session in October 2010, the Executive Committee approved a revised annual budget of USD 3.32 billion. The increase of some USD 541 million is primarily due to the inclusion of the following provisions:

- Mainstreaming of the 2010 supplementary programmes known at the time of planning, covering: the Somalia situation and the influx of refugees from the Democratic Republic of the Congo to the Central African Republic and the Republic of the Congo; the IDP situation in Yemen; and the Refugees and Hosting Areas Project in Pakistan;
- Appropriate emergency response amounting to USD 114 million covering the Somalia, Sudan and Zimbabwe operations;
- Additional coverage and consolidation of the Haiti internal displacement situation amounting to USD 4 million;
- Continuation of security and logistics arrangements amounting to USD 7 million in countries where peacekeeping missions have withdrawn or been reduced;

FIGURE 1 2011 Revised budget by rights group



- Programmes to maintain or improve the standards for water, health and nutrition amounting to USD 28 million;
- Increased emphasis on comprehensive durable solutions for protracted refugee situations through local integration, voluntary repatriation and resettlement, as well as for the return of internally displaced persons, amounting to approximately USD 200 million;
- Phased implementation of the new urban refugee policy, amounting to approximately USD 16 million;
- Adjustments due to exchange rate variations between 1 March 2009 and 1 July 2010; and
- An increase of USD 36.7 million under the Operational Reserve as a result of the increase in programmed activities under Pillars 1 and 2.

Figure 1 shows UNHCR's 2011 programmed activities across the various rights groups. Of the requirements for these activities for 2011, 38 per cent address basic needs and services for

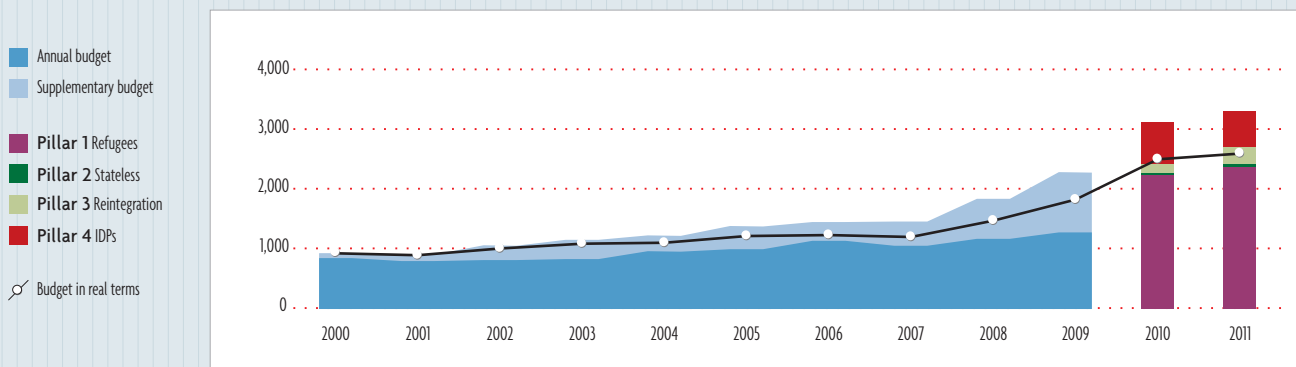
people of concern. This includes efforts to provide water, shelter, domestic items, health care, education, sanitation and other infrastructure, as well as to improve the nutritional status of people of concern and prevent diseases like HIV and AIDS.

For 2011, all known supplementary budgets as at 30 June 2010 have been incorporated into the ExCom-approved annual budget. Requirements which emerged after this date will be finalized and published separately. Should new emergencies occur in the course of the year, or should existing needs expand significantly, the High Commissioner will decide whether to extend the budgetary requirements. In the event of unforeseen circumstances, such as a new refugee influx or a natural disaster, UNHCR may draw resources from its Operational Reserve or create a supplementary budget.

In this Appeal, all financial requirements for operations above USD 10 million are presented by pillar, rights group and objective.

Figure 2 illustrates the change in UNHCR's financial requirements over the last decade.

FIGURE 2 UNHCR's requirements 2000-2011 (USD millions)



Note: Budget in real terms has been adjusted with the United States consumer price index, using 2000 as the base year.

