Advance, unedited version
(English only)

Voluntary funds administered by the United Nations High Commissioner for Refugees

Financial report and audited financial statements

for the year ended 31 December 2024

and

Report of the Board of Auditors

General Assembly
Official Records
Eightieth Session
Supplement No. 5F

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Voluntary funds administered by the United Nations High Commissioner for Refugees

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for the year ended 31 December 2024

and

Report of the Board of Auditors

United Nations • New York, 2025

Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

[23 July 2025]

Contents

Letters of transmittal

Letter dated 31 March 2025 from the Controller and Director of the Division of Financial and Administrative Management of the Office of the United Nations High Commissioner for Refugees and the United Nations High Commissioner for Refugees addressed to the Chair of the Board of Auditors

We have the honour to submit the financial statements for the year ended 31 December 2024, certified and approved in accordance with the rule 602.1 of the Financial Rules for Voluntary Funds Administered by the High Commissioner for Refugees (A/AC.96/503/Rev.12).

We confirm, to the best of our knowledge and belief, and having made appropriate enquiries with other officials of the organization, the following representations in connection with your audit of the financial statements of the United Nations High Commissioner for Refugees for the year ended 31 December 2024:

1. We are responsible for preparing financial statements that properly present the activities of the organization, and for making accurate representations to you. All accounting records and related information have been made available for the purposes of your audit, and all transactions that occurred in the financial period have been properly reflected in the financial statements and recorded by the organization in the accounting and other records.

2. The financial statements are prepared and presented in accordance with:

(a) The International Public Sector Accounting Standards (IPSAS);

(b) The Financial Regulations of the United Nations;

(c) The financial rules for voluntary funds administered by the High Commissioner for Refugees; and

(d) The accounting policies of the organization, as summarized in Note 2 to the financial statements.

3. The inventories, the property, plant and equipment, and the intangible assets disclosed, respectively, in Notes 3.3, 3.5 and 3.6 to the financial statements are owned by the organization and are free from any charge.

4. The value of cash, cash equivalents and investments recorded is not impaired and, in our opinion, is fairly stated.

5. All material accounts receivable are included in the financial statements and represent valid claims against debtors. Apart from the estimated uncollectable amounts, recorded under the allowance for doubtful accounts, we expect all significant accounts receivable as at 31 December 2024 to be collected.

6. All known accounts payable and accruals are included in the financial statements.

7. The commitments of the Office of the United Nations High Commissioner for Refugees for the acquisition of goods and services, as well as the capital commitments contracted but not delivered as at 31 December 2024, are disclosed in Note 9.2 of the financial statements. Commitments for future expenses are not recognized as liabilities.

8. All known legal or contingent liabilities as at 31 December 2024 are disclosed in Note 9.3 of the financial statements.

9. All expenses reported during the period were incurred in accordance with the financial rules of the organization and any specific donor requirements.

10. All losses of cash or receivables, ex-gratia payments, presumptive fraud and fraud, wherever incurred, were communicated to the Board of Auditors.

11. Disclosures were made in the financial statements of all matters necessary to ensure they present fairly the results of the transactions during the period.

12. Information regarding non-adjusting events occurring since UNHCR's reporting date of 31 December 2024 to the date of signing these statements is disclosed in the Note 11 to the financial statements.

(*Signed*) Hans G. **Baritt**
Controller and Director
Division of Financial and Administrative Management

(*Signed*) Filippo **Grandi**
United Nations High Commissioner for Refugees

Letter dated 23 July 2025 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and audited financial statements of the voluntary funds administered by the United Nations High Commissioner for Refugees for the year ended 31 December 2024.

(Signed) Pierre **Moscovici**
First President of the French Cour des comptes
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the voluntary funds administered by the United Nations High Commissioner for Refugees, which comprise the statement of financial position (statement I) as at 31 December 2024 and the statement of financial performance (statement II), the statement of changes in net assets statement III), the statement of cash flow (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the voluntary funds administered by the United Nations High Commissioner for Refugees as at 31 December 2024 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing and the International Standards of Supreme Audit Institutions. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of the voluntary funds administered by the United Nations High Commissioner for Refugees, in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon

The United Nations High Commissioner for Refugees is responsible for the other information. The other information comprises the financial report for the year ended 31 December 2024 and the statement of internal control, both contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, on the basis of the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The United Nations High Commissioner for Refugees is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the United Nations High Commissioner for Refugees is responsible for assessing the voluntary funds administered by the High Commissioner with regard to the Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless management either intends to liquidate the voluntary funds administered by the High Commissioner or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process for the voluntary funds administered by the United Nations High Commissioner for Refugees.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the voluntary funds administered by the United Nations High Commissioner for Refugees;

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

(d) Draw conclusions as to the appropriateness of management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the voluntary funds administered by the United Nations High Commissioner for Refugees to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the voluntary funds administered by the High Commissioner to cease to continue as a going concern;

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the transactions of the voluntary funds administered by the United Nations High Commissioner for Refugees that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and the financial rules for the voluntary funds administered by the United Nations High Commissioner for Refugees.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the voluntary funds administered by the United Nations High Commissioner for Refugees.

(Signed) Pierre **Moscovici**
First President of the French Cour des comptes
(Lead Auditor)
Chair of the Board of Auditors

(Signed) **Hou** Kai
Auditor General of the People's Republic of China

(Signed) Vital **do Rêgo Filho**
President of the Brazilian Federal Court of Accounts

23 July 2025

Chapter II
Long-form report of the Board of Auditors

Summary

The Board of Auditors has audited the financial statements and reviewed the operations of UNHCR for the year ended 31 December 2024. The audit included an examination of financial transactions and operations at UNHCR Headquarters in Geneva and the Global Service Centre offices in Budapest. The Board audited six country offices located in Armenia, Burundi, Mozambique, Myanmar and Venezuela and three regional bureaux, the Regional Bureaux for Europe, Asia and Pacific and Americas.

Audit opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of the voluntary funds administered by UNHCR as at 31 December 2024 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Overall conclusion

In 2024, UNHCR faced 43 emergencies (against 52 in 2023) in 29 countries. The overall estimate for persons forced to flee, including displaced persons returning home, was 122 million in 2024, against 113 million the previous year. In that context, UNHCR prioritized the delivery of essential services to vulnerable populations, including the distribution of core relief items to approximately 8.1 million people, the provision of shelter assistance and the creation of livelihood opportunities.

Overall UNHCR properly carried out emergency responses in most of the cases and benefited from adapted mechanisms and processes, with some points of attention at all the steps of the crisis management process. UNHCR's committed to diversify partnerships and reinforce collaboration across the humanitarian, development and peace nexus but there were areas for improvement in the different components of the cooperation within the UN system. The UNHCR needs also to continue to strengthen and refine business processes in financial management.

Key findings

In addition to the financial statements, the Board's audit for 2024 focused on the transition to a new information technologies environment, the cooperation with other entities of the United Nations system and the crisis management.

Financial overview

The 2024 financial year closed with an annual deficit of $158.8 million as at 31 December 2024, representing an improvement of $431.3 million compared to the previous year deficit which amounted to $590.1 million. This was primarily attributable to a significant reduction in overall expenditure, which decreased by $402.8 million relative to 2023. Nonetheless, total expenses continued to exceed revenue. As a consequence of the deficit, the asset position declined by $198.3 million compared to 2023. UNHCR continued to maintain a high level of current assets in order to meet its short-term obligations.

However, constraints linked to earmarked funding remained significant, with over 70 per cent of contributions either earmarked or tightly earmarked. UNHCR remained heavily reliant on a limited pool of donors, with one donor contributing 45 per cent of total funding in 2024, and the three largest donors accounting for nearly 60 per cent of all contributions.

Financial management

Bank and investments processes enhancements

For the first time in 2024, UNHCR introduced long-term investments into its portfolio[1], requiring enhanced technical expertise to ensure compliance with IPSAS 41 standards and accurate financial reporting. While the organization initially engaged an external consultant to support the accounting team, maintaining this expertise over the long term remains essential given the complexity of these investments.

As of 31 December 2024, the total number of bank and cash accounts reached nearly 900. While efforts to automate global payment workflows through the "Digital Hub of Treasury Solutions" platform have been underway since 2023, full implementation had not been completed by year-end. Additionally, updates to bank signatories needed to be properly managed, with stronger internal change identification and closer follow-up with financial service providers.

The review of bank and cash-in-hand reconciliations revealed a high number of discrepancies at year-end, unresolved at the time of the final audit mission in April 2025. Although individual amounts were not significant, the process should be strengthened.

Employee benefits liabilities valuation methods

Prior to 2024, the coverage of workers' compensation benefits was outsourced by UNHCR to the United Nations Secretariat. In 2024, UNHCR began to self-insure the risk with a provision[2] which was reclassified during the audit to employee benefits liabilities. The method applied to evaluate the liability and the classification of the benefit components between current and non-current should be reviewed to better reflect the real structure of UNHCR obligations.

The accumulated annual leave balance revealed that a very significant number of employees had a balance of unpaid leave exceeding 30 days. This actual pattern of consumption suggested that many employees were accumulating these days until the date of their separation from the entity and that the unused annual leave acquired during a financial year would not be consumed before the end of the following financial year while being currently classified as short-term.

Need to strengthen inventories impairment method

The inventories impairment review resulted in an overstatement of the impairment amount estimated by UNHCR at $5.3 million for 2024. The primary cause of this overstatement was the double-counting of the impairment of certain inventory items. UNHCR should enhance its impairment assessment methodology.

[1] UNHCR's investment portfolio amounted to $405.3 million, including $256.9 million in long-term investments.
[2] The method applied for 2024 financial statements consists of a "reserve approach" with no "pay as you go".

Deficiencies in the posting process

Inaccurate coding of purchase order (PO) details led to expenses being posted to incorrect accounts[3]. Expenses amounting to $68 million (28 percent of the initial balance reviewed) had been incorrectly classified under "other expense" accounts. A late accounting adjustment was made to reclassify the expenses to the appropriate account highlighting the need for enhancements to the current posting process.

Purchase orders relating to goods in transit delivered in late 2024 were incorrectly recorded in January 2025 due to delayed receipting in Cloud ERP and leading to an understatement of 2024 accrued payables for a total amount of $2.3 million. This highlights weaknesses in year-end monitoring of goods-in-transit and inconsistent application of ownership transfer dates in inventory accounting.

Transition to a new information technology environment

The objective of the UNHCR Business Transformation Programme (BTP) was to enhance operational agility, efficiency, and collaboration within the Organization. Initiated in 2020, the programme replaced outdated Information Technology systems with an integrated multi-cloud strategy. Implementation took place between 2021 and 2023.

The introduction of these systems has significantly transformed UNHCR's operations, by driving automation and improving data management. However, the transition has faced challenges, particularly with regard to user experience, cybersecurity, data management and system integration. Performance issues, particularly during peak reporting periods, have raised questions about the reliability and responsiveness of the systems.

From a financial perspective, the BTP represented a significant investment, with costs increasing from an initial estimate of $75.6 million to $118.9 million. Besides, an evaluation of the BTP's value for money revealed a substantial increase in current operational costs. While the BTP has successfully modernized UNHCR's IT systems, the transition to a fully stable operational state was not yet complete.

Cooperation with other entities of the United Nations system

Strategic partnerships

Although effective participation of UNHCR in United Nations Country Team (UNCT) action requires strategic alignment, UNHCR had not fully aligned its strategic planning at the country level with UNCT planning cycles.

The UN common pledge 2.0, developed as part of the Global Refugee Forum is a strong foundation for inter-agency cooperation, as UN entities commit to systematically include refugees in their analysis and plans, and to work with governments and communities hosting refugees to facilitate their inclusion in national systems. However, the monitoring of the implementation of commitments was generally limited, due to the interim progress reporting to be expected in June 2025.

UNHCR operations lacked also of adequate tools to measure the financial and administrative impact of their participation in UNCT groups and to provide evidence of any excessive burden due to overlaps within the local UN architecture. While responsibilities of various HQ Divisions were described in official internal documents, their practical actions taken as part of the inter-agency cooperation work

[3] Expense categorization is performed at a very disaggregated level (i.e. each PO line), and it is only subject to manual controls. It is not currently supported by relevant automated functionalities to prevent or detect inappropriate

could be further streamlined to avoid any overlap. UNHCR needed a more robust methodology and clear guidance to measure and control the cost and efficiency of its participation in the UNCT and interagency cooperation related work.

United Nations bilateral partnerships

UNHCR partnerships with UN agencies were implemented through a wide variety of documents. In some cases, previous agreements had not been formally updated or reconfirmed, raising questions about their validity. For some agencies, the overlapping frameworks created uncertainty and complexity for the staff responsible for implementation. At the field level, global inter-agency agreements were not widely known or commonly used to structure cooperation efforts.

Cooperation between UNHCR and the International Organization for Migration (IOM) remained critical in 2024. Both the High Commissioner for Refugees and the IOM Director General recognized challenges in the implementation of the 2022 Framework of Engagement, with further clarity needed on roles and responsibilities. Consistent use of terminology and definitions of migrants and refugees, in internal and external communication, remained an outstanding issue.

Inter-agency coordination in refugee and non-refugee responses

The update of the Refugee Coordination Model was a positive achievement, but the newly introduced inter-agency scale-up protocol should be carefully coordinated with procedures of emergency declarations. Inter-agency evaluation of refugee response was not conducted on a regular basis. Over the last five years, only one inter-agency evaluation in a refugee situation was commissioned.

UNHCR deployed considerable efforts to simplify and streamline the Protection cluster in 2023 and 2024. UNHCR's proposals were partially implemented. The IOM-UNHCR coordinated response to the Venezuela situation was a convincing and innovative example of a way forward to address mixed populations movements.

Administrative and technical UN cooperation

The WFP-UNHCR UN Fleet project was a convincing example of inter-agency cooperation to improve cost-effectiveness in operational support, but its implementation has been time-consuming and has not yet generated the expected gains so far.

Management of crises

Crisis anticipation and Emergency preparedness

The Policy on Emergency Preparedness and Response was updated in February 2023. The preparedness measures involve several documents which are supposed to be consistent among themselves. Although this policy provides that all countries ranked at high risk of emergency have a contingency plan, some had not prepared such a document.

Response tools and solutions

The mechanisms of emergency declarations for the three levels of crisis severity were generally well monitored, although some avoidable internal delays could be reduced. No major inconsistencies were noted during the field missions with respect to emergency supply procedures. Relationships with host countries authorities were generally well monitored, even considering the peculiar difficulties encountered with "de facto authorities".

Although the cash assistance is considered as more relevant and is preferred by beneficiaries, UNHCR continued to provide in-kind assistance, at least during the first phases of an emergency. Cash assistance preparedness could be improved through early engagement with financial service providers.

Financial and Human resource mobilization

The mobilization of financial resources was conducted through well-monitored processes. UNHCR has a dedicated budget line for the rapid release of emergency funds, out of which the most important part comes from an operational reserve ($56,6 million in 2024).

While the workforce mobilization was effective, the management of the transition period, after the closure of the emergency, raised issues concerning the slow downsizing of the country office (when there is no protracted situation) and the skills required during a transition period when activities are more focused on development.

Emergency exit and post-emergency phase

Real-Time Reviews after three months in Level 3 emergencies and the evaluations of Level 3 emergencies were considered as good practices. However, only very few L2 or L1 emergencies gave rise to this kind of reviews. While issues raised by the transition from an emergency situation to a regular operational response were identified by UNHCR, no guidance had so far been drafted in order to tackle the range of concerned challenges.

Main recommendations

The Board has made 33 new recommendations on the basis of its audit. Details on how they can be implemented are provided throughout the report. The main recommendations are that UNHCR:

Financial management

Bank and investments processes enhancements

(a) **further strengthen the process of bank and cash account reconciliations through a) enhanced system integration between banking platforms and the Cloud ERP, and by expediting automation of relevant procedures; b) prompt identification and clearance of unreconciled transactions, notably those outstanding for extended periods; c) finalization of technical adjustments to address recurrent reconciliation challenges, particularly those arising from multi-currency transactions and automated revaluations.**

Refinement of Employee benefits liabilities valuation methods

(b) **conduct a statistical analysis on the consumption of annual leave in order to fully comply with IPSAS 39§10 by evidencing the actual timing of settlement and discount the long-term portion if applicable.**

Revise the impairment method of inventories

(c) **enhance impairment assessment methodology and implement a formal annual review of inventory shelf lives, in order to ensure that impairment**

indicators are accurately and consistently reflected in the financial statements.

Refine accounts payable processes

(d) **implement more robust control processes to ensure classification of expenses onto correct G/L account based on their true nature, either by ensuring that users respect the procurement category mapping to expenditure type when posting a new purchase order (and providing additional training/guidance at the appropriate level), and/or by adapting the systems in order to automatically detect/reject any inconsistent posting.**

Transition to a new information technologies environment

Financial consequences

(e) **measure the evolution of the direct running costs of the IT systems involved to monitor and ensure that the cost of services associated with its "multi-cloud" strategy, which creates a strong dependency on its suppliers, remains controlled.**

Governance transition to operational management

(f) **establish a robust governance structure through a Standard Operating Procedure, ensuring coverage of ongoing issues and actions taken, and fostering a collaborative, coherent decision-making process.**

IT / Technical *Security and operational risk management*

(g) **ensure that operational errors relating to BTP data integration, as identified, are addressed and active collaboration between technical and business units is in place with an aim to reduce disruptions and ensure continuity.**

Cooperation with other entities of the United Nations system

Context of the United Nations reform

(h) **pursue the alignment of its country strategic planning with United Nations Sustainable Development Cooperation framework (UNSCF) planning.**

UN partnerships

(i) **make partnership frameworks accessible, including their updates, and explore defining a Standard Operating Procedure on standard provisions of inter-agency partnership frameworks that best reflect mutual interests and concerns.**

Inter-agency coordination in refugee and non-refugee responses

(j) **leverage its role on protection and within the Inter-Agency Standing Committee (IASC) governance, to accelerate, in close coordination with**

the Emergency Relief Coordinator, the decision-making process on simplification of the Protection Cluster and transformation initiatives.