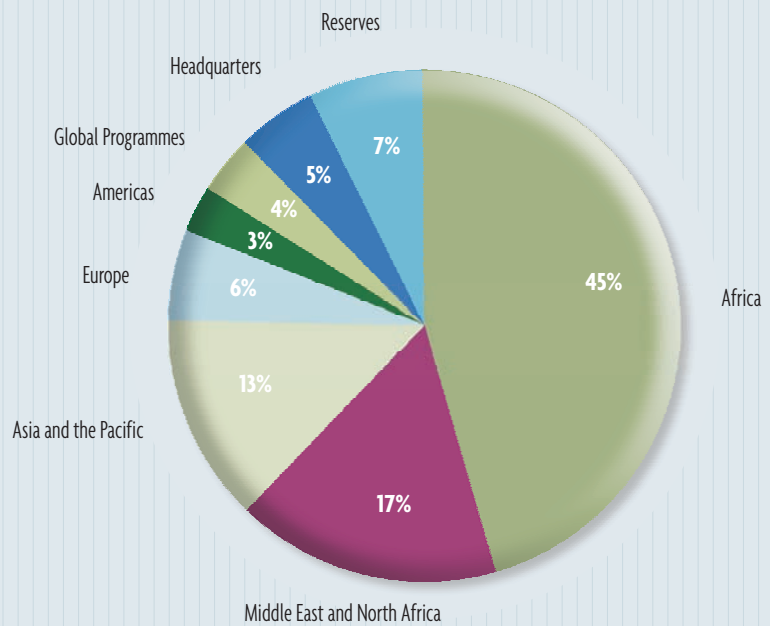
In 2011, UNHCR's requirements in Africa (USD 1.5 billion) will remain the highest of any region. **Figure 3** shows that Africa accounts for 45 per cent of UNHCR's total requirements, and is also the region with the largest increase from 2010, where its proportion of the budget was 38 per cent of UNHCR's total. In 2011, the operation in Kenya has the largest budget of any single country at USD 223.7 million, followed by Iraq at USD 210.5 million and Sudan at USD 195.3 million.

In 2011, the **Operational Reserve** will increase from USD 196.8 million to USD 219.3 million as a result of the increase in programmed activities under Pillars 1 and 2. The Operational Reserve, which is designed to address new and unforeseen activities, is set at 10 per cent of the requirements under Pillars 1 and 2.

Owing to the comprehensive nature of the 2010 and 2011 planning process, the "**New or additional activities – mandate-related**" (**NAM Reserve**) has been set at USD 20 million, which is considerably less than in previous years. However, unforeseen projects can still be accommodated under this Reserve.

Figure 4 shows the total budgets for all four pillars as well as the regional breakdown of each pillar. UNHCR's refugee programme under Pillar 1 accounts for the vast majority of the requirements. The budget for this pillar is almost USD 2 billion or 72 per cent of the total. IDPs under Pillar 4 have the second largest requirements with 18 per cent. Any activities relating to IDPs will be covered here, including

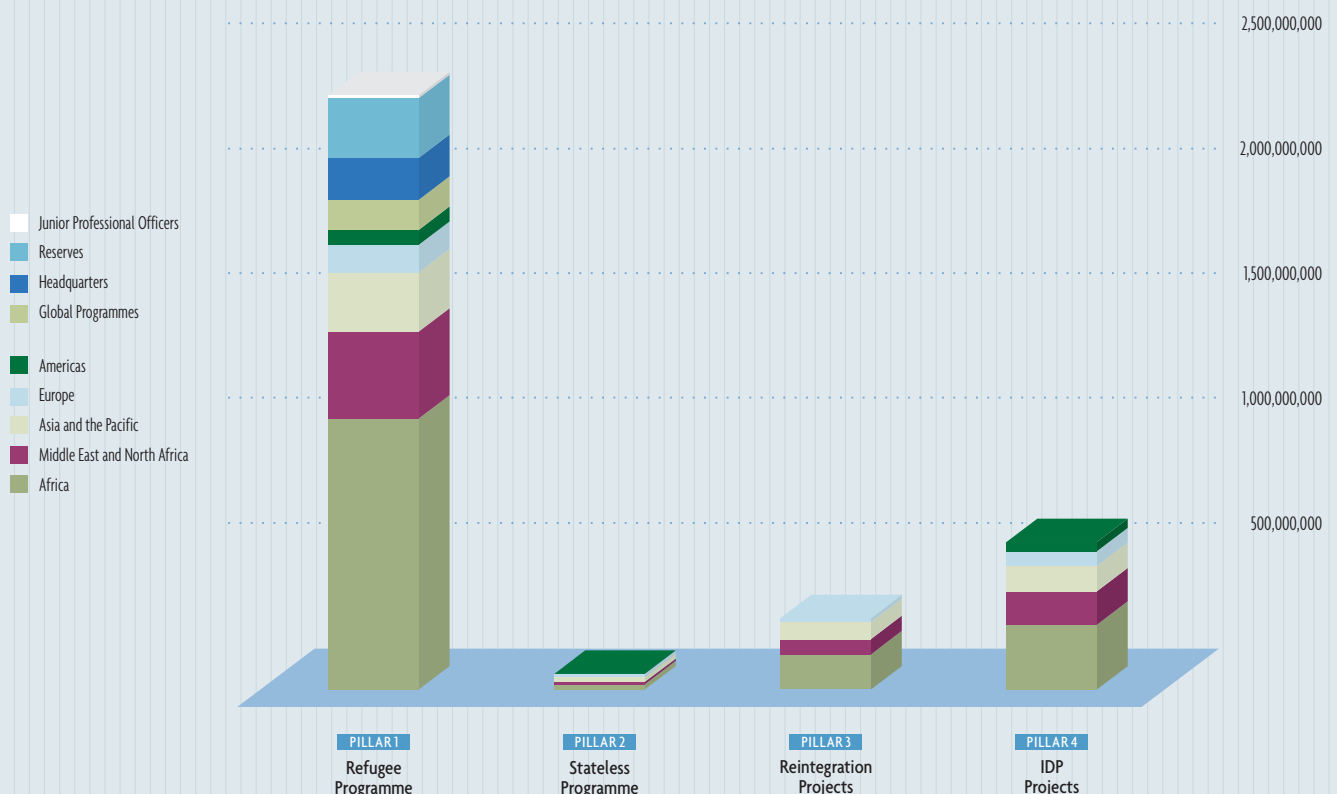
FIGURE 3 2011 Revised budgetary requirements by region