Administrative and technical UN cooperation

(k) **start leasing vehicles from UN Fleet.**

Management of crises

Crisis anticipation and Emergency preparedness

(l) **both at headquarters and regional levels, i) ensure that all countries ranked at high risk prepare a contingency plan according to the 2023 Policy on Preparedness, and regularly update when needed; ii) explicitly justify the absence of such a document by strong reasons linked with specific difficulties; and iii) contemplate the preparation of such a document in medium risk countries, as recommended in the 2023 policy.**

Response tools and solutions

(m) **include in its standard operating procedures a specific time frame for the internal decision-making process regarding emergency declarations**.

Financial and Human resource mobilization

(n) **conduct a mandatory and comprehensive staffing review for country operations whose emergency declaration has expired prior to the start of the following implementation year.**

Emergency exit and post-emergency phase

(o) **draft guidance on the transition from an emergency to a regular operational response.**

Follow-up on previous recommendations

Out of 40 outstanding recommendations, 19 have been implemented (representing 48 per cent of all outstanding recommendations, compared with 59 per cent in the report for 2023), 20 were under implementation (50 per cent) and one was considered as overtaken by events (2 per cent) (see annex).

Key facts	
$10.79 billion	Final budget based on needs-driven assessment
$4.74 billion	Revenue
$4.89 billion	Expenses
$0.16 billion	Deficit for the year
$4.88 billion	Assets
$2.21 billion	Liabilities
$2.67 billion	Net assets
122.6 million	People forced to flee
19,792	UNHCR global workforce (including 4,643 affiliates)
136	Countries and territories of operation, with offices in 544 locations

A. Mandate, scope and methodology

1. In 2024, the Office of the United Nations High Commissioner for Refugees (UNHCR) provided protection and assistance to approximately 122 million people forcibly displaced[4] within or outside their countries of origin. It is a devolved organization with close to 20,000 staff working in 544 offices located in 136 countries and territories. Its mandate encompasses delivering support to long-term and protracted situations and responding to humanitarian emergencies. The year 2024 has been characterized by protracted displacement and new crises responding to 43 new emergencies in 29 countries. UNHCR facilitated the deployment of personnel to numerous emergency missions, notably to protect people affected by the earthquakes in Afghanistan, the Syrian Arab Republic and Türkiye, the conflict in the Sudan, a deteriorating crisis in the Democratic Republic of the Congo, unprecedented mixed movements of refugees and migrants in Latin America and the Caribbean and floods in Libya and the Horn of Africa.

2. UNHCR is funded almost entirely through voluntary contributions, representing $4.52 billion out of a total of $4.74 billion in revenue. Recognized revenue from donor agreements included $1.15 billion relating to future years. Total expenses were $4.89 billion in 2024.

3. The Board of Auditors audited the financial statements of UNHCR and reviewed its operations for the financial year ended 31 December 2024 in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with the Financial Regulations of the United Nations, the financial rules for voluntary funds administered by the United Nations High Commissioner for Refugees as well as the International Standards on Auditing (ISA) and the International Standards of Supreme Audit Institutions (ISSAIs).

4. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the financial position of UNHCR as at 31 December 2024 and its financial performance and cash flows for the year then

[4] The total number of forcibly displaced people (122 million) is an estimate and encompasses refugees, asylum-seekers, other people in need of international protection and internally displaced persons. It includes refugees and other displaced people not covered by the UNHCR mandate and excludes other categories such as returnees and non-displaced stateless people.

ended, in accordance with the International Public Sector Accounting Standards (IPSAS). This included an assessment as to whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations (ST/SGB/2013/4 and ST/SGB/2013/4/Amend.1) and the financial rules for voluntary funds administered by the High Commissioner (A/AC.96/503/Rev.12). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

5. The Board also reviewed UNHCR operations under United Nations financial regulation 7.5, which entitles the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations. The Board has commented, among other things, on finance, the transition to a new information technologies environment, the cooperation with other entities of the United Nations system and the management of crises.

6. During the course of the audit, the Board visited UNHCR headquarters in Geneva and the Global Service Centre offices in Budapest. The Board audited six country offices located in Armenia, Burundi, Mozambique, Myanmar and Venezuela[5] and three regional bureaux, the Regional Bureaux for Europe (RBE), Asia and Pacific (RBAP), as well as the Americas (RBA). The Board continued to work collaboratively with the Office of Internal Oversight Services to provide coordinated coverage. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's report was discussed with UNHCR management, whose views have been appropriately reflected.

B. Findings and recommendations

1. Follow-up on previous recommendations

7. Out of 40 outstanding recommendations, 19 have been implemented (representing 48 per cent of all outstanding recommendations, compared with 59 per cent in the report for 2023), 20 are under implementation (50 per cent) and one (2 per cent) is considered as overtaken by events.

8. Out of the 20 recommendations that are still under implementation, 17 relate to the 2023 audit, one to 2022 and two to 2021. Details of the status of implementation of the recommendations are shown in table II.1 and in the annex to the present chapter.

Table II.1
Status of implementation of previous recommendations

	Total	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
2019	2	1	-	–	1
2020	1	-1	-	–	–
2021	11	9	2	–	–
2022	7	6	1	–	-

[5] Myanmar and Venezuela remotely

	Total	Fully implemented	Under implementation	Not implemented	Overtaken by events
2023	19	2	17	–	-
Total	**40**	**19**	**20**	**0**	**1**
Percentage	100	48	50	0	2

Source: Board of Auditors.

2. Financial overview

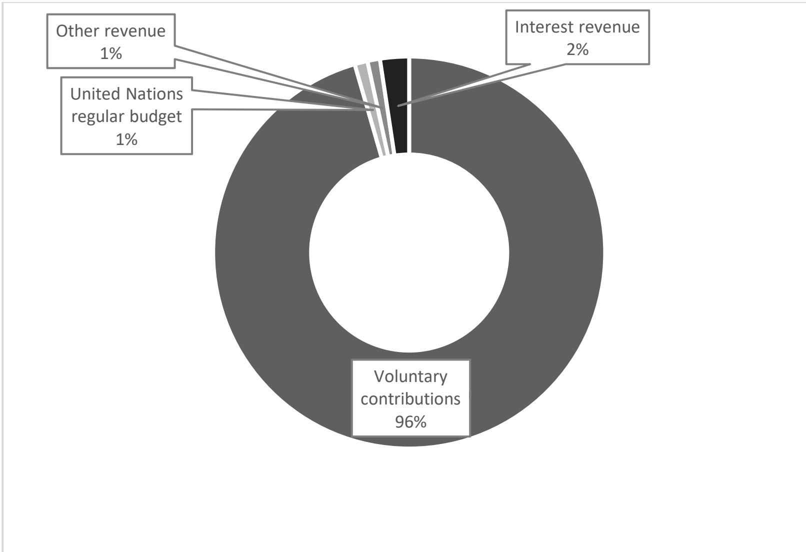
9. The financial year 2024 closed with an annual deficit of $158.8 million compared to a deficit of $590.1 million as at 31 December 2023. This occurred despite a reduction in overall expenses of $402.8 million. Nevertheless, total expenses continue to exceed revenue, which remained stable relative to the previous year.

10. As a consequence of the deficit, the total assets declined by $198.3 million, from $5,076.7 million in 2023 to $4,878.4 million in 2024, mainly due to a reduction in contributions receivable of $339.5 million. This was partially offset by an increase of $256.9 million in long-term investments, in line with a strategic shift by UNHCR aimed at financing long-term employee benefit obligations. A revision of the actuarial assumptions underpinning this plan resulted in an increase in liabilities of $ 330.5 million. As a result, the net asset position deteriorated by$528.8 million, from $3,200.2 million in 2023 to $2,671.4 million in 2024.

2.1. Revenue and expenses

11. Total revenue for 2024 amounted to $4,735.8 million, reflecting a modest increase of $28.5 million compared to the previous period figure of $4,707.3 million. Voluntary contributions continue to represent the principal source of income, accounting for 96 per cent of the total. The funding structure remains highly concentrated, with a single donor providing 45 per cent of all contributions, and the three largest donors collectively accounting for nearly 60 per cent of the total.

Figure II.I
Analysis of the UNHCR sources of revenue



Source: UNHCR financial statements.

12. The level of earmarking remains significant, with over 70 per cent of monetary contributions either earmarked or tightly earmarked.

Table II.2
Analysis of contributions by type of earmarking
(Millions of United States dollars)

	2024	**2023**	**Var**	**Var (%)**
Unearmarked	563 945	588 437	-24 492	-4%
Softly earmarked	634 410	694 284	-59 874	-9%
Earmarked	2 227 068	2 264 572	-37 504	-2%
Tightly earmarked	1 010 308	878 894	131 414	15%
Total monetary contributions (before adjustments of refunds and discounting)	**4 435 730**	**4 426 187**	**9 543**	**0%**
Refunds to donors and other reductions in prior-year revenue	-1 232	-331	-901	272%
Discounting of non-current receivables (IPSAS 41)	-8 978	-18 540	9 562	-52%
Net monetary contributions	**4 425 520**	**4 407 316**	**18 204**	**0%**

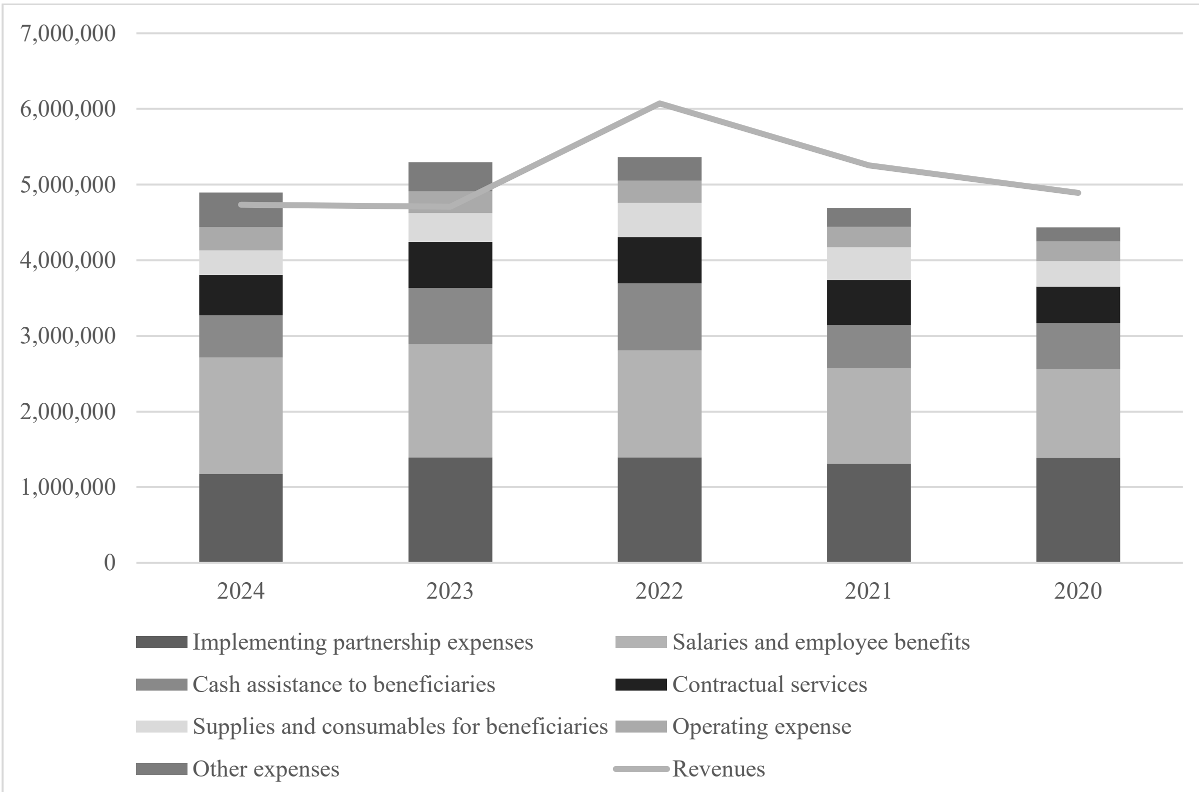
Source: UNHCR financial statements.

13. Total expenses decreased by $402.8 million, from $5,297.4 million to $4,894.6 million, primarily as a result of efforts to reduce operational costs in the context of ongoing liquidity constraints. Expenses related to implementing partnerships fell by $219.2 million (a 16 per cent decrease), while cash assistance to beneficiaries was reduced by $183.7 million (a 25 per cent decrease). Although the workforce declined by 5 per cent, salary and employee benefit costs rose by 3 per cent (an increase of $ 39.1 million) compared to the previous year. This expenditure category continues to represent the largest portion of total expenses, accounting for approximately 30 per cent.

14. For the second consecutive year, the net result shows a deficit, although more limited than in 2023. Nevertheless, the overall fund balance and reserves remain

robust, standing at $2,671.3 million, compared to $3,200.2 million in 2023, which corresponds to approximately seven months of operational coverage[6].

Figure II.II
Trend of revenues and expenses of the 5 past years
(Thousands of United States dollars)



Source: UNHCR financial statements.

2.2. Assets and liabilities

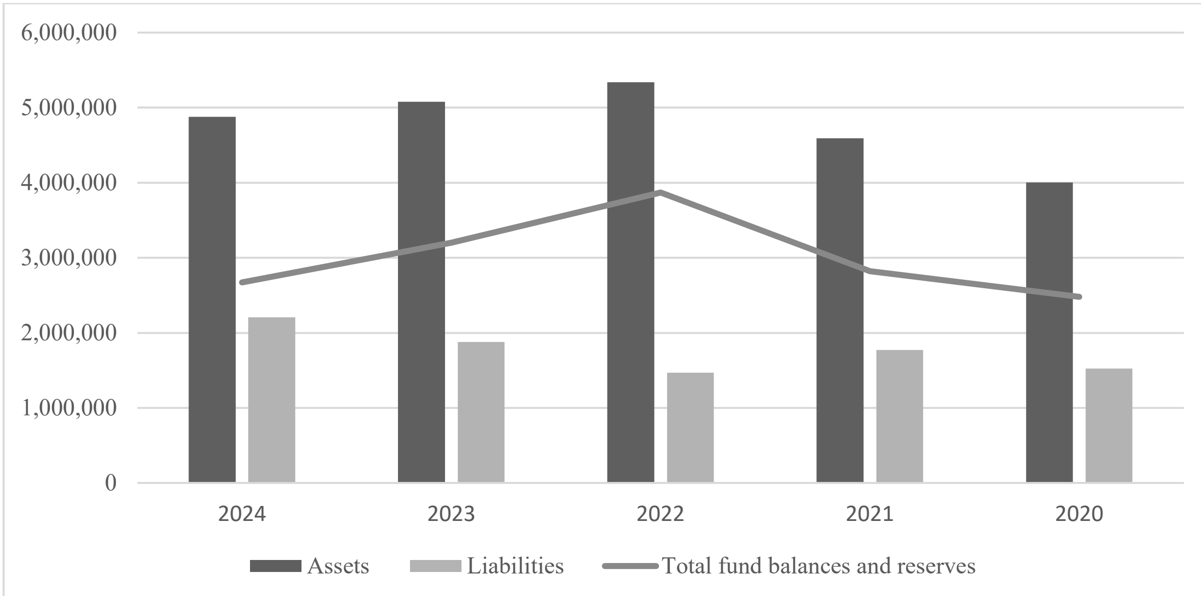
15. Total assets decreased by $198.3 million from $5,076.7 million in the previous period to $4,878.45 million as at 31 December 2024 which was primarily due to a reduction in contributions receivable of $339.5 million. This decline was partially offset by an increase in long-term investments, following a shift in UNHCR's investment strategy aimed at better covering its long-term employee benefit obligations.

16. At the same time, total liabilities rose by $330.5 million, reached $2,207.1 million compared with $1,876.5 million last year, largely as a result of revised actuarial assumptions relating to the long-term employee benefits plan. This led to an increase of $370.0 million in the associated liabilities.

17. Consequently, the total fund balance and reserves has declined for the second consecutive year. However, the level remains substantial at $2,671.3 million, equivalent to approximately seven months of total annual expenditure.

[6] (Total fund balances and reserves/Total expenses) *12(2,671.4/4,894.6) *12.

Figure II.III
Level of assets and liabilities and total fund balance and reserves evolution
(Thousands of United States dollars)



Source: UNHCR financial statements.

2.3 Ratio analysis

18. The Board continued its review of the financial situation of UNHCR through an analysis of key ratios as shown in table II.3.

Table II.3
Capital structure ratios

Description of ratio	31 December 2024	31 December 2023	31 December 2022	31 December 2021	31 December 2020
Current ratio[a] (current assets / current liabilities)	5.6	5.1	8.3	8.0	9.0
Assets to liabilities ratio[b]	2.2	2.7	3.6	2.6	2.6
Cash ratio[c] (cash + investments / current liabilities)	2.8	2.4	4.4	4.2	4.3
Quick ratio[d] (cash + investments + short-term accounts receivable / current liabilities)	4.4	3.9	6.8	6.7	7.6

Source: Board of Auditors, based on the UNHCR financial statements.

[a] A high ratio (generally at least 1) indicates an entity's ability to pay off its current liabilities
[b] A high ratio (generally at least 1) indicates an entity's ability to meet its overall obligations
[c] The cash ratio indicates an entity's liquidity. It measures the coverage of liabilities by cash, cash equivalents and invested funds available.
[d] The quick ratio indicates the potential ability to convert quickly assets into liquidities to face its current commitments. The higher is the ratio, the higher is the liquid current position.

19. The short-term liquidity ratios[7] improved compared to the previous year, primarily due to a reduction in accounts payable and accruals. Conversely, the assets-to-liabilities ratio has deteriorated as a result of the increase in long-term liabilities, particularly those related to employee benefits obligations. Nevertheless, the Board's analysis of the key financial ratios demonstrates that at 31 December 2024 UNHCR can cover all its liabilities (see table II.3).

3. Financial management

3.1. Cash and investments

3.1.1. Investment policy

20. In its resolution A/RES/79/240 adopted on 24 December 2024, the General Assembly requested the ACABQ to request the Board of Auditors to keep matters related to accrued interest under review and report thereon in their future report.

21. Total interest income generated from returns on cash, cash equivalents, short term deposits and financial investments during the financial year amounted to $80.0 million. The financial investments comprise $158.1 million in short-term instruments and $256.9 million in long-term investments.

22. The authority for such investments is established under Financial Rule 416.1, which states that "the High Commissioner may make investments of moneys of UNHCR not needed for immediate requirements, having regard to the particular requirements as to the liquidity of funds." The Controller is responsible for ensuring that investments are managed in accordance with appropriate guidelines, prioritizing the preservation of capital and ensuring sufficient liquidity to meet operational needs. Subject to these criteria, investments must also aim to achieve the highest reasonable rate of return and must adhere to the principles of the United Nations.

23. After assessing expected liquidity requirements against actual resources available, the UNHCR places time deposits with maturities structured to ensure that each week sufficient funds become available to cover average weekly cash outflows.

24. UNHCR invests in short-term deposits to cover significant employee benefit liabilities, including primarily the long-term after-service health insurance obligation (ASHI) for members of UNSMIS, UNHCR's internal Medical Insurance Plan (MIP), and the repatriation benefit. The interest generated on these investments is allocated on a proportional basis to the Medical Insurance Plan and Staff Benefit Funds.

25. Since 2024, UNHCR has further diversified investments, placing significant amounts with external investment managers. The return earned on these externally managed, long-term investment funds is credited exclusively to the staff benefits fund. The interest derived from other investments is allocated based on the share of liabilities not covered by these earmarked investments. For 2024, the Controller of UNHCR decided not to allocate any interest income to the Medical Insurance Plan fund, as the fund was significantly in surplus at the year-end.

26. No material discrepancies were identified in the management or reporting of the Organization's investment activities for the year under review.

27. For the first time in 2024, UNHCR has introduced long-term investments into its portfolio, requiring enhanced technical expertise to ensure compliance with IPSAS 41 standards on financial instruments. Those standard entail the classification, recognition, and measurement of financial instruments—including fair value

[7] Current, quick and cash ratios.

assessment, expected credit loss modelling, and hedge accounting—for accurate and transparent financial reporting. While the organization initially engaged an external consultant to support the accounting team, maintaining this expertise over the long term remains essential given the complexity of these investments.

28. As of 31 December 2024, UNHCR held an investment portfolio measured at fair value with a total value of $405.3 million. This portfolio included long-term investments amounting to $256.9 million. This change reflected an adjustment in UNHCR's investment strategy aimed at partially covering its long-term employee benefit liabilities.

29. The management of this portfolio was entrusted to external managers and custodians[8] who provided monthly data updates to UNHCR. The UNHCR itself was responsible for all analyses, including compliance with IPSAS 41 and the associated accounting processes.

30. For this first implementation of the long-term investment strategy, UNHCR engaged an external consultant to support the accounting team, ensuring a technically sound analysis and mitigating associated risks. However, the sustainability of this approach, particularly in terms of maintaining sufficient in-house technical expertise, must be carefully evaluated for the future.

31. While the option to delegate the entirety of accounting analyses and financial statement disclosures for these investments to an external partner remains open, such an approach carries inherent risks. Most importantly, this would result in a partial loss of control over the integrity and accuracy of data transmitted by the custodians. Furthermore, custodians themselves are unable to provide the comprehensive accounting advice necessary for IPSAS 41 compliance which is outside of their contractual responsibilities.

32. In this context, retaining external advisory expertise appears to be a prudent course of action, especially given the complexities associated with long-term investments. The application of IPSAS 41 accounting standards necessitates rigorous analysis and precise valuations, which require a high level of technical expertise.

33. To manage costs effectively, it could be beneficial to explore resource-sharing arrangements, whereby the services of such experts are jointly utilized by UNHCR and other United Nations entities facing similar challenges in accounting for long-term investments.

34. **In order to enable UNHCR to address the complexity of valuation and accounting under IPSAS 41, while ensuring the integrity of financial reporting, the Board recommends that UNHCR a) assess different options, including continuing to use an external consultant with the technical expertise required to ensure the reliability and accuracy of accounting records and information provided in the financial statements relating to long-term investments; b) if this option is chosen, in order to optimize costs and resources, explore the possibility of sharing this expertise with other United Nations entities facing similar challenges.**

35. The Administration accepted the recommendation.

3.1.2. Bank signatories

36. UNHCR funds are held in commercial banks In accordance with UNHCR Financial Rule 415.2, under the delegation of authority from the High Commissioner,

[8] Custodians are responsible for managing investment portfolios (custodians and managers).

the Controller shall establish all official bank accounts and designate bank signatories to operate the accounts.

37. As at 31 December 2024, UNHCR maintained nearly 900 bank and cash accounts across both headquarters and field offices. Cash management is centralised at headquarters, where the Treasury and Cash Service (TCS) is responsible for safeguarding and optimising cash flows, thereby mitigating credit, liquidity, interest rate, and foreign exchange risks. Conversely, payment activities are primarily decentralised at field office level. As at year-end, field offices operated 869 accounts, comprising 443 bank accounts and 426 cash-in-hand accounts, representing a 12 per cent increase compared to 2023.

38. Although the Administration has sought to automate integrated banking connectivity for global payment workflows since 2023, notably through the development of the Digital Hub of Treasury Solutions (DHoTS), full implementation had not been achieved by year-end. In particular, the updating of bank signatories required strengthening internal procedures for identifying changes and enhancing communication with financial service providers.

39. The failure to update bank signatories in a timely manner, as required by the Financial Rules and related guidelines, should be corrected by strengthening internal identification processes and closely monitoring communications with financial service providers.

Strengthening Internal Identification Processes

40. Bank account signatories were administered by TCS within the Division of Financial and Administrative Management (DFAM). Human Resources and TCS coordinated on staff movements affecting signatory status, such as reassignments or separations, with account changes supported by appropriately approved documentation. It was incumbent upon Heads of Office at field level to inform TCS promptly of all relevant staff movements, thereby ensuring the immediate withdrawal of signatory authority where necessary.

41. The Financial Management Manual requires that the panel of signatories be updated without delay as changes occur, and that staff leaving on reassignment or separation be removed from the panel immediately. However, the Board's audit identified deficiencies in this process, including discrepancies between records of the overall list of authorised signatories, with some former staff still listed as authorised signatories.

Follow-up with financial service providers

42. Pursuant to ISA 505, the Board requested confirmation letters from external banks listing authorised signatories as at 31 December 2024. Discrepancies persisted between the Administration's records and the banks' lists. 77 percent of the bank confirmations received mentioning the bank signatories (10 out of 13) did not match the related bank signatories lists provided by the Administration and effective at year-end. Furthermore, in the lack of formal written confirmation from financial service providers required by the Administration throughout the year, especially at field level, the Administration was unable to verify that requested changes had been duly implemented.

43. Rigorous control over the designation and removal of signatory authority is required, thereby reducing the risk of operational disruption, enhancing compliance, and aligning with best practices in cash management and account authorisation. The Board emphasized the value of obtaining systematic written confirmation from banks when notifying them of signatory changes.

44. **The Board recommends that UNHCR (a) strengthen its procedures to ensure timely and accurate updates of the lists of bank signatories and (b) obtain written confirmation from financial service providers to verify the implementation of all communicated changes to signatories.**

45. The Administration accepted the recommendation.

3.1.3. Bank and cash in-hand reconciliation

46. Bank and cash-in-hand reconciliation reconcile recorded balances with bank statements or cash and petty cash accounts. The review of those reconciliations at year-end revealed a substantial number of outstanding discrepancies (36 out of 68 representing 51 percent of the sample reviewed), unresolved as at the final audit mission in April 2025, notwithstanding the limited materiality of individual items. The Administration should address these discrepancies by reinforcing the reconciliation process, with a primary focus on systematic tracking, prompt identification, and reduction of unreconciled transactions at each monthly closure, particularly with regard to aged items.

47. Unreconciled amounts in payment transfers and cash receipts are technically accounted for within total cash and cash equivalents. The Administration had to intensify efforts to contain their volume and value at year-end, thereby ensuring the accuracy of cash balances in the financial statements.

48. Bank and cash reconciliations are conducted in the Cloud ERP, aligning entries in the accounting records with those of banks and cash holdings, pursuant to Rule 104.11 of the UN Financial Regulations and Rules, requiring monthly reconciliation of all financial transactions unless specifically exempted.

49. A review of sampled bank reconciliations, including selected cash and petty cash accounts, was conducted, with attention to completeness and the ageing of unreconciled items. Although most items in the sample were substantiated, the ratio of reconciled and unreconciled year-end items—exceeding one third—remains material, with diverse explanatory factors. Notably, a petty cash case revealed a discrepancy where the related office had been closed since June 2024, and the account should have been cleared by year-end.

50. Unreconciled transactions at year-end are primarily attributable to aged items, many exceeding three months or dating from 2023, which should have received priority. Additionally, such transactions stem from recurring process deficiencies, which may be addressed by:

i. *mitigating delays in reconciliation prior to subledger closure:*

51. Thereby preventing carry-over postings into the succeeding period. In this regard, the technical team, at the request of the Division of Financial and Administrative Management, is developing a dashboard to monitor unreconciled transactions from multiple perspectives. This tool is expected to be fully operational in 2025, enabling timely action at field level to enhance reconciliation quality;

ii. *implementing technical enhancements*

52. To prevent automated revaluation discrepancies for three US dollar-denominated bank accounts subject to multi-currency transactions, which have required reversals in subsequent periods. The Administration indicated that technical solutions were being developed to address these systemic currency issues.

53. **The Board recommends that UNHCR further strengthen the process of bank and cash account reconciliations through a) enhanced system integration between banking platforms and the Cloud ERP, and by expediting automation**

of relevant procedures; b) prompt identification and clearance of unreconciled transactions, notably those outstanding for extended periods; c) finalization of technical adjustments to address recurrent reconciliation challenges, particularly those arising from multi-currency transactions and automated revaluations.

54. The Administration accepted the recommendation.

3.2. Employee benefits liabilities valuation methods

3.2.1. Appendix D valuation and disclosures

55.. In accordance with Appendix D of the Staff Rules—"Rules Governing Compensation in the Event of Death, Injury, or Illness Attributable to the Performance of Official Duties on Behalf of the United Nations"—workers' compensation benefits are provided to all UNHCR staff members appointed by the Secretary-General. Depending on the nature of the claim and the dependent status of the staff member, UNHCR is responsible for compensating between 66.66 percent and 75 percent of the final annual pensionable remuneration (FAR). Benefits are typically disbursed as recurring payments in cases of death (to survivors) or disability, but may also be provided as a lump sum in the event of permanent loss of function. The level of coverage generally corresponds to the staff member's remuneration at the time of the incident.

56. Prior to 2024, the financial risk associated with Appendix D was borne by the United Nations Secretariat in exchange for a premium equivalent to 1% of annual net salary costs. As this liability was outsourced, no corresponding liability was recognized in UNHCR's financial statements, in accordance with IPSAS. In May 2024, UNHCR made a management decision to self-insure this risk. Consequently, an initial liability of $7.3 million—representing the cumulative 1 percent premium set aside since the transition—was recognized. During the April 2025 financial audit mission, this amount was reclassified from a provision to a "long-term employee benefits liability," and a new "Service-related insurance" component was established within the Staff Benefits Fund to separately present the associated reserves.

57. For the 2024 financial statements, a "reserve approach" was adopted, allowing the reserve rate to be monitored and adjusted based on historical and projected claims experience. However, at the time of the financial audit mission, UNHCR lacked sufficient historical claims data following the transition to self-insurance to establish an appropriate reserve threshold. As a result, the 1 percent charge continued to be applied, resulting in a funded liability of $7.3 million as of 31 December 2024. The accumulated surplus of reserves (staff benefits fund), earmarked for worker compensations (service related insurance coverage) was presented as a liability which resulted in an artificial 100 percent funding of the liability.

58. The Board noted that while the $7.3 million liability presented as a long-term employee benefits liability appeared reasonable and mitigated the risk of material misstatement, the methodology used to evaluate the liability and the classification of benefit components between current and non-current should be reviewed. In accordance with IPSAS 39 – *Employee Benefits*, the liability should be subject to an actuarial valuation to estimate future claims arising from past service. Long-term components of the liability should be discounted to present value. Furthermore, the financial statements should include the required disclosures under IPSAS 39, including a sensitivity analysis.

59. **The Board recommends that UNHCR review the presentation (current vs. non-current), measurement (including discounting of long-term liabilities), and disclosure of the Appendix D liability to ensure full compliance with IPSAS 39..**

60. The Administration accepted the recommendation.

3.2.2. Analysis supporting Annual Leave actual timing of settlement

61. Paid annual leave corresponds to the IPSAS 39 definition of "vesting accumulating paid leave" for which the expected cost of settlement is recognized when the employees render service that increases their entitlement to future paid absences. This entitlement shall be measured as the additional amount that the entity expects to pay as a result of the unused entitlement that has been accumulated at the end of the reporting period. The nature of this benefit usually involving settlement before 12 months following the end of the reporting period, the corresponding liability is by default classified as short term. However, IPSAS 39 paragraph 10. states that "if a change in expectations of the timing of settlement is not temporary, the entity considers whether the benefit still meets the definition of short-term employee benefits".

62. In compliance with the UN Staff rules and regulations, UNHCR staff are entitled to 30 days paid leave per annum which can be carried forward up to a total of 60 days by 1st April of the following year meaning that any excess leave on 31 March is lost and removed from the staff members' balances and that the maximum year-end balance days reported in the financial statements can reach up to 82.5 days[9]. When leaving the organization, staff members can vest their unused annual leave and monetize the accumulated balance.

63. The Board reviewed the accumulated annual leave balance presented in UNHCR financial statements as of 31 December 2024 amounting to $122.1 million and identified that a very significant number of employees have a balance of unpaid leave exceeding 30 days. This review suggests that the actual pattern of consumption suggests that many employees are accumulating these days until the date of their separation from the entity. De facto, there is a permanent possibility that the unused annual leave acquired during a financial year will not be consumed before the end of the following financial year while being currently classified as short-term. If this situation is not temporary, the unused annual leave accrual at the end of the reporting period only partly meets the definition of a current (short-term) liability as defined by IPSAS 39[10]. The Board also considered that Chapter 6 of the United Nations accounting manual, annual leave is mentioned as a possible "other long-term benefit" and recognized as such by all UN Secretariat (Volume I. and Volume II) entities.

64. In order to fully comply with IPSAS 39§10, UNHCR should periodically carry out an analysis in order to demonstrate the actual timing of settlement of its annual leave liability involving a differentiation between current and non-current portion if non-temporary. Although IPSAS standards allow the possibility to discount or not non-current liabilities, depending on the financial impact materiality. The Board notes that in all cases the United Nations accounting manual requires an actuarial assessment for its non-current annual leave benefit liability.

65. In order to both improve the quality of financial information presented in the financial statements by UNHCR regarding measurement of its employee benefits

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[9] 60 days carried forward from the prior 31 March, plus 9 months x 2.5 days per month for the nine months since the previous cut-off date if no leave was taken during that period.

[10] According to IPSAS 1, §80.a, a liability is classified as current when "it is expected to be settled in the entity's normal operating cycle", i.e. during the following fiscal year.

liabilities and in order to comply with UN accounting guidelines, the Board is of the view that a statistical analysis showing the actual timing of settlement of the annual leave liability should be carried out. This analysis should evidence the "non-temporary proportion" of annual leave liability that is likely to be taken during the 12 months following the end of the reporting period, and reclassify accordingly the liability between current and non-current. The non-current portion, if any, should be submitted to an actuarial assessment.

66. **The Board recommends that UNHCR conduct a statistical analysis on the consumption of annual leave in order to fully comply with IPSAS 39§10 by evidencing the actual timing of settlement and discount the long-term portion if applicable.**

67. The Administration accepted the recommendation.

3.3. Inventories impairment method

68. The impairment review constitutes a fundamental element of the year-end closing process for inventories, forming a key component of the preparation of the financial statements. A thorough and systematic review enhances the Organization's ability to identify and assess impairment indicators

69. The calculation of impairment required by IPSAS 12 involves comparing the inventory value of the item at the end of the period with its value if it were to be replaced. If the replacement value is lower, the item is impaired. For 2024 in accordance with IPSAS 12 an impairment of $15 million was recognized by UNHCR as at year-end.

70. In addition to the replacement cost analysis, other impairment indicators must be taken into account including obsolescence.

71. The Board found that the various impairment analyses based on replacement cost on the one hand and on obsolescence on the other hand were conducted in isolation. Conducting the impairment analyses independently resulted in an overstatement of the inventory impairment amount, estimated by UNHCR at $5.3 million for 2024.

72. The primary cause of this overstatement was the double-counting of certain inventory items: some items were fully impaired under the obsolescence review and were subsequently subject to an additional adjustment under the replacement cost method. This led to 161 inventory items having a negative book value, amounting to $0.8 million. The remaining $4.5 million of the overstatement pertained to 259 inventory items that had been identified as variances during the final inventory count. These items were erroneously accounted for as obsolete, resulting in an inflated obsolescence for impairment. This issue was addressed promptly by UNHCR and corrected in the final financial statements for 2024.

73. In addition, the Board observed that the obsolescence impairment was based on a standard shelf-life table, which has not been formally reviewed for several years. This was not in line with IOM 9912012, Section VI, paragraph 17, which stipulates that shelf-life criteria "are reviewed annually."