their reintegration. Pillar 3, which addresses longer-term refugee reintegration needs, makes up approximately 9 per cent of the total budget. Pillar 2, covering stateless programmes, accounts for nearly 2 per cent of UNHCR's revised 2011 budget.

In 2011, the financial requirements under the **Junior Professional Officers (JPO)** scheme amount to USD 12 million. In 2010, 16 countries are contributing to this programme under which government-sponsored young professionals work for UNHCR in various operations around the world.

FIGURE 4 Revised budget by pillar and region in 2011 (USD millions)



| Consolidated appeals process |

Meeting humanitarian needs in complex emergencies requires comprehensive coordination between UN agencies, NGOs, other international organizations and state officials. UN agencies and other members of the Inter-Agency Standing Committee coordinate their efforts by creating a coherent response plan, developed through the UN Country Team under the leadership of the Humanitarian Coordinator. This enables organizations to plan, coordinate, implement and monitor their emergency responses and appeals for funds together.

In 2011, there will be at least 18 consolidated appeals and UNHCR plans to participate in 16 of them. UNHCR will be involved in appeals for Afghanistan, the Central African Republic, Chad, the Democratic Republic of the Congo, Haiti, Kenya, Niger, Pakistan, Philippines, Somalia, Sri Lanka, Sudan, West Africa, Yemen and Zimbabwe. Furthermore, UNHCR will lead and coordinate the preparation of the Regional Response Plan for Iraqi Refugees. Other consolidated appeals are also under discussion. The Office will also participate in any new inter-agency appeals that take place during the year which have a bearing on people of concern to UNHCR.

| Fund raising |

The major changes introduced through the Comprehensive Needs Assessment and the new budget structure for 2010 have provided UNHCR with some challenges but also new opportunities for resource mobilization. Through implementation of ongoing and new programmes, valuable experience has been gathered to further pursue the overall longer-term aim of full funding of beneficiary needs as identified in the budget. As already noted, one positive result of the new comprehensive planning exercise is the reduced use of NAM allocations to accommodate additional funding for unplanned activities that have not been budgeted for.

Only a small portion of the Office's needs are covered by the UN Regular Budget, which amounts to USD 81 million for the biennium 2010-2011. All other funds raised for UNHCR's programmes are voluntary contributions. With an ambitious budget based on the Comprehensive Needs Assessment, it is therefore crucial that the Office receives enough voluntary contributions to allow it to implement its planned activities. Equally important is the support of refugee-hosting

countries, which make an invaluable direct contribution by protecting and assisting refugees on their territories.

In 2011, one particular challenge will be how to raise significantly more funds to meet the needs of a significantly larger budget. Another will be how to solicit increased and more varied donor support at a time when governments are struggling with the impact of the global financial crisis. Efforts to secure longer-term donor commitment and comprehensive resource mobilization strategies, including private sector fund-raising activities and communications and public awareness plans, will be integrated into all larger operations.

Donor confidence and overall contributions to UNHCR have increased significantly in recent years – from USD 705 million in 2000 to a record USD 1.7 billion in 2009. For 2010, UNHCR had already received USD 1.7 billion by the beginning of October.