74. **The Board recommends that UNHCR enhance its impairment assessment methodology and implement a formal annual review of inventory shelf lives, in order to ensure that impairment indicators are accurately and consistently reflected in the financial statements.**

75. The Administration accepted the recommendation.

3.4. Accounts payable processes

3.4.1. Year-end manual reclassification of “other expenses”

76. During the review of the initial draft set of financial statements as of 31 December 2024, DFAM identified unexpected and/or large variations against prior period data under “other expenses” accounts, as disclosed in tables through draft notes 6.4, 6.5, 6.6 and 6.9. A detailed comparative review of the trial balance allowed the identification of the following variances:

Table II.4
2024/2023 initial variances of other expenses
(Thousands of United States dollars)

Account	Name	TB 2024	TB 2023	Var. 24/23
649210	CTS-Other-Professional services	105 336	35 924	+ 69 412
649220	CTS (contractual services) -Other services	54 399	58 537	- 4 137
669110	OPX (operating expenses) -Joint UN Activities	30 160	3 412	+ 26 749
669910	OPX-Other operating expenses	37 923	13 653	+ 24 270
699090	OTH-Other expenses-Miscellaneous	4 414	7 108	- 2 694

Source: Board of Auditors from UNHCR trial balance.

77. In a first attempt to identify the root cause of those unexpected variances, DFAM analyzed the transactions posted under those accounts by Cost Centers. Not having detected any obvious anomaly, DFAM pursued its investigations by a review of purchase requisition (PR) and purchase orders (POs). That second review identified several cases where the ‘purchasing category’ referenced on a given PO did not fit with the G/L account number under which the purchases were expected to be classified based on their default mappings to a specific expenditure type. POs with known procurement categories had been wrongly coded to the categories “other” by the user (requisitioner).

78. The expense distribution combination code in Cloud ERP includes, among other elements, the ‘expenditure type’ entered in the system at the time a requisition is created and before it is subsequently converted to a PO. An “expenditure type” is entered separately for each line item of a REQ/PO to enable its costs to be distributed, where appropriate, to multiple G/L accounts. While selection of the procurement category on the REQ/PO is intended to ensure the selection of the appropriate expenditure type and the corresponding G/L expense account, there is no automated control to prevent or detect a misalignment; a transaction can be posted to one G/L account (e.g., account 649210 CTS-Other-Professional services) despite the selected procurement category on the REQ/PO being mapped by default to a completely different account (e.g., account 641050 AWF - Affiliate Work Force).

79. The PO approval manual control includes the review of the accounting allocation of expenses. However, the complexity of the accounts mapping, the recent change of ERP, and a lack of awareness among users concerning the accounting impact of overriding the default “expenditure type” for each procurement category selected on the REQ/PO have contributed to insufficient monitoring of this data entry throughout 2024 when documenting/validating POs. DFAM performed a detailed review of its 2024 expenses to scope all transactions wrongly allocated to “other” G/Ls accounts and identified their appropriate classification by referring to the underlying PO data

(i.e. “purchasing category” selected on the original REQ). The review covered $229 million of expenses (or 94 percent of ‘other’ accounts whose balances reached $244 million before adjustment). A total amount of $68 million was identified for reclassification as a result of this exercise, which represents 28 percent of the initial balances examined.

80. The reallocation credited ‘other’ accounts and debited each appropriate expense G/L accounts based on the true nature of the relevant transactions. The manual entry transferred the excess recognized from “other” expense accounts back to their appropriate expense sub-categories, as defined by the ‘purchasing category’ mapping. The Board considers that this issue raises the following risk:

- Incorrect presentation and categorization of expenses within footnotes (corrected): The Board considers that the approach adopted for identifying reclassification of expenses is relevant and appropriate, including the scope of expenses subject to review and the method for reallocation based on the ‘purchasing category’.
- From a process/control perspective (under implementation): i) Inability of the expense distribution combination (i.e., based on ‘expenditure type’) to automatically determine the correct classification of expenses in the G/L and in the PPM module based on their actual categories, which leads to possible inconsistencies between the G/L account used for posting and the “purchasing category” documented on POs. ii) Ineffective validation of purchase orders, whereby reviewers could not spot inconsistencies between ‘expenditure type’ and “purchasing category”. Expense categorization is performed at a very disaggregated level (i.e. each PO line), and it is only subject to manual controls. It is not currently supported by relevant automated functionalities to prevent or detect inappropriate overriding of the default mapping of PO expenses against purchasing categories and inconsistencies between the G/L account and the expenditure type selected on each PO line.

81. **The Board recommends that UNHCR implement more robust control processes to ensure classification of expenses onto correct G/L account based on their true nature, either by ensuring that users respect the procurement category mapping to expenditure type when posting a new purchase order (and providing additional training/guidance at the appropriate level), and/or by adapting the systems in order to automatically detect/reject any inconsistent postings.**

82. The Administration accepted the recommendation.

3.4.2. Recognition of goods in transit

83. During cut-off testing, DFAM provided a list of purchase orders dated 2024 for which invoices were recorded in early 2025. A sample was selected for testing based on supporting documents, and two POs for which receipts were erroneously recorded in 2025 as transfer of rights and ownership that occurred in 2024 were detected. According to their respective International Commercial Terms (“incoterms” [11]),

[11] The point at which a seller recognises revenue, and in turn when the UNHCR should recognise an expense or asset, is therefore the point at which the risks and rewards of ownership of the goods are transferred to the UNHCR. The precise criteria which determine the correct date of receipt of goods through the transfer of ownership rights to the United Nations are based on Incoterms. These terms of trade are set by the International Chamber of Commerce (ICC) and represent internationally agreed terminology for the receipt of goods. The point of “delivery” of goods is therefore dependent on the Incoterms set in the purchase contract signed by UNHCR and the supplier. The recognition point of goods delivery will therefore differ based on the individual Incoterms set each time the UNHCR procures goods from a supplier.

transfer of rights for the related purchases occurs at the time when the seller delivers goods to the freight forwarder hired by UNHCR for transportation.

84. Based on freight forwarder receipts tested by the Board, those transfers occurred respectively on 27 November 2024 and 26 December 2024 while receipts from Cloud ERP showed a delivery on January 15 and 16 2025. These correspond to the dates at which the goods were physically received within UNHCR hub. Given that stock and PO accounting is driven by Cloud ERP receipts, which cannot be backdated, goods were only recognized in accounting on January 2025, although they should have been recorded on freight forwarder's receipt dated in 2024. DFAM and operations explained that batches of receipt documents were only received with the goods during January, hence were not recorded earlier.

85. However, in line with UNHCR/AI/2018/9/Rev.3 Administrative Instruction on Supply Chain Management activities at Financial Year-End, and particularly paragraphs §3.5 and §3.1 for similar cases, the references should have been included in the transit report, or a "first leg" (paper) receipting should have been performed already in 2024.

86. The Board is of the view that the identified discrepancies lead to an understatement of accrued payables for a total amount of $2.3 million for 2024 financial statements. From an internal control and process perspective, it underlines: i) an insufficient monitoring of goods-in-transit and accruals processes at the end of the reporting date. In order to identify and avoid possible inconsistencies, a year-end exercise should include a review of early 2025 receipts for goods and for which POs were issued in 2024 and ii) a lack of consideration for the effective date of transfer of ownership in inventory processes – i.e. different dates are considered when based on incoterms or on freight forwarder receipting

87. **The Board recommends that UNHCR implement, during the first month after closing, a traceable year-end review of good receipts, allowing a clear identification and recognition of goods-in-transit based on effective date of transfer of ownership.**

88. The Administration accepted the recommendation.

4. Transition to a new information technologies environment

89. The Board reviewed the implementation of UNHCR's new Information Technology environment (IT environment) through the transition from the Business Transformation Program (BTP) to the Business as Usual (BaU) model.

90. Main observations and recommendations concern follow-up of the value for money of the new architecture (see sect. 4.1.2); governance (see sect. 4.1.3); and operational risk management (see sect. 3.4).

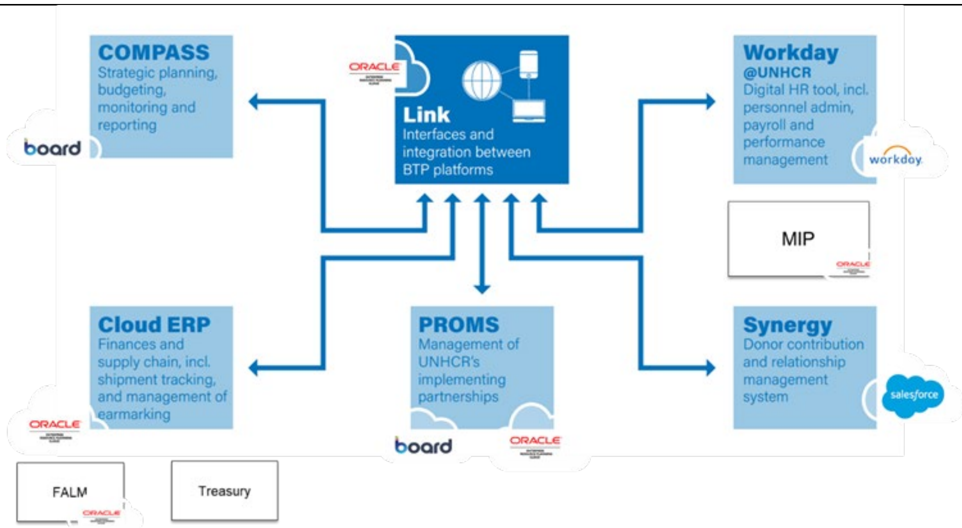
4.1. A massive and swift transformation of outdated systems

91. The Business Transformation Programme emerged as a key strategic initiative within UNHCR's broader reform agenda launched in 2017. The programme specifically focused on improving operational agility, efficiency, and collaboration by modernizing key UNHCR functions through six major projects.

92. BTP encompassed the replacement of the 19-year-old Management Systems Renewal Project (MSRP) ERP (Enterprise Resource Planning), a "PeopleSoft"

product. The BTP included six components designed to interface with and streamline processes across human resources, finance, supply chain, results-based management, external engagement, and data integration.

Figure II.IV
The BTP program's general architecture



Link

Operational since 2022, it functions as the data integration hub for UNHCR's multi-cloud ecosystem.

Compass

Compass is UNHCR's results-based management tool that has been in use since 2021 for budget planning. It aligns budgetary control with the Cloud ERP.

Cloud ERP

Since September 2023, Oracle Cloud ERP has replaced the previous MSRP system, managing financial transactions, supply chain operations, and project reporting and Contribution management.

PROMS

PROMS, implemented in late 2023, is designed to manage UNHCR's partnerships with implementing partners. Integrated with COMPASS and Cloud ERP, PROMS ensure that each partnership agreement is assigned a purchase order and that payments are properly processed.

Synergy

Built on Salesforce, Synergy manages donor relationships and contribution tracking. It facilitates negotiation processes and integrates funding data with Cloud ERP. The system tracks donor interactions, ensures compliance with earmarking requirements, and supports automated reporting.

Workday

Workday serves as UNHCR's primary HR management system, replacing the previous PeopleSoft platform. It supports the full employee lifecycle, from recruitment and onboarding to performance management and payroll. It is interfaced with Cloud ERP and COMPASS.

While the BTP program focuses on these core components, additional IT tools such as refugee identification and cash-based intervention management systems also interface with Cloud ERP, ensuring a cohesive and efficient operational framework.

Source: UNHCR.

93. The go-live of the components implemented between February 2021 and September 2023, BTP being officially closed on 31 December 2023, transitioning the systems into UNHCR's business as usual operations (BaU).

94. The Division of Information Systems and Telecommunications (DIST) Strategy for 2024-2026 serves as a comprehensive roadmap aligning information technology initiatives and investments with UNHCR's Strategic Directions 2022-2026. It provides a framework to facilitate UNHCR's adaptation to the evolving digital landscape. By strengthening security, enhancing services, supporting field operations, fostering a digital workforce, optimizing business processes, and ensuring efficient Cloud operations, the strategy aims to support UNHCR in fulfilling its mission.

95. The first estimated cost was $75.6 million, with a narrower scope[12] that evolved during the lifecycle of the programme. The final cost was $118.9 million, covering the four-year period from 2020 to 2023.

Table II.5
BTP budget estimates
(Millions of United States dollars)

$M	sept-20	déc-21	déc-22	déc-23
BTP Programme Governance	5,245	6,422	7,662	7,449
COMPASS	17,394	16,044	13,323	13,227
COMPASS realignment	n.a.	n.a.	8,054	9,317
MSRP Realignment project	1,944	1,597	1,552	1,441
Change Management	1,000	n.a.	n.a.	n.a.
Integration Project	5,000	n.a.	n.a.	n.a.
The Digital HR Project	16,452	15,486	18,060	17,642
Digital HR Enhancement roadmap	n.a.	n.a.	n.a.	0,925
The Finance, Cont'ns, SCM Project	30,259	n.a.	n.a.	n.a.
Cloud ERP Project	n.a.	38,519	42,586	44,860
PROMS	n.a.	6,606	7,168	8,591
Link	n.a.	8,920	8,942	8,048
Synergy	n.a.	5,944	6,384	6,723
BTP support to field	n.a.	n.a.	n.a.	0,700
PROGRAMME TOTAL	***77,294***	***99,538***	***113,731***	***118,923***

Source: UNHCR.

96. This cost overrun stemmed from several factors, including overall programme delays due to the interconnected nature of the projects (which were exacerbated by the COVID-19 pandemic), and the extension of the program to incorporate other components, such as Synergy and Link, which started later than initially planned.

4.2. Value for money of the BTP programme

97. Regarding the expected gains from program implementation, the BTP closure report, issued on 15 December 2023, announced that UNHCR had initiated an Impact Gains Assessment conducted by the UN's Advisory Alliance (UNAA[13]) to capture and understand the impact and benefits of the six BTP projects.

98. The UNAA's report was issued in December 2024. It uses a methodology based on a retrospective definition of a final set of 51 key performance indicators, as well as the collection of related baseline data, to measure post-implementation values and calculate impact gains as of November 2024.

99. The Board based its retrospective appraisal of the value for money obtained through the BTP on the conclusions of UNAA's work. However, with regards to the

[12] To replace Focus with COMPASS and to replace MSRP - Peoplesoft with Workday and Cloud ERP.
[13] UNAA is a network of UN staff, hosted by WFP – an initiative headed by the deputy Director of Innovation at WFP

costs incurred to carry out the Business Transformation Programme and manage the system in the new business environment, UNHCR considers that measuring the Total Cost of Ownership (TCO) of the BTP systems would be so complex that it would not provide reliable financial information. This would include not only their direct running costs but also the development costs and the indirect costs such as business interruption or data errors, incurred by ICT and business users.

100. In the absence of a TCO, the Board decided to propose a simplified value for money appraisal of the BTP using the following two-step approach inspired by that of UNAA:

i) Compare the running cost variation before (2022) and after BTP implementation (2024) with the amount of "monetary" efficiencies identified by UNAA through efficiency key performance indicators (KPIs);

ii) Consider that any remaining differences should be considered in relation to the non-monetary, qualitative gains evidenced by other effectiveness KPIs[14].

4.2.1. IT system running costs before and after BTP implementation

101. The Board has evaluated with DIST, on a comparable basis, the current running costs of the IT system in place before (i.e., 2022, when business was based on the PeopleSoft ERP) and after (i.e., 2024, when a new business environment based on Cloud ERP went live) the implementation of the BTP.

102. There is an increase of the ICT yearly running costs (i.e., excluding the costs incurred for the programme implementation itself) from $4.6 million to $11.9 million per year. However, the functions introduced by the BTP cover a significantly larger scope than the previous MSRP environment. Many previous manual operations have been replaced by more secure automated new processes, which deserve consideration to provide a retrospective value for money appraisal of the BTP.

103. The following tables summarize the overall costings:

Table II.6
Overall IT running costs for the systems initially covered by BTP in 2022
(United States dollars)

Service	System	USD
Software Maintenance/Support	PeopleSoft Finance, HR, and Technology	1 126 231
Software Maintenance/Support	FOCUS - Annual Maintenance Anywhere Utility	51 000
Hosting Service - UNICC	12 Month MSRP Hosting	1 522 584
Hosting Service - UNICC	Dementra Planning Hosting	142 000
Hosting Service - UNICC	FOCUS Hosting	313 000
ADSM Service	ADSM Services MSRP and FOCUS (HCL)	1 487 989
Total 2022 Running Cost		**4 642 804**

Source: UNHCR.

[14] See below *Effectiveness gains*.

Table II. 7
Overall IT running costs for the systems covered by BaU in 2024
(United States dollars)

Service	System	
Cloud Subscription	Oracle ERP Cloud	3, 813 690
	Oracle Platform (LINK - Integration and Data)	380, 000
	Oracle Aconex (PROMS)	540, 158
	Workday	2 189, 980
	BOARD (COMPASS)	1, 044, 931
	Salesforce	306, 436
ADSM Service	Accenture (Oracle, Workday, Salesforce, COMPASS)	2, 898, 855
	LTI (Link)	704, 000
Total 2024 Cost		**11, 878, 050**

Source: UNHCR.

4.2.2. Efficiency gains

104. The UNAA report provides KPIs on efficiency, with the following evaluation of BTP gains. In most cases, these gains are measured in full-time equivalents (FTEs) and then converted into United States dollars.