This positive trend has been maintained despite the uncertainties related to the global financial crisis. Focus and investments in the Arab Gulf region have started to yield results and a notable development in 2010 has been the

increase in support to UNHCR from a number of Gulf States, including the United Arab Emirates and Saudi Arabia. Efforts are ongoing to further solidify partnerships in this region.

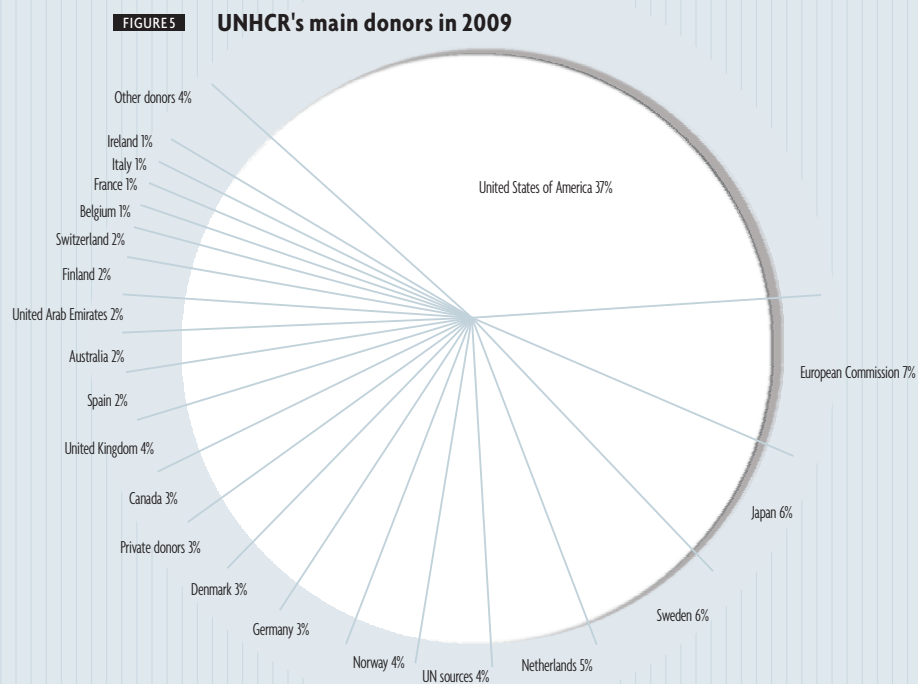
Attention will also be targeted towards new and emerging donors in Asia and Latin America. The current economic downturn will intensify pressure to maintain and increase funding from traditional sources while searching for new funding sources.

Accessing development funding opportunities will be prioritized and further pursued in 2011. Targeted operations will be identified and development actors and field operations will work in close cooperation in order to secure predictable longer-term development funding.

In 2010, UNHCR, together with UNDP and the World Bank, launched the Transitional Solutions Initiative. The objective of this field-driven initiative is to bring solutions to displacement through a coordinated effort involving both humanitarian and development agencies. The initiative aims to reduce or end displacement in post-conflict/early-recovery contexts as well as in protracted refugee situations. Funding for this initiative needs to be secured from development funding sources in donor capitals.

In 2011, UNHCR will continue to advocate for predictable, timely and flexible contributions. Experience has reaffirmed that the success of the new budget structure depends on continued support through a maximum of unearmarked contributions to ensure even and consistent funding for all activities. Contributions that have no restrictions or only limited earmarking are particularly valuable as they allow the Office to direct funds where they are most needed, ensuring that less visible or forgotten refugee situations and prioritized project activities receive adequate resources. Multi-year contributions are especially important as they improve UNHCR's financial predictability.

To gain more financial resources, UNHCR continues to expand its donor base. These efforts are showing gradual progress. The number of governmental donors contributing more than USD 20 million per year increased from 11 in 2005 to 17 in 2009. Figure 5 shows the share of contributions to UNHCR by its main donors in 2009. In 2011, UNHCR hopes to continue to attract new donors and funding sources.



Access to new and decentralized humanitarian financing mechanisms has expanded in recent years and will continue to be a priority area for growth. In 2009, UNHCR received funding from 13 UN pooled funding mechanisms, with contributions from the Central Emergency Response Fund alone amounting to USD 38.4 million. The new reintegration pillar of the budget structure will increase funding opportunities from multi-donor trust funds for reintegration and recovery programmes.