Table II.8
UNAA's evaluation of BTP efficiency gains during the period 2022/2024
(Millions of United States dollars)

KPI	Pre-Imp. (2022)(*)	Post-Imp. (2024)	Impact in FTE	Impact ($ million)
Average percent of delays for international shipments	9%	7%	n/a	-0,3
Average time spent to process a travel request	58.0 FTEs	21.6 FTEs	-36.4 FTEs	-1,4
Cost of point-to-point integration for employee data	$ 0.1 million	$ 0.0	n/a	-0,1
Cost of updates	$ 1.0 million	$ 0.0	n/a	-1
Time spent digitizing partnership documents	3.3 FTEs	1.8 FTEs	-1.5 FTEs	-0,1
Time spent preparing documents for retained partners	2,7 FTEs	0 FTEs	-2.7 FTEs	-0,1
Time spent amending partnership agreements	18.0 FTEs	10.2 FTEs	-7.8 FTEs	-0,4
Time spent writing off receivables	0.02 FTEs	0.01 FTEs	-0.01 FTEs	n/a
Average time to complete and archive documents	3.3 FTEs	1.8 FTEs	-1.5 FTEs	-0,1
TOTAL EFFICIENCY GAINS				**-3,5**

(*) The full-time equivalents presented in this table for 2022 have been "normalized". During "Phase B" of the UNAA assessment, some data collection complexities prompted adjustments to ensure meaningful and measurable results.
FTEs are calculated based on an equivalent of 2,088 hours per FTE, representing 8 hours per day, 21.75 days per month, and 12 months per year. For locally recruited personnel, the average personnel cost of G5 and G6 positions across UNHCR's global operations was used, resulting in a $49,977 cost equivalence per local FTE. For internationally recruited personnel, an average personnel cost of P3 positions across UNHCR's global operations was used, resulting in a cost equivalence of $196,103 per international FTE.
Source: UNHCR.

105. On that basis, in the face of a gross increase in running costs of around $7.2[15] million, UNHCR realized immediate yearly savings of around $3.5 million, leaving an additional

[15] From 4.642 million to $11 878 million

yearly net cost of $3.7 million, which was not covered by any equivalent monetary consideration.

4.2.3. Effectiveness gains

106. According to UNAA, the effectiveness KPIs were designed to "assess improvements in outcomes, risk reduction, and the quality of UNHCR's services, oversight, and control. Effectiveness KPIs capture enhancements in compliance, transparency, risk management, process optimization, digitalization, and satisfaction."

107. Most of them show positive results, but being purely qualitative, they cannot be measured in monetary terms. The evolution of running costs will largely depend on the commercial and pricing policies adopted by external service providers. Given the close interdependence of the systems, UNHCR will have little flexibility to reopen competition. Therefore, the present appraisal of BTP's value for money is not guaranteed in the long term.

108. **The Board recommends that UNHCR measure the evolution of the direct running costs of the IT systems involved, to monitor and ensure that the cost of services associated with its "multi-cloud" strategy, which creates a strong dependency on its suppliers, remains controlled.**

109. UNHCR accepted the recommendation.

110. It should be noted that the evolution of BTP costs occurred without a clearly defined initial budget framework. According to the documentation provided to the Board, the programme’s scope was adjusted multiple times between 2020 and 2023, with funding requests (OL/OP) submitted on an ad hoc basis.

111. This absence of predefined key performance indicators limited the Organization’s ability to justify its evolving resource requirements. A lessons-learned exercise conducted by a contractor in May 2024 recommended that, for all future large-scale projects, that reference KPIs should be defined from the programme’s initiation phase.

4.3. Governance

4.3.1. Transitioning from programme to operational management

112. During the BTP, a governance structure was in place that addressed issues identified at the operational level and escalated them to the strategic level as needed. The Programme Management Office reported to the Programme Executive Committee (PEC), which handled many issues directly and escalated high-level topics to the Transformation Governance Board (TGB) and the programme sponsor, the Deputy High Commissioner. These topics included action prioritization, funding authorizations, and strategic guidance.

113. With the BTP's closure, this structure ceased to function and projects were absorbed by the Divisions. Oversight responsibilities were redistributed across divisions, resulting in fragmented accountability for cross-cutting issues such as partner payments and workforce planning. The dissolution of these governance structures has made it difficult to prioritise and resolve incidents collectively when they affect multiple modules. The lack of a formal decision-making body with cross-cutting authority hindered the ability to leverage synergies across systems.

114. As of 31 December 2024, with the transition to business as usual, several issues affecting multiple BTP modules remained unresolved due to a lack of time, such as workforce planning (involving Workday/DHR and COMPASS/DSPR), partner payments (impacting PROMS/DSPR and Cloud ERP/ Division of Financial and Administrative

Management (DFAM)), and expense reporting (affecting COMPASS/DSPR and Cloud ERP/DFAM), among others. Although each division manages its own application, the issues raised concern on cross-cutting processes shared by multiple applications and, therefore, multiple divisions.

115. Governance was mostly organized under the umbrella of different entities.

116. The Division of Information Systems and Telecommunication led different coordination meetings:

- An Application Development Support and Maintenance (ADSM) meeting, held weekly in conjunction with service providers, to monitor operational activities and the resolution of major incidents.
- A monthly ADSM Operations Meeting, involving DIST and ADSM providers leadership. This meeting focuses on discussing the previous month's Service Level Agreement (SLA) performance and addressing any necessary actions or escalations to support the business.
- A monthly Divisional Operations Review with other divisions facilitates the sharing of challenges encountered and exchanging potential solutions.

117. The Design and Development Service organized different mechanisms separately:

- Monthly discussions within the Field Reference Group (FRG), which existed during the BTP period under the leadership of the AHC-O office. This group brings together representatives from RB, CO, and field sub-offices to discuss progress in stabilizing the BTP modules and provides a platform to share emerging challenges.
- Monthly meetings of the System Coordination Working Group (SCWG) aiming to ensure effective communication between operations and various HCR entities. The Group comprises division deputy directors, change and communication management leads, regional representatives (e.g., controllers and pillar heads), the DHC's Senior Policy Advisor, and other focal points.

118. There was no formal governance body that covers all issues raised during the aforementioned meetings and groups—at least the most strategic ones — ensuring a comprehensive understanding of the encountered dysfunctions and collectively making decisions on how to prioritize and resolve them.

119. **The Board recommends that UNHCR's senior management establish a robust governance structure through a Standard Operating Procedure, ensuring coverage of ongoing issues and actions taken, and fostering a collaborative, coherent decision-making process.**

120. UNHCR accepted the recommendation.

4.3.2. Data governance

121. The reporting functionality in Cloud ERP has not yet been fully leveraged due to short delays in implementation. During the BaU phase, UNHCR prioritized other functionalities that were considered more critical to complete before focusing on reporting-related ones.

122. Consequently, users have resorted to the Pre-BTP platform, Power BI, which, although more intuitive, is also more expensive and exposes users to risk of error due to the manual synchronization required for report generation. This situation arises from the lack of a clear, and unified approach regarding the use of these various platforms.

123. Notably, at the end of 2024, UNHCR launched the "STR8N" initiative, which is led by DSPR, aimed at stabilizing and optimizing the integrated BTP systems and processes. The project is designed to meet the expectations of field and regional bureaux regarding the availability of both old and new reports, ensuring that reliable data is provided for

operational and management needs. It also aims to address the need for improved system reporting to governance. The project is currently in the initiation phase, and the conceptual note has been shared with the audit team.

124. A data platform, Oracle Fusion Data Intelligence (Oracle FDI), centralizes all data from the various BTP tools and defines the meaning of each dataset (OP, OL, PO, Open PO, etc.). However, rather than extracting data from this centralized platform, divisions and other entities opt to extract raw data directly from the various applications in order to create their reports. While this method allows for specific analyses, it can lead to inconsistencies between the data presented in one report and that used in another.

125. This situation stems from a siloed approach to reporting, whereby each division or entity develops and uses its own dashboard without systematically consulting other divisions to create shared reports. This lack of collaboration leads to the absence of a unified and coherent vision of the data, leading to inconsistencies in the representation of certain information.

126. **The Board recommends that UNHCR establish through the data governance framework, a centralized governance for data and reports, promoting and fostering collaboration between the various divisions and entities.**

127. UNHCR accepted the recommendation.

4.4. IT Technical Security and operational risk management

4.4.1. Management of operational risks related to BTP

128. The operational risks monitored during the BTP were closed at the end of 2023 from a project management perspective as part of the programme's conclusion. Once in business as usual, BTP's operational risks were integrated into the risk management of each division and, incorporated into their respective risk maps according to their significance.

129. However, the risk map does not specifically reflect the inherent difficulty of managing BTP's processes, which depend on multiple cloud solutions. Furthermore, despite the fact that BTP solutions are critical for the UNHCR's business continuity, the ability to provide the necessary IT support during business as usual was also not identified, in a context of reduced allocated human resources.

130. Furthermore, the specificity of BTP multi-cloud environment means that technical evolutions or modifications to one cloud could affect data transmission to or from this platform, and thus disrupt certain business processes. Therefore, it is essential for UNHCR to maintain a comprehensive view of the various BTP data paths in the long term to limit such risks.

131. Efforts to identify the person responsible for this data and the associated risks have been unsuccessful. Although DIST is responsible for BTP's technical environments, the management of risks related to data paths between the various platforms is not formally within its scope. In addition, Global Data Service (GDS) only manages data used by front office services, with the associated risks integrated into the service's operational risk register, which is maintained in the Enterprise risk management (ERM) Operational Risk Register Tool.

132. The transition to a multi-cloud environment exposes the Organization to the specific risk of disruption to data processing chains. For example, an uncoordinated modification to a component on one platform (e.g., Oracle, Workday) could affect data flows between systems and jeopardise critical processes such as payroll or partner payments. The absence

of a consolidated map of technical interdependencies and a clearly designated risk owner is a matter of concern.

133. The Board stresses the importance of appointing a transversal focal point responsible for overseeing the security of inter-cloud data exchanges.

4.4.2. Management of access to BTP Tools

134. Each application has its own mechanism for assigning and managing granted rights. When a new profile is created, assigning a user role results in the automatic allocation of access rights to the appropriate applications. If a profile requires specific rights, this is validated by DIST.

135. UNHCR has developed a role matrix for the Cloud ERP tool to prevent the accumulation of incompatible rights (the Delegation of Authority and Role Provisioning, DOARP), and has created a similar document for Workday. During the audit of UNHCR 2023 financial statements, the Board already highlighted the need to consolidate this DOARP.

136. Once the DOARP stabilization is complete, it would be appropriate to develop a matrix of the various BTP tools to ensure segregation of duties between applications, particularly in smaller offices where staff are more likely to accumulate rights on multiple applications.

137. Regarding password policy, application access is via single sign-on after authentication on the Windows session (using multi-factor authentication). This single authentication allows the users to access BTP tools – depending on the rights granted – using the Windows session's credentials, that are compliant with the UNHCR's password policy.

4.4.3. Management of integration errors

138. On average, between 70,000 and 90,000 data flows traverse the integration platform every day. Based on reports from the last six months of 2024, over 99 percent of transactions were completed without incident, with errors accounting for between 0.01 percent and 0.5 percent of the total daily data flows.

139. Integration errors were reported daily to DIST, which is responsible for analysing and resolving incidents. Incident management has improved significantly in BaU. A decrease in volume of incident has been observed: 651 open tickets in August 2024, compared to 266 in October 2024. The resolution rate is also high. Of the 651 tickets opened in August 2024, 622 were resolved that month, a resolution rate of 95.5 percent.

140. The analysis of these errors showed that the majority were data entry errors rather than technical errors due to the platform. These errors were mainly due to format- or data type-related. For example, entering a decimal number with a comma instead of a period will causes an error. Another type of error was due to problems with updating reference data. For example, a bank account number that has not been updated can cause reimbursement to be blocked.

141. The resolution of these operational errors requires interaction and active collaboration between DIST and the various business managers. To this end, UNHCR considers that the role of back-office data manager is ensured by the Chief Business Relationship Management Officer in DIST a position which appears therefore critical.

142. **The Board recommends that UNHCR ensure that operational errors relating to BTP data integration, as identified, are addressed and active collaboration between technical and business units is in place with an aim to reduce disruptions and ensure continuity.**

143. UNHCR accepted the recommendation.

144. In conclusions the transition from the Business Transformation Programme to business as usual introduced several risks that could affect the stability and efficiency of UNHCR's operations. As the organization moves forward with maintaining and optimizing newly integrated systems, certain challenges must be carefully managed to ensure a smooth continuation of activities.

145. While the transition to BaU marked a significant milestone, maintaining system stability and operational efficiency will require resources, continuous effort and adaptive management.

5. Cooperation of UNHCR with the other entities of the United Nations system

5.1. Background

146. The UNHCR strategy on partnerships is expressed in the High Commissioner's strategic directions 2022-2026[16], which refers to the Global Compact on Refugees[17] and the reform of the United Nations development system[18]. In 2024, UNHCR reaffirmed its commitment to diversify partnerships and strengthen collaboration across the humanitarian, development and peace nexus. The High Commissioner presents each year, at the first meeting of the Standing Committee of the Executive Committee, an overview of the implementation of UNHCR's partnership strategy in the previous year: "Strategic partnerships, including coordination[19]".

147. One of the commitments of UNHCR to implement its strategic objectives[20] is to strengthen and diversify partnerships[21]. UN agencies are included under the heading of "*traditional actors*", a category which also includes non-governmental organizations (NGOs) and governments. UNHCR strategic framework envisages inter-agency cooperation for humanitarian-development in the form of a request addressed to UN entities: "*Accelerate the transition to sustainable solutions by partnering with us and including the forcibly displaced and stateless in your programmes and plans*".

148. The Board focused its audit of inter-agency cooperation on the key UN components of UNHCR's strategy for partnerships, namely: the reform of the United Nations development system (see sect. 5.2), United Nations bilateral partnerships (see sect. 5.3) and inter-agency coordination on refugee responses and on internal displacement (see sect. 5.4). In addition, the Board examined UNHCR cooperation with other UN entities for the management of operational functions with the objective of increasing cost-effectiveness, in particular for vehicle lease services "the UN Fleet project with World Food Programme -WFP", procurement and premises management (see sect. 5.5).

[16] *UNHCR Strategic direction 2022-2026.*
[17] https://globalcompactrefugees.org/ ; New York Declaration for Refugees and Migrants.
[18] https://reform.un.org/.
[19] Latest issues: EC/75/SC/CRP.6, dated 29 February 2024 & EC/76/SC/CRP.6, dated 7 March 2025.
[20] Summarized as: "*protect, respond, include, empower, solve*".
[21] In addition to *Invest in our workforce and enabling work environment, further leverage our decentralized operational presence, Advance data, analysis and information relating to forcibly displaced and stateless people, Consolidate transformations towards managerial effectiveness.*

5.2. Strategic partnerships in the context of the United Nations reform

5.2.1. Membership of UNCTs

149. At the global level, UNHCR partnerships take place within the general UN coordination context, including the UN System Chief Executives Board for Coordination (CEB) and the High-level Committee on Programmes (HLCP) and High-Level Committee on Management (HLCM).

150. At the country level, UNHCR is a member of the United Nations Country Team (UNCT) and participates actively in the United Nations Sustainable Development Cooperation Framework (UNSDCF), which is the UN commitment to the country in pursuit of the Sustainable Development Goals, Agenda 2030 and national development priorities. UNHCR participates in working groups established to implement the outcomes and outputs defined by the UNSDCF.

151. UNHCR's contribution to the resident coordinator system for 2024 amounts to approximately $2.25 million, based on the formula established by the United Nations Sustainable Development Group[22](UNSDG). UNHCR's share in the cost-sharing allocation is stable in 2023, 2024 and 2025 (2.91 per cent). The Board noted that in the UNSDG data table used to determine the allocation to UN entities for 2025, UNHCR and WFP are entities (along with the United Nations Relief and Works Agency for Palestine Refugees in the Near East -UNRWA) for which the criteria of entity size are not used.

5.2.2. Alignment of strategies

152. An effective participation of UNHCR in UNCT action requires strategic alignment, as recalled by the annual report of the chair of the United Nations Sustainable Development group. Indeed, UNHCR is committed to aligning its strategic planning cycle to the planning cycle of the UNSDCF as well as deriving the development-related components of its strategies from UNSDCF outcomes. However, at the end of 2024, UNHCR had aligned the duration of its strategic planning with the UNSDCF planning in only 38 countries out of 127 (30 percent). For 25 countries, UNHCR reported that alignment was not possible due to "practical reasons", such as the fact that the signature of the UNSDCF in some countries could delay the strategy cycle or that the UNSDCF cycle may have changed. UNHCR also mentioned the case of the 64 countries covered by Multi-Country Offices (MCOs), where the MCO strategic cycle could not be aligned with specific countries. However, the Board considers that further efforts are needed to achieve strategic alignment on a wider scale.

153. **The Board recommends that UNHCR pursue alignment of its country strategic planning with UNSDCF planning.**

154. The Administration accepted the recommendation.

5.2.3. The Global Refugee Forum and the UN pledges

155. As part of the Global Compact on Refugees (GCR) affirmed in 2018, the Global Refugee Forum (GRF) is held every four years (the last session took place in December 2023), where whole-of-society actors are invited to pledge towards the realization of the GCR objectives. These objectives are: 1) to ease pressure on host

[22] Allocation is based on the criteria agreed in the UNSDG Principals meeting on 5 November 2020. Allocations are based on average total expenditure (base fee), agency size (expenditure and staff size), system load (entity share of total entity signed UN Cooperation Frameworks).

countries, 2) to enhance refugee self-reliance, 3) to expand access to third-countries solutions, and 4) to support conditions in countries of origin for return in safety and dignity. UNHCR plays a convening role under the GCR, bringing whole-of-society stakeholders together in a multi-stakeholder pledge framework aiming to advance partners' contributions toward the GCR objectives in specific locations or thematic areas.

156. A High-level official meeting is held between two GRFs and serves to advance the implementation of pledges made at the Global Refugee Forum, while helping to pave the way for new pledges, contributions and partnerships and to establish a clear roadmap for the next Global Refugee Forum. UNHCR regularly requests updates on progress towards implementing pledges and transfers to archive any pledge which is not updated after four years. At the end of February 2025, 3,380 pledges were cumulatively recorded, out of which 1,773 had been submitted during the last GRF in 2023, and 284 in 2024. Among the 3,421 pledges formulated since GRF 2023, 1,100 are from non-State actors and only 9 per cent have a financial component, with an estimated $500 million from the private sector in the form of financial support and investment. 361 pledges come from international organizations (not only UN agencies), 47 are multi-stakeholder pledges, with UN agencies and civil society organizations.

157. At the 2019 GRF, pledges were made by the UN Secretary-General and the UN Emergency Relief Coordinator, committing United Nations entities to systematically include refugees in their analyses and plans, and to work with refugee-hosting governments and communities to facilitate the inclusion of refugees into national systems. Through these pledges, commonly referred to as the UN Common Pledge, fifteen UN entities strengthened their support for refugee inclusion. At the 2023 GRF, fifty UN Country Teams and twenty UN entities at the global level have created a successor pledge, the UN Common Pledge 2.0 to promote refugee inclusion. The pledge consists of a commitment to a) include refugees in all UN plans[23], b) promote refugees' inclusion in national plans, datasets, budgets and systems and ensure their access to decent work, c) advocate for international responsibility-sharing in support of refugee-hosting countries and d) advance meaningful refugee participation in UN planning processes and advocate for their effective engagement in all plans that affect them. The UN Common Pledge 2.0 is underpinned by specific, measurable and costed commitments from 50 UN Country Teams, related to key sustainable development goals.

158. Implementation of GCR is reported using the indicators set out in the Global Compact on Refugees Indicator Framework[24]. The first GCR indicator report was published in November 2021, ahead of the High-Level Officials Meeting and the second in November 2023, ahead of the Global Refugee Forum 2023. Another is being prepared for late 2025.

159. The most recent report (2023) provided precise information on the situation of refugees worldwide. There was, however, room for improvement on several topics, such as the education access of refugee children, the report did not compare provided figures to those of previous years due to challenges in securing timely, comparable, representative, and disaggregated data. Therefore, significant trends were not presented. Where data is available, the next GCR Indicator Report should show trends, analysis and insights from 2016 to 2025.

160. Monitoring of the implementation of the pledges appears to be generally limited, including UN pledges. For example, the UN Common Pledge 2.0 for inclusion is

[23] Notably in the UNSDCFs.
[24] First edition July 2019, second edition December 2022.

reported on every two years due to the long-term nature of a successful inclusion. Nonetheless, since the UNCT is the initiator of the pledge in a country, the Board expects a more comprehensive inter-agency assessment of the implementation efforts.

5.2.4. Inter-agency cooperation and risk management

161. UNHCR's operational risk register includes a category 6, "*External Engagement and Resource Mobilization*," whose scope is defined as follows: "*Operational engagement by UNHCR with external stakeholders such as the UN and other partners, donors, the media, the general public, and host governments*." This category includes a subcategory 6.1, "*Inter-agency and partner collaboration*," whose scope is defined as follows: “*Strategic and operational activities that involve UNHCR working cooperatively with other UN agencies and partners “(...)”*. UNHCR groups together in its risk analysis UN agencies, "other partners," (a wide, undefined, category[25]) and host governments. Merging UN entities and other partners prevented a clear understanding of the risks and, moreover, opportunities, specific to UN partnerships.

162. The Board requested from UNHCR a tailored set of risk data linked to UN partnerships, excluding risks and opportunities linked to Governments or NGOs. The data set provided contains 351 risks but only 38 risks are specific to collaboration with UN entities. The 313 remaining risks are either partially linked to UN collaboration or mitigated by risk treatments with an inter-agency component.

163. The Board's report on the 2022 financial year noted the limits of inter-agency cooperation in risk management (§ 175, 176), while this cooperation is a key criterion for assessing the maturity of a risk management system, based on the benchmark of the Joint Inspection Unit (JIU/REP/2020/5)[26]. This criterion, which was not met by UNHCR, had not been taken into account in the OIOS benchmarking analysis in its 2022 consultative report on risk management. According to the Board: "*it would be useful to establish inter-agency risk management in which UNHCR would play a role*." The Board noted however that: “*In the field, inter-agency coordination on risk management is still in its infancy, with few entities having dedicated risk management staff in the field. However, UNHCR believes that good practices, which it is actively using, are in place in countries such as Somalia, the Syrian Arab Republic, Uganda, Ethiopia and Afghanistan*."

164. In 2024, UNHCR participated in inter-agency work on risk management in several ways. UNHCR plays an active role in the CEB HLCM on risk management, a discussion forum involving UN agencies and NGOs, that allows participants to identify good practices and joint risk areas. UNHCR is also an active member of the Risk Sharing Community of Practice established in 2020, which started to be fully active in 2023 when the Risk Sharing Platform was established and will be further operationalized in 2025.

165. Based on information provided by UNHCR headquarters, the Board noted that, in some countries, such as South-Sudan, UNHCR participates also in dedicated inter-agency risk working groups. In Afghanistan, a developed inter-agency cooperation is in place through the risk management team (RMT), which includes along with UNHCR 26 members of the UN system. The RMT has notably endorsed a UN common risk assessment. In all regions, UNHCR encourages its regional risk advisors to promote inter-agency exchanges on risk management. In field audits, regional

[25] The unique element of definition is that the category excludes implementing partners.

[26] A review for central assurance assessment of UNHCR commissioned by the Foreign, Commonwealth and Development Office (FCDO) and UKaid confirmed in 2024 the maturity of UNHCR risk management system, as previously identified by the JIU, OIOS and the Board.

bureaux remained cautious about engaging in inter-agency risk management (Americas, Asia and the Pacific) as risk management is considered more relevant at the country level.

166. In 2024, inter-agency cooperation on risk management also took the form of a comparative review commissioned by WFP to analyze WFP's ERM Policy in comparison with FAO's and UNHCR's respective ERM policies. This was the basis of consultation among the three agencies at the global level.

5.2.5. Coordination costs

167. The Board noted in the field a risk that the structure of the working groups created to implement the UNSDCF leads to duplications with other groups established in the context of refugee or broader humanitarian responses. It is therefore important that UNHCR country representatives be aware of this risk and share with the Resident Coordinator any concern about potential redundancy created by a specific thematic or priority working group. In Burundi, 41 sectoral and working groups had been established and mobilized the UN system. The UNHCR Country Office participated in varying degrees in 12 of these groups. There was however no comprehensive inventory that listed all coordination and cooperation bodies, their scope, participants, and operating procedures. In any case, the high number of groups and committees generated significant coordination costs. In addition, most of the decisions prepared by the groups were, in fact, referred to the UNCT which strips the working groups of real-decision-making responsibility, and does not contribute to the mobilization of participants.

168. UNHCR representatives and their teams lack adequate tools to measure the financial and administrative impact of their participation in UNCT groups and then to demonstrate, if necessary, any excessive burden due to redundancies in the local UN architecture. Adequate tools could include, in particular, updated indicators, at a first stage, on the number of UN meetings, and, at a second stage, on staff time dedicated to meeting attendance and to related work (preparation, reporting). Currently, UNHCR country operations lack a robust methodology and clear guidance to measure and control the cost of their participation in the UNCT related work.

169. **The Board recommends that UNHCR continue to improve its efforts to estimate UNHCR's staffing and operational costs for coordination services for refugee and non-refugee settings and mixed situations, taking into account the coordination-related outcomes of UN system-wide evaluation**.

170. The Administration accepted the recommendation.

5.3. UN bilateral partnerships

5.3.1. Administrative management of UN partnerships at headquarters

171. UNHCR's relations with UN entities are coordinated by the Division of External Relations (DER), *Partnership and Coordination Service*, while other divisions may be substantially involved in inter-agency cooperation.

172. The standard structure of UNHCR Roles, Accountabilities and Authorities (RAAs[27]) includes a chapter on external engagement, partnerships and outreach. Several headquarters divisions have responsibility for managing bilateral UN partnerships or multilateral UN engagement.

[27] Roles, Accountabilities and Authorities, November 2022.

Table II.9
Roles of HQ divisions in UN partnerships defined by RAA's (selected examples)

DER
Issue guidance (...) and work with the regional bureaux to ensure that UNHCR's **inter-agency commitments** are known (…) and respected
Update and disseminate **inter-agency guidance** and promote UNHCR's leadership (…) in **inter-agency fora**
Coordinate UNHCR´s input to the launch of **OCHA-led** Humanitarian Appeals.
Support regional bureaux in the finalization of **RRRPs, JRPs** and in the review of **CRRPs**
Ensure UNHCR's **input to inter-agency policies**
Coordinate (...) UNHCR's position and policies on **inter-agency coordination** and serve as focal point and coordinator for **inter-agency fora**, including on mixed flows, refugees, IDPs and stateless.
Represent UNHCR's views (…) in **inter-agency fora.**
Organize, facilitate and **coordinate** global strategic partnership **discussions with UN agencies** (…),
Review or prepare new Memoranda of Understanding (**MoU**) between **UNHCR and partners.**
DRS
Develop, (…) **relationships** with (…) cooperation development agencies (**including UN agencies**)
Establish (…) global partnerships (…) with **(…) inter-agency mechanisms, UN sister agencies,**
Work in close **collaboration** with (…) **key UN agencies**
Develop (…) **relationships** with (…) cooperation development agencies (**including UN agencies**)
DIP
Consistently **engage** global stakeholders, representing UNHCR's views at bilateral, multilateral, and **inter-agency for a**
Play a **coordination** role on inclusion and accountability to affected population within the context of Inter-Agency Standing Committee (**IASC) reform.**
Manage and **support** the **Global Protection Cluster** (…)
Engage the **UN Migration Network** and serve as the UNHCR focal point in all migration fora.
DSPR
Represent (…) UNHCR's views (…) in (…) **inter-agency** fora.
Represent UNHCR in (…) **inter-agency fora** Exercise managerial oversight over (…) **inter-agency** (…) **commitments**
DFAM
DFAM hosts the **UN Fleet** which is a collaborative partnership between WFP and UNHCR.
GDS
Consistently engage with global stakeholders, representing UNHCR's views at the global level (in bilateral, multilateral and inter-agency fora) in the area of data and information related to refugees and other affected populations.

Source: UNHCR, Roles, accountabilities and authorities (RAA).

173. However, the segregation of tasks in practice could not be clearly evidenced during the audit work. **While acknowledging that a coordination role has been assigned to DER, the Board considers, on the basis of documents provided, that a risk of redundancies may exist and that the actions of the main divisions involved in inter-agency cooperation, DRS, GDS, DIP and DSPR should be more clearly presented.**

5.3.2. Architecture of agreements with other UN agencies

174. UNHCR partnerships with UN agencies are implemented through a wide variety of documents. Some documents have a legal form, even if non-binding (Memoranda of Understanding (MoUs) or Letters of Intent (LoIs)). In other cases, the cooperation is based on joint letters, frameworks and other less formal instruments. The Board is using the generic term "partnership framework". As an illustration, the UNDP-UNHCR Global Collaboration Framework for Inclusion and Solutions (2023-2025) is presented as a platform, defines seven areas of collaboration, sets out general guiding principles, but does not constitute a legal document and is signed by the

Assistant High Commissioner for Operations. Conversely, the UNHCR-WHO 2020 MoU is a legal document that includes relevant provisions, signed by the High Commissioner.

175. In some cases, the most recently issued partnership framework formally replaces the previous ones. The Global Strategic Collaboration Framework established in February 2023 with United Nations Children's Fund (UNICEF) supersedes the 1996 MoU as well as the 2015 LoI. The May 2020 MoU with World Health Organization (WHO) replaces the 1997 MoU.

176. In other cases, the most recently issued agreement confirms and complements previous agreements. For instance, the May 2024 joint International Organization for Migration (IOM)-UNHCR letter confirms the validity of and complements the 2022 Framework of Engagement which draws on the 2019 joint letter. Another example is the cooperation understanding signed with the United Nations Population Fund (UNFPA) in April 2018, built on the 1995 MoU and on the 2008 Letter of Cooperation. In the way, joint ILO-UNHCR brochure issued in 2025 updates the 2019 joint brochure which builds on the 2016 MoU.

177. Cooperation with WFP is structured around the 2018 Global Addendum on Data Sharing between UNHCR and WFP which is an addendum to the 2011 MoU, and defines actions, roles, and responsibilities for data sharing and interoperability. It also establishes a joint headquarters joint data sharing support group between the agencies, and provides detailed annexes of acceptable data sharing scenarios and templates to facilitate easier adoption across field operations. Cooperation is also demonstrated through the Joint Targeting Hub initiative and a March 2023 note for the record (NFR) which defines the objectives and scope of cooperation. The NFR with WFP does not constitute a formal agreement, and does not clarify the legal validity of the 2011 MoU.

178. In other cases, outdated agreements have neither been formally updated and nor reconfirmed, raising questions about their validity. A joint letter was issued in September 2016 by the Office of the United Nations High Commissioner for Human Rights (OHCHR) and the High Commissioner for Refugees. A joint UN Office for the Coordination of Humanitarian Affairs (OCHA)-UNHCR note on mixed situations was issued in April 2014, and reconfirmed by a joint letter issued in June 2018. The UNHCR-UNAIDS (Joint United Nations Programme on HIV and AIDS) cooperation framework, formally still in force, dates back to November 1998.

179. For some agencies, overlapping partnership frameworks produce uncertainty and complexity for the staff in charge of implementation. Indeed, some partnership frameworks date back from more than five years, while others take different contractual forms and carry varying legal validity. The Board also noted that some confusion is created by the existence of several layers of documents, of different natures, all deemed valid, and having entered into force at various points in time. There is a need to clarify the validity and to streamline the architecture of several partnership frameworks with other UN agencies.

180. The Board indeed recognizes that, since the first inter-agency partnership frameworks were established, a number of significant evolutions have deeply changed the overall context of inter-agency cooperation: the RCM (Refugee Coordination Model), the IASC Transformative Agenda and the Cluster Approach, *inter alia*. Inter-agency cooperation tends to develop in a more multilateral mode, organized through pre-defined instruments going beyond the scope of two agencies. This is especially true at country level, hence reducing the value of inter-agency country level agreements. This is further reinforced by the fact that joint actions between two organizations at the country level, in accordance with UNSDG rules and

principles[28], are already required to fit into the UN-wide legal UNSDCF framework and are traced in the information system of the two agencies involved.

181. Such an evolution could question the usefulness and relevance of inter-agency agreements, which may appear outdated. However, the Board sees a value in these high-level inter-agency partnership frameworks, in terms of clarification of mandates and responsibilities, definition of joint objectives, governance, provision of regular meetings, and dispute resolution mechanisms. The Board is also of the opinion that such high-level inter-agency partnership frameworks are all the more relevant when country level agreements are less a priority, providing a general framework to country level actions.

182. **The Board recommends that UNHCR make partnership frameworks accessible, including their updates, and explore defining an SOP on standard provisions of inter-agency partnership frameworks that best reflect mutual interests and concerns.**

183. The Administration accepted the recommendation.

5.3.3. Key provisions of agreements with other UN agencies

184. All the agreements that the Board has reviewed properly describe the principles of partnership and call for the respect for mandates, strategic objectives and mission statements of each partnering entity, which serve as an agreed reference in addressing potentially controversial issues, that may require further clarification.

185. All these agreements set joint objectives (e.g. seven specific objectives set to be achieved by 2030 with UNICEF) and describe the responsibilities of both organizations in terms of support and coordination, with a level of granularity depending on the type of cooperation between the two agencies.

186. Some partnership frameworks (e.g., WHO and UNFPA) encourage secondment or staff loan with the objective to share and understand the practices and technical expertise across both organizations.

187. There is no specific provision on data sharing for either WHO or UNFPA. For OHCHR, information sharing is a priority objective to support early warning and advocacy. The partnership framework with UNICEF defines a number of aims related to enhanced collaboration on data sharing and interoperability, in addition to regular information exchange to support resource mobilization.

188. The partnership frameworks with WHO and IOM include a dispute resolution mechanism. This not the case with UNFPA. The partnership framework with OCHA refers to specific individuals for high-level interfaces, rather than functional roles.

189. The Board has also observed different provisions with respect to duration. The UNAIDS partnership framework is revised at the request of either party. UNICEF partnership framework is regularly reviewed with a formal review of progress and the partnership as a whole already planned in 2030, the framework being open-ended with no expiry date. The validity of the UNFPA partnership framework is set at two years. The partnership with WHO includes a provision allowing either party to terminate the agreement. The OHCHR and OCHA partnership frameworks do not mention any validity or termination mechanism.

190. A number of key provisions (namely: duration, committees, senior lead, secondment of personnel, data sharing, dispute resolution mechanism), are addressed

[28] In particular, United Nations Sustainable Development Group, internal guidance on UNSDCF, 2019.

in a heterogeneous manner. This could reflect a particular rationale and specific situations, but could also simply result from the ad hoc nature in which these partnership frameworks have been negotiated, without an overarching logic over time and across the various agencies.

191. The Board considers that it would be beneficial to define a UNHCR policy covering the main clauses of inter-agency partnership frameworks. However, the Board acknowledges the risk of entering into lengthy discussions at headquarters level, without immediate benefits for the field and beneficiaries and the variety of situations regarding cooperation with other agencies. **Nevertheless, the Board considers that UNHCR would benefit from a comprehensive, streamlined approach to partnership frameworks, which could be more systematically based on clauses that have either proved to be good practice or to convey UNHCR key priorities** (e.g., protection impact, data sharing, system interoperability, exchanges of staff). A key step would be then to conduct a comprehensive mapping review of all inter-agency partnership frameworks to address, when feasible and appropriate, the issues identified above.

192. During its field visits, which covered a sample of 9 countries, the Board observed cases of inter-agency cooperation to improve relations with donors. The CO prepares and participates in regular UN briefings with donors, as in Myanmar but it would be **useful to set the objective of intensifying its participation in the UN common active search of donors** and to explore new initiatives in partnership with one or two UN agencies. The Moldova Support Platform was launched in April 2022 by France, Germany, and Romania to mobilize and coordinate political, technical, and financial support. In Mozambique, UNHCR is not a member of the donor coordination platform in which most UN agencies participate.