The growing importance of decentralized funding places greater responsibility on field operations to raise funds. In 2011, UNHCR will support regional and country offices to improve their fund-raising capabilities. A *Field Guide on Fund Raising* was released in 2010 and specific fund-raising strategies are being developed for major operations. UNHCR will expand its efforts to train staff and support field offices on how to access multi-donor pooled funds at the field level, notably in order to fulfil the detailed reporting and monitoring required by some of these mechanisms. Access to decentralized funds will require continued donor support and inter-agency collaboration.

Private sector fund raising (PSFR) plays an important role in UNHCR's efforts to diversify its funding base. Contributions from the private sector increased from USD 21.7 million in 2006 to USD 50.7 million in 2009. The

target is to raise USD 73 million in 2010, which would represent a steady increase from previous years and in accordance with a robust investment plan. In 2011, the PSFR strategy will remain focused on individual donors, foundations and corporations in Australia, Canada, Italy, Japan, Spain and the United States. These efforts aim to secure predictable and broadly earmarked funding towards UNHCR's programmes. The Office will continue to consolidate partnerships with international corporations and foundations, as well as strategically enlist new private sector partners. Individual donors, in the form of regular monthly givers, will continue to account for the biggest share of private sector income. **Figure 6** shows the recorded contributions from the private sector from 2004 to 2009.

UNHCR believes that drawing attention to its full operational requirements will help the international community comprehend the extent of the needs of its persons of concern. This approach also reinforces the rationale behind the new budget structure and supports robust funding of the overall budget, while safeguarding core activities. Flexible, unearmarked funding is important to ensure that programmed activities are implemented in a predictable and timely manner, and allows UNHCR to allocate funds where they are most needed.

FIGURE 6 Contributions from the private sector 2004-2009 (USD millions)



UNHCR's total financial requirements 2010 - 2011 (USD)

Operations by subregion	2010 Revised budget	2011				Total 2011
		PILLAR 1 Refugee programme	PILLAR 2 Stateless programme	PILLAR 3 Reintegration projects	PILLAR 4 IDP projects	
Central Africa and the Great Lakes	278,458,028	215,621,526	4,243,123	107,347,491	70,229,315	397,441,455
East and Horn of Africa	772,308,934	721,870,777	9,579,503	11,425,311	176,784,657	919,660,248
West Africa	81,135,310	66,644,609	5,043,154	19,448,039	8,098,884	99,234,686
Southern Africa	74,875,789	81,270,349	2,225,653	2,580,735	4,432,293	90,509,030
North Africa	46,915,589	54,472,664	0	0	0	54,472,664
Middle East	580,447,278	294,035,882	9,125,607	61,210,298	133,929,309	498,301,096
South Asia	64,320,743	37,627,892	1,461,951	0	18,218,961	57,308,804
South-East Asia	69,271,118	60,233,646	14,714,345	377,372	13,552,670	88,878,033
East Asia and the Pacific	14,176,294	15,468,515	1,168,397	0	0	16,636,912
South-West Asia	333,309,723	114,414,565	815,199	67,444,594	69,578,034	252,252,392
Central Asia	18,234,194	9,318,664	2,522,212	0	0	11,840,876
Eastern Europe	125,567,417	45,013,538	4,343,498	2,265,526	28,709,430	80,331,992
South-Eastern Europe	89,168,375	27,163,497	4,515,039	13,679,148	30,236,724	75,594,408
Central Europe	10,758,687	12,691,465	648,189	0	0	13,339,654
Northern, Western and Southern Europe	29,449,601	25,647,438	1,957,150	0	0	27,604,588
North America and the Caribbean	19,272,032	7,718,269	279,057	0	4,142,080	12,139,406
Latin America	71,400,062	52,299,171	188,018	0	32,742,242	85,229,431
Global programmes	120,436,749	120,623,961	0	0	0	120,623,961
Headquarters ¹	158,196,080	168,120,310	0	0	0	168,120,310
Total programmed activities	2,957,702,003	2,130,256,738	62,830,095	285,778,514	590,654,599	3,069,519,946
Operational Reserve	153,366,335	219,310,054	0	0	0	219,310,054
Subtotal	3,111,068,338	2,349,566,792	62,830,095	285,778,514	590,654,599	3,288,830,000
NAM Reserve	18,209,240	20,000,000	0	0	0	20,000,000
Support Costs ²	9,344,070					
Junior Professional Officers	12,000,000	12,000,000	0	0	0	12,000,000
Total requirements	3,150,621,648	2,381,566,792	62,830,095	285,778,514	590,654,599	3,320,830,000

¹ Includes allocations from the UN Regular Budget: USD 39.6 million for 2010 and USD 41.4 million for 2011.

² A support cost (7%) is recovered from contributions to meet indirect costs for UNHCR.

UNHCR REQUIREMENTS