5.3.4. Analysis of selected bilateral UN partnerships

Cooperation with IOM

193. According to its constitution[29]the purposes and functions of the International Organization for Migration (IOM) shall be: a) *to make arrangements for the organized transfer of migrants, (...) to countries offering opportunities for orderly migration; b) to concern itself with the organized transfer of refugees, displaced persons and other individuals in need of international migration services (...), c) to provide, at the request of and in agreement with the States concerned, migration services (...), d) to provide similar services (...) for voluntary return migration, including voluntary repatriation; e) to provide a forum to States as well as international and other organizations for the exchange of views and experiences, and the promotion of cooperation and coordination of efforts on international migration issues* (…).” UNHCR and IOM signed in 2022 a Framework of Engagement to strengthen their collaboration in specific areas: mixed movements of migrants and refugees, durable solutions for internally displaced persons (IDPs), and data.

194. Cooperation between UNHCR and IOM remains critical in 2024, particularly in mixed movements and internal displacement situations. However, both the High Commissioner for Refugees and the IOM Director General recognized, in their 14 May 2022 joint letter, “*challenges in the implementation of the Framework of Engagement, with further clarity needed on roles and responsibilities.*” These challenges reflect a certain level of ambiguity regarding the respective roles of UNHCR and IOM. The Board took note of UNHCR’s comment according to which IOM and UNHCR co-lead the Global CCCM cluster which only focuses on the IDP

[29] Constitution of 19 October 1953 of the Former Intergovernmental Committee for European Migration and successive amendments adopted on 20 May 1987, 24 November 1998, 21 November 2013, 28 October 2020.

response, and that there is no ambiguity. A consistent use of terminology and definitions of migrants and refugees, in internal and external communication, remains an outstanding and controversial issue.

195. The dissemination of the 2022 Framework within the two organizations has merited greater attention. The overall relationship with IOM, unlike that with other UN agencies, is personally managed by the High Commissioner and his Chief of Staff, which reflects its high sensitivity.

196. The 14 May joint letter, which reconfirmed, after review, the 2022 Framework of engagement was supposed to "*serve as a strong message to all*". However, UNHCR provided no evidence to the Board that a specific internal communication campaign, including contributions from the regional bureaux and supported by a strong *tone from the top*, had been developed to reflect the importance of the topic. The Board was also not provided with evidence that the four specific areas, referred to in the 14 May letter as deserving greater clarification—namely: terminology, role of the United Nations Network on Migration (UNNM), mixed movements and data— have been developed into a joint action plan with IOM. The joint letter was intended to launch a process within the two organizations to address issues as they emerge and provide clarity.

197. **The Board considers that, due to the criticality and the centrality of the relationship between UNHCR and IOM, all efforts must be made to strengthen this partnership and to pave the way for a more robust cooperation.** Indeed, the existing situation calls for pragmatic actions, also allowing the staff of the two organizations to improve their mutual understanding and knowledge.

198. **The Board recommends that UNHCR prioritize the most critical issues addressed by the 14 May joint letter on UNHCR-IOM cooperation (terminology, role of the UN Migration Network, mixed movements, data) and promote continuous communication at field level to improve UNHCR-IOM relations.**

199. The Administration accepted the recommendation.

Cooperation with UNDP

200. The partnership between UNHCR and UNDP has evolved in recent years through successive agreements. The Global Collaboration Framework for Inclusion and Solutions 2023–2025 (GCF), emphasizes operational alignment and joint programming in displacement-affected contexts, across key thematic areas: 1) livelihoods, 2) SDG integration, 3) rule of law/local governance, 4) conflict prevention/peacebuilding, 5) climate change/environment, 6) internal displacement, and 7) statelessness. The GCF foresees, in particular, specific forms of cooperation such as annual strategic dialogues and joint missions, joint governance arrangements, a partnership framework, programme tools, and approaches for Humanitarian-Development-Peace (HDP) interventions developed, establishment of a knowledge resource platform.[30]

201. In line with the new GCF, several actions have been initiated, in particular high-level joint missions, a knowledge platform and a plan to operationalize the HDP Nexus. In 2023, a joint mission to Jordan advanced the integration of refugee issues into national development strategies and served as a platform for joint advocacy. In 2024, another joint mission to Ethiopia, involving IOM, focused on internal displacement strategies under the Office of the Special Advisor on IDP Solutions. A third joint assessment mission to Eastern Chad was conducted in 2024 at the request

[30] *Global Collaboration Framework for inclusion and solutions*, p. 19.

of the UN Deputy Secretary-General, positioning UNDP and UNHCR as lead coordinators. As regards the knowledge Platform, the launch of the UNDP–UNHCR Global Collaboration Network (SparkBlue Platform) constituted a significant step toward institutional knowledge-sharing, bringing together tools, guidance, and case studies to support joint implementation and regional peer-to-peer exchange. As regards operationalizing the HDP Nexus: UNDP's endorsement of the OECD Common Position on Forced Displacement provides a foundation for aligning development financing with forced displacement contexts, along with the joint UNDP, UNHCR and ILO publication on access and working conditions. Examples of joint HDP initiatives include:

- The Lake Chad Basin Nexus Facility, funded by Germany and implemented by UNDP, with UNHCR participating in its governance structures; UNDP's engagement in regional Sudan Refugee Response Plans (Chad, CAR, South Sudan, Egypt, Ethiopia, Uganda, Libya), expected to be formalized by 2025;
- The Regional Refugee Resilience Plan for the Syria crisis (Lebanon, Türkiye, Jordan, Egypt) has been co-led with UNDP since 2015;
- A new joint programme in Somalia focusing on governance, livelihoods, peacebuilding, climate, and rule of law.

202. These efforts illustrate increasing coherence between institutional mandates and field-level operations.

203. Notable progress should also be acknowledged in climate action, IDPs and solutions. As regard climate action, with support from the Government of Japan, UNDP and UNHCR are developing a proposal to the Green Climate Fund (GCF), aimed at channeling climate financing to displacement contexts, potentially in Ethiopia. This initiative contributes to a broader GRF pledge co-led by UNDP and Japan. As regards IDP Solutions, the agencies support national strategies for durable solutions to internal displacement. This includes co-chairing Solutions Working Groups, supporting RC/UNCT roadmaps, and contributing to area-based coordination. These efforts are also reflected in the forthcoming IASC-UNSDG Joint Guidance on Solutions, which seeks to balance humanitarian protection and government-led development approaches.

204. Despite these advances, the Board noted persistent challenges in operational coherence, monitoring and evaluation. As regards monitoring and evaluation, while the GCF emphasized that "*progress in implementing the Framework should be measured using shared UNDP and UNHCR indicators"* no such indicators currently exist to concretely and precisely measure the relevance of the collaboration with UNDP.

205. **The Board recommends that UNHCR, on the occasion of the upcoming revision of the cooperation framework with UNDP, explore the feasibility of establishing quantitative and qualitative indicators to better measure outcomes of joint actions.**

206. The Administration accepted the recommendation.

5.3.5. Data sharing and system interoperability with UN agencies

207. Data sharing is a common objective set forth by most inter-agency partnership frameworks. With many agencies (e.g., UNICEF, new UNFPA draft document, OHCHR) the scope of data sharing is defined in the partnership framework, while for some others (e.g., IOM), the definition of the scope is expressed in general terms. The Board acknowledges that there could not be a unique standard approach to data sharing, especially when it involves the sharing of personal data and must be adapted

to the various types of joint actions implemented by partner agencies, consistently with their respective mandates.

208. However, beyond data sharing in the strict sense, the objectives, terms and conditions of systems interoperability across agencies should be formalized, including the budgetary requirements of an evolution towards interoperability. While system interoperability was consistently mentioned as a concern by UNHCR management during the audit interviews, limited evidence was provided showing that it was addressed as such. The Board considers that system interoperability will progressively become necessary for UNHCR in order to efficiently cooperate with other UN agencies, given the growing volume of data to be managed and the coming introduction of Artificial Intelligence (AI).

209. In 2018 UNHCR and WFP signed a Global Addendum on Data Sharing to the 2011 MoU to formalize the data sharing and interoperability between the agencies. The Global Addendum also saw the creation of the Joint HQ Data Sharing Support Group to support COs in the implementation of interoperability and data sharing, beyond the templates and pre-authorized data sharing scenarios set out in the Addendum and its annexes. The interoperability roadmap has been tracked at prior and in subsequent High-Level Meetings between UNHCR and WFP principals, and implemented in several country operations to date.

210. Using US donor funding, UNHCR developed first an interoperability platform (the Data Transfer Platform, DTP) which was deployed to UNHCR-WFP joint operations in Bangladesh, among other places, as well as the joint data access provided for the provision of assistance in Uganda and numerous other countries. Since 2021, UNHCR has been upgrading the interoperability platform through its PRIMES Interoperability Gateway, PING, which was a flagship project under UNHCR's Digital Transformation Strategy 2022-2026[31]. PING aims to be a low-code, easy-to-deploy interoperability solution developed for other interoperability arrangements with WFP and other partners. This is now deployed in Tanzania and is ongoing in many other operations.

211. Separately, UNHCR has developed a joint referrals and information system with IOM, the Safer Mobility Initiative, Movilidad Segura—the precursor to the Digital Gateway, another UNHCR Digital Strategy flagship project, —which, together with IOM, revolutionized how the agencies interacted with forcibly displaced and stateless people (FDSP) when remote, and managed joint referrals.

212. UNHCR would benefit from a dedicated framework supporting sustainable, scalable and secure systems interoperability, while respecting respective agency mandates and personal data protection and privacy frameworks.

213. **The Board recommends that UNHCR, building on its existing work on interoperability standards, engage in inter-agency coordination fora to co-develop a modular framework of defined principles and technical standards on interoperability.**

214. The Administration accepted the recommendation.

[31] See https://www.unhcr.org/digitalstrategy/

5.4. Inter-agency coordination on refugee and non-refugee response

UNHCR participation in coordination systems

215. UNHCR participates in the two main coordination systems established to provide a United Nations response to humanitarian crises, the coordination system for refugee response, and the coordination system on internal displacement.

216. The framework for inter-agency cooperation in refugee situations is the Refugee Coordination Model (RCM), which gives UNHCR primary responsibility. As such, UNHCR must interact with UN agencies, as well as with other partners, to ensure the availability of risk analyses, contingency plans, needs assessments to develop a common protection and solutions strategy, coordinate inter-agency funding appeals, define the sectoral and inter-agency architecture of interventions, steer working groups, and supervise the action of partners in charge of certain sectors.

217. In the organization defined by the Inter-Agency Standing Committee, for humanitarian crises which do not involve refugees[32] which in practice covers internal displacements, UNHCR leads the Protection Cluster,[33] co-leads the shelter cluster with the International Federation of the Red Cross and Red Crescent Societies (UNHCR leads in conflict settings and IFRC in natural disasters) and co-leads the Camp Coordination and Camp Management Cluster with IOM (UNHCR leads in conflict settings and IOM in natural disasters). Segregation of tasks between co-leading entities at the field level may reflect other arrangements if agreed by Global Clusters lead Agency according to field presence and capacity.

218. UN responses to refugees and non-refugee humanitarian crises have specific features in common (e.g., humanitarian needs), although available protection, inter-agency cooperation, and leadership differ given the different status and applicable frameworks for the various population groups. Once activated, responses deploy inter-agency sector groups and coordination structures in the field. UNHCR has a statutory leading role on Protection issues, in light of its mandate given by the 1951 Convention Relating to the Status of Refugees[34], of its leadership in response sectors in refugee settings, and of its leadership in the global Protection cluster, and field leadership of CCCM and Shelter cluster in conflict situations in addition to the field Protection clusters as part of the humanitarian cluster system. In refugee settings, the structure is different, with UNHCR being accountable for the overall leadership of RCM coordination.

5.4.1. Relations with UN agencies in the coordination system for refugees

The Refugee Coordination Model

219. The Refugee Coordination Model (RCM) gives UNHCR primary responsibility in supporting governments. The High Commissioner is responsible for activating the RCM and for appointing as refugee coordinator, either a country operation Representative and/or a regional bureau Director. As of January 2025, six country refugee response plans and eight regional refugee response plans—covering 50 host

[32] See below mixed movements.

[33] The Cluster Approach is used by IASC for coordinating responses in non-refugee humanitarian emergencies. Accountability for the delivery of services (health, shelter, etc.) is spread across different cluster lead agencies, and no single agency is accountable for an entire response.

[34] 1951 Convention relating to the Status of Refugees and its 1967 Protocol; UNHCR statute based on General Assembly resolutions 319 (IV) 1949 and 428 (V) 1950.

countries—were being implemented. In 2024, UNHCR also supported four regional support platforms led by governments.

220. After a long development process, UNHCR released a new RCM guidance in the last quarter of 2024. The previous version dated back 2019. A dissemination plan has been adopted, including information sessions for UNHCR headquarters, country operations, regional bureaux and NGOs. UN entities were included from the beginning of the review process. Given its recent release, the effective implementation of the revised RCM will need to be assessed in the future.

221. UNHCR took the valuable decision to upload online the main guidance and its numerous annexes. The documents are freely accessible to any person interested or needing to obtain information on the RCM. It contributes to increased transparency and facilitates the activities of UNHCR country operations, regional bureaux, and inter-agency partners in refugee settings, including UN entities.

222. The revised RCM guidance contributed to achieving two key objectives. It formalized many of the best practices and lessons learned already in use in operations in several regions, and it introduced new mechanisms and practices that still need to be tested.

223. The revised RCM guidance provides a clear framework to existing practices that previously were not defined. The previous RCM guidance was insufficient, lacking a clear framework for partners' involvement, roles and responsibilities in the response. The new RCM formalizes the principles of coordination between partners in key areas of responsibility and globally, by the definition of an entire detailed section on the RCM coordination structure. In addition, UNHCR issued guidelines and document templates, including generic Terms of Reference, for each thematic working group and coordination group (as the Regional Refugee Coordination Forum, the Refugee Coordination Forum and the Inter-Sector Working Group), RRP templates and other tools and templates.

224. UNHCR used the review of the RCM guidance as an opportunity to introduce new mechanisms and practices. Regarding UN cooperation, a key improvement is the Refugee Emergency Response Scale-up Protocol, which aims to "*clarify the roles and principles of collective action and allow for a more predictable and inclusive joint response to refugee emergencies*"[35]. The Protocol can be activated at the request of the country representative to the High Commissioner within 72 hours of a refugee influx or a significant deterioration of the situation. An initial needs assessment, including a consultation with partners, is attached to the solicitation. The purpose, the principles and main milestones of the Protocol are outlined in the guidance document and in a dedicated annex. Additional internal guidance is being developed. At the time of the audit, the Protocol had not yet been activated and tested. The Board warns of potential interactions in some surge situations between the Scale-up protocol and the UNHCR emergency declaration mechanism that can create duplicate of activities and extra-activities to UNHCR country operations and regional bureaux. This risk will need to be monitored carefully.

225. The 2024 RCM guidance addresses protracted situations from a programmatic perspective. It emphasizes the need to engage in transition planning from the outset of an emergency, requiring rapid thinking on sustainable responses, and on the scaling up of local partners. UNHCR therefore continues to push further the localization agenda to the other UN entities. Moreover, it encourages all stakeholders to opt for a flexible structure as "*the RCM coordination structure is flexible by design.*" However,

[35] 2024 Refugee Coordination Model Guidance – Annex I.

further guidelines on the simplification to be made in the coordination structure in protracted situations would be useful.

226. **The Board recommends that UNHCR complement the 2024 guidance on the Refugee Coordination Model with best practices and guidelines on the necessary simplification of the coordination structure in protracted situations.**

227. The Administration accepted the recommendation.

Cooperation areas to be explored in the emergency preparedness and response

228. The Board identified two areas in which inter-agency cooperation, including multi-partner cooperation, could be further explored, namely contingency planning and evaluation.

229. Inter-agency contingency planning is of great value for emergency preparedness and response. It promotes efficiency by clarifying roles and leadership ahead of a surge situation, burden-sharing, strengthened preparedness and pre-positioning of strong partnerships with various key stakeholders. However, the number of inter-agency contingency plans remains limited. As of 2024, 27 inter-agency contingency plans were active across 22 country operations.[36] Of these, 17 inter-agency contingency plans were strictly dedicated to respond to a risk of refugee influx, including four plans for preparedness for Myanmar refugee influx and three for preparedness for DRC influx. The Board understands that the feasibility of inter-agency contingency plans is context dependent, particularly in IDP situations, as contingency planning can present sensitivities with governments. Yet, a several countries facing a high risk of refugee emergencies do not have an active contingency plan[37]. Meanwhile, the 2024 RCM guidance states that UNHCR is accountable for the preparedness to refugee emergencies. More precisely: "*where there is a high risk of a refugee emergency, [UNHCR] lead and coordinate necessary joint preparedness measures, scenario-based inter-agency contingency planning and other anticipatory actions*." Therefore, UNHCR should further advocate UN entities the extension of inter-agency contingency plans, especially where the risk of refugee influx in very high and even simply high.

230. Inter-agency evaluation of refugee response is not conducted on a regular basis. Over the last five years, only one inter-agency evaluation in a refugee situation was commissioned, on the Regional refugee response plan for the Syria situation in 2022[38]. Evaluation of refugee responses is not systematic insofar UNHCR conducts systematic evaluation only for L3 emergency declarations (cf. section 6 on management of crises). However, a situation may not be under an L3 emergency declaration, especially once the surge phase is over. Otherwise, the commissioning of an evaluation lies in the willingness of UNHCR regional bureaux and country operations. Also, initiating inter-agency evaluations represents opportunities to improve the impact of the response by assessing the leadership, the coordination architecture, and the operational architecture of the UN response, and to a larger extent, the response of the humanitarian stakeholders. The 2024 RCM guidance recognizes this necessity without requiring the regional bureau and the country operations to develop actively inter-agency evaluation[39].

[36] The operations in Mozambique, Democratic Republic of Congo, Uganda, Kenya and Bangladesh have 2 inter-agency contingency plans each.

[37] E.g., in Americas: Colombia; in East and Horn of Africa: Sudan, South Sudan, Burundi; in Middle East and North Africa: Jordan, Libya; in Europe: Türkiye; in West/Central Africa: Cameroon, Niger; in Asia/Pacific: Iran.

[38] Jointly commissioned with UNDP.

[39] The 2024 RCM guidance promotes a review of the coordination structure within 12 months of the initiation of a RCM coordination

231. As for the refugee settings, UNHCR is accountable for the effective coordination of responses[40]. Critical reflection has been initiated but is not as advanced as for the cluster system. The available evaluation of refugee responses highlights duplication and sometimes lengthy coordination. From the update of the RCM guidance in 2024, UNHCR is only promoting more flexibility in the RCM structure and has opened up to the possibility for Refugee Coordinators to merge working groups if possible, especially after a surge period. These new guidelines still need to be implemented and assessed.

232. In Armenia, UNHCR launched a "Lessons Learned Exercise on Refugee Response and Coordination", involving RRP partners: government officials, focus groups, INGOs, and local NGOs.

233. **The Board recommends that UNHCR, in liaison with UN entities, (i) conduct inter-agency contingency plans in countries assessed as high-risk of a new or escalated refugee emergency, and (ii) commission periodic inter-agency evaluations of Refugee Response Plans and Regional Refugee Response Plans.**

234. The Administration accepted the recommendation, but notes that such initiatives may be constrained by the availability of funds and can only be pursued if resources become available.

5.4.2. Relations with UN agencies in the coordination system for internal displacements

Protection cluster structure

235. The cluster system, operating under the guidance of the IASC and restructured by the 2005 humanitarian reform, addresses humanitarian issues that do not pertain to refugees. When a humanitarian situation requiring international relief does not involve refugees[41], the Emergency Relief Coordinator (ERC) activates the mechanism and appoints a national or regional Humanitarian Coordinator (HC), supported by OCHA. International deployment is structured with a Humanitarian Needs and Response Plan (HNRP). Decision-making, coordination, and operational groups gather partners, including UN agencies, both at the global and the field level (national and local if needed). As of December 2024, 24 HRPs were being implemented[42].

236. UNHCR experienced in Afghanistan, Chad and Mozambique, a protection assessment tool, developed in cooperation with other agencies, aimed at analyzing the capacity of a country to transition to durable solutions and to support Resident Coordinators and Humanitarian Coordinators. In addition, UNHCR piloted in Mozambique a tool designed to identify intentions of the internally displaced persons, which is a good practice to be expanded.

237. UNHCR is a member of the steering group on solutions to internal displacement established in line with the UN Secretary-General's Action Plan on internal displacement. As such, UNHCR contributed to the United Nations-wide approach to internal displacement, supported by the Chief Executives Board of the High-Level Committee on Programmes. To follow up on the mandate of the Special Adviser on Internal Displacement, an inter-agency mechanism, including UNHCR, was

architecture and an annual review process during the transition phase (without giving further information on the way to carry out this process).

[40] 2024 Refugee Coordination Model guidance.

[41] Some movements involve both refugees and IDPs. In 2014, UNHCR and OCHA issued a joint note on coordination in mixed situations. RCM focuses on refugees and those affected by refugee influxes, while clusters address IDPs and populations affected by internal displacement.

[42] Global Humanitarian Overview (GHO) 2025, December 2024.

established in 2024 to support country-level efforts aimed at resolving internal displacement in line with each agency's Institutional Plan on Solutions to Internal Displacement.

238. In 2024, UNHCR co-led the Protection Expert Group for IDPs with the Special Rapporteur on the human rights of internally displaced persons, and co-led the Task Force on the Centrality of Protection established by IASC.

239. A Protection Policy was adopted by the IASC in 2016[43], applicable to all humanitarian actions, as a collective responsibility of all humanitarian actors. However, a May 2022 independent review[44] commissioned by IASC Principals, mentioned: "S*ignificant efforts and investments, but incoherent, inadequate and ineffective"* and concluded that "*ambition and intent of the Policy have not been met*". The review underlined that "P*rotection as an outcome is a complex concept not well understood or owned"* and formulated a recommendation, directly addressed to UNHCR[45] to "*simplify and streamline the protection architecture to ensure more coherence while maintaining technical specialist support and coordination*."

240. The IASC review recommendation is of particular significance, with UNHCR leading in 2024, 30 of the 32 protection clusters, with each protection cluster accommodating up to four sub-clusters, each of which is supported by its own Strategic Advisory Group (SAG). In addition, when the cluster system is activated at the capital city level, subnational cluster groups (and their respective sub-clusters) are activated at the subnational level as needed, generally at the epicentre of the humanitarian IDP crisis, such as in the city of Pemba, Mozambique.

241. The IASC review recommendation requests UNHCR to propose an action plan together with agencies and entities leading the areas of responsibility, including UN-Habitat, UNICEF, UNFPA, UNMAS and NRC. On December 2024, after intense consultation held by UNHCR, those stakeholders agreed on 35 proposals to simplify and streamline the protection architecture, that were shared with the ERC. The only recommendation which has not reached consensus, is the one asking to simplify existing coordination mechanisms at country level.

242. It took six years for the gravity of the situation to be recognized and for recommendations to be made. It has taken more than two more years of lengthy and time-consuming discussions, led by UNHCR, before sharing these recommendations with country operations, however, without a confirmed roadmap for implementation.

243. UNHCR proposed to other agencies to merge the protection cluster, the four sub-clusters, and the SAGs into a single protection cluster, co-coordinated at country level, on a rotating basis, by several entities involved, including UNHCR. Such delays and difficulties in addressing an objective of simplification, when simplification and cost optimization are, more than ever, a shared vital objective, illustrate the challenges associated with the reform of the United Nations system. Moreover, the level of effort UNHCR has deployed is disproportionate to what has been achieved.

244. The partial reform of protection clusters' governance could be used by UNHCR as a lessons-learned exercise. The reform was pushed back for various reasons: (a) a systematic opposition to change, aiming to protect a status quo at the strategic and coordination levels, at the expense of actions directly serving the beneficiaries, (b) the misuse of the coordination role to leverage donors' mobilization, (c) the absence—at least up to the last phase of discussions—of a top-down process of

[43] IASC Policy on Protection in Humanitarian Action, 14 October 2016.
[44] Independent review on the implementation of the IASC Protection Policy, May 2022.
[45] The other recommendations have been handled by the IASC Principals through the task force on the Centrality of Protection, co-led by UNHCR and the NGO InterAction. A 2023-2025 action plan was issued in November 2023 in follow-up on the recommendations, except the one on the simplification of the coordination assigned to UNHCR.

convergence at the IASC level, led by the ERC and supported by the High Commissioner in his specific role regarding the centrality of protection, (d) finally, as formulated by the 2022 independent review, a need to simplify and clarify the objectives.

245. In addition to the responses to the independent review, UNHCR, in collaboration with IOM and OCHA, led the revision of the 1999 Inter-Agency Standing Committee policy paper on the protection of internally displaced persons. The updated policy was published in November 2024.

246. **The Board recommends that UNHCR leverage its role on protection, and within the IASC governance, to accelerate, in close coordination with the Emergency Relief Coordinator, the decision-making process on simplification of the Protection Cluster and transformation initiatives.**

247. The Administration accepted the recommendation.

Challenges of mixed situations

248. As mentioned in the RCM guidance, "*population movements are not necessarily homogeneous*". Some movements may involve both refugees and migrants, other may involve refugees and internally displaced persons (IDPs), and, in certain situations, displacement may result from or overlap with climate-related and other natural hazard-related emergencies. These situations present complex challenges for affected States. For UNHCR, it involves operating and coordinating with numerous partners, especially OCHA and IOM.

249. In 2022, UNHCR and IOM released a shared framework of engagement, which contains a section on coordination and it describes responsibilities and coordination principles, especially around leadership roles, strategic planning, and accountability in the context of mixed movements of migrants and refugees. UNHCR and IOM, as they are trying to find solutions to these situations, have defined in 2024 a new approach called the "route-based approach"[46], which considers needs of person — along other considerations like status-in movement along main routes in countries of origin, asylum, transit and destination. Nevertheless, -divergence of opinion in terminology persists[47], affecting agencies' capacity to jointly respond to mixed movements in an effective manner.

250. In the recent years, a coordination approach has proved to be innovative and effective: the Inter-Agency Coordination Platform for Refugees and Migrants from Venezuela (R4V) which the Board was able to analyze at the Regional Bureau for the Americas (RBA). In 2018, the UN Secretary-General asked[48] UNHCR and IOM, keeping their mandated accountabilities, to co-lead and coordinate a regional joint response, acknowledging the population flow outside Venezuela as a mixed refugee and migrant situation. In the wake of this directive, the R4V was established as a platform to coordinate the response efforts across countries of Latin America and the Caribbean. The R4V is in charge of implementing the Regional Refugee and Migrant Response Plan. UNHCR and IOM, coordinate a response involving 248 organizations (among them 132 are national NGOs, 57 international NGOs, and 15 UN agencies), across 17 countries. The regional platform is complemented by local coordination mechanisms, at national and sub-regional levels.

[46] The route-based approach was introduced in 2024 by UNHCR and IOM, and operationalized in the Americas, as well as in other regions (e.g., Mediterranean, Southeast Asia, etc.).

[47]E.g., UNHCR considers that migrants (although the term is not officially defined at international level) benefit from the protection of governments', while IOM consider that migrant may need specific protection in accordance with humanitarian principles and rights.

[48] UNSG Executive committee 12 April 2018.

251. The R4V is innovative in UNHCR context. It faces mixed population movements with a Venezuelan majority, but also many other nationalities, not all, by far, seeking or being eligible for refugee status. The flexibility of the R4V structure allows for the implementation of suitable adaptations. The R4V applied the "route-based approach", a comprehensive strategy to address the needs and protect the rights of migrants and refugees at every stage of their journey: in countries of origin, of transit, of destination and of return which applies for the Americas region, but also in other regions. Considering the needs of people throughout their journey, and not just "in destination", is a relatively new approach for UNHCR.

252. The R4V can be taken as an example for the level of data transparency which it provides by publishing and updating a large amount of data and information online. These consolidated data from all countries and partners allow a comprehensive approach to the migration crisis. The inter-agency Regional Refugee and Migrant Needs Analysis (RMNA) allows for the annual publication of this data in an aggregated version and strengthens the accountability to affected populations, host governments, donors and other stakeholders.

253. In 2024, a review[49] assessed ways to expand the R4V to more countries: Guatemala, Honduras, and El Salvador. The review considered the possibility of replicating, adapting, or building on lessons learned from the R4V. The Board considers that the conclusions of the report are relevant for drawing the contours of a new platform. However, it is essential, to ensure that a new, reformed, regional platform allows for a simplification of the coordination structure since R4V partners, and agencies have reported certain cumbersome aspects of the current organization.

254. The Board considers that the R4V platform could be replicated in other situations of mixed movements, such as the Afghan situation, based on the lessons and successes of the existing R4V. The Board is of the opinion that the "route-based approach" jointly developed by UNHCR and IOM would support such an agreement. A clarification between UNHCR and IOM of the two approaches "Status-based vs Need-based" would however be useful in the context of the above-mentioned May 2024 joint letter.

255. **The Board recommends that UNHCR strengthen the systematic implementation of the joint note on the coordination in situation of mixed settings along with OCHA.**

256. The Administration accepted the recommendation.

257. **The Board recommends that UNHCR actively explore, when convenient, R4V-like schemes, involving agencies other than UNHCR and IOM, to avoid additional layer of governance.**

258. The Administration accepted the recommendation.

5.5. Administrative and technical cooperation

5.5.1. A partnership dedicated to cost effectiveness: the UN Fleet project

259. In 2022, UNHCR and WFP launched the UN Fleet, a collaborative partnership based on the principles of the UN Reform. Both agencies took advantage of their combined experience to lease vehicles to the wider UN family through a single point of contact, the UN Fleet joint initiative. The project includes common procurement

[49] Review of regional coordination mechanisms in response to mixed movements in the LAC region, Institute of Studies on Conflicts and Humanitarian Action (IECAH), Spain, 2024.

activities, advising UN agencies on the best choice, leasing vehicles to them and providing ancillary services such as insurance, shipping, training, etc. In addition, by introducing standard models and having a common pool of available vehicles, country offices benefit from economies of scale and faster delivery. Based on the fact that UN agencies worldwide use some 30,000 vehicles, UN Fleet intends to provide significant savings and a better optimization of fleets. UN Fleet is open to all interested UN agencies.

260. However, at the end of 2024 the UN Fleet had not been implemented in several countries. Both WFP and UNHCR have mature internal rental programs and are committed to move to UN Fleet services however priority has been given to onboarding other UN agencies. Country offices were not aware of the implementation timeline although they recognized that UN Fleet services would be feasible. This was the case in Venezuela, Myanmar, Mozambique, Burundi, Moldova and Armenia.[50]

261. UN Fleet provides a five-year lease contract including, insurance, transport and delivery of the vehicles to their destination, collection, disposal and replacement of the vehicles after five years. The service does not include the management and maintenance of the vehicles once they have been made available to clients.

262. UN Fleet is not currently a separate legal entity, but according to UNHCR, it could become one in the future. The governance of UN Fleet is organized around several bodies. The Governing Board brings together the Deputy High Commissioner of UNHCR and the Assistant Executive Director, Workplace and Management Department, WFP. The UN Fleet Management Board brings together the UNHCR Deputy Director and Head of Service of the Global Mobility and Infrastructure Services in the Division of Finance and Administration, (DFAM) on the one hand, and the Director, Management Services Division, Management Department, WFP, on the other hand. It meets once a month. The UN Fleet team, which is responsible for the day-to-day management of the project, was formed by taking part of the fleet management teams of the two agencies and includes 15 staff members. The UN Fleet Advisory Board must bring together representatives of the client agencies with those of UNHCR and WFP, but had not yet been formed at the time of the audit.

263. In addition to the UN Fleet unit, UNHCR includes an asset and fleet management unit which, among other activities, is in charge of the vehicles currently.

264. UNHCR describes UN Fleet as “non-profit”. Vehicles are purchased directly from the manufacturer, with a volume effect and the price charged to client agencies shall include the purchase cost, any adaptations, transport and insurance costs. The "Business case" under discussion (and therefore unofficial) in October 2020 foresees several sources of savings: a) a reduction in the number of vehicles thanks to an optimization of the fleet enabled by centralized monitoring, b) the choice of vehicles better adapted to needs by avoiding unnecessary specifications, c) a reduction in unit costs through direct purchase from the manufacturer, by standardization and by economies of scale, d) the optimization of the life cycle of vehicles, limited to five years, leading both to resale under better conditions and to lower maintenance costs as the older vehicles disappear. Based on this rationale, estimated gains have been calculated.

[50] On the opposite, it has been implemented in Colombia.

Table II.10
UN Fleet expected gains
(Millions of United States dollars)

Recurring gains	**Range**
Right sizing	2,2-5,9
Right profiling	1,5-4,4
Buy better	2,4-3,6
Lifecycle management	11,2-14,3
Total	17,3 -28,2

Source: UNHCR.

265. In total, the range of expected long-term recurring gains according to two scenarios, one conservative, the other more ambitious, represented between $17.3 and $28.2 million. Added to this, a non-recurring gain was defined, linked to the proceeds from the sale of vehicles no longer needed due to fleet optimization of between $25.0 and $69.5 million shared between other United Nations agencies.

266. The first service agreements were concluded by UN Fleet with UNFPA and UNICEF on 4 October 2022. As of February 2025, 18 UN agencies[51] had signed a service agreement with UN Fleet, including UNICEF, IOM and WHO. A total of 487 vehicles were actually leased to UN agencies. Including the vehicles ordered, 813 vehicles had been or would be distributed in 88 countries.

267. Based on a case study carried out by the "Business Innovation Group", UN Fleet estimates the average gain at $204 per vehicle per month. This point will have to be confirmed with more hindsight.

268. One company supplied the vast majority of vehicles obtained by UN Fleet. UNHCR justified the use of this supplier due to the low total cost of ownership of its vehicles as a result of low purchase prices and very strong residual values, supported by a very strong and widespread after sales network, also by the willingness of the supplier to be particularly flexible in the face of UN Fleet's requirements. Other suppliers were used on a smaller scale. From a risk mitigation perspective, it remains important that UN Fleet does not depend on any single supplier.

269. UN Fleet collects the opinions of its customers regularly including quarterly and year end reviews. An initial feedback is already requested two weeks after the delivery of a vehicle. Out of 87 responses received by February 2025, the average satisfaction rate was 4.4 out of 5, or 88 percent.

270. For 2025, UN Fleet anticipated an additional volume of 350 to 450 vehicles from client agencies. This should also include volumes from UNHCR and WFP as they transition to the UN Fleet system. UNHCR estimates the expected additional number of vehicles at 375 in the first year (not a full year). UNHCR annual volumes for new vehicles from 2026 will be between 450 and 650 units, depending on the right sizing exercise and the adjustments to the new funding landscape which are still ongoing.

271. The Board noted with concern that the agencies at the origin of UN Fleet, UNHCR and WFP, have themselves been very slow to take advantage of its benefits. UNHCR explained to the Board that the strategy for UN Fleet was to establish services to client agencies first and then transition in UNHCR and WFP in 2025 to

[51] As of February 2025, UN FLEET has 18 signed Service Agreements with Client Agencies: UNICEF, UNFPA, UNVMC, WHO, FAO, IOM, ILO, UNON, OCHA, UNOAU, OHCHR, RC UAE office, IFAD, UNIDO, UN-Habitat, UNESCO, WFP and UNHCR.

ensure client agencies had confidence that UN Fleet would not prioritise the needs of its parent agencies over them.

272. The 2023 accounts of UN Fleet show an annual deficit of $2.48 million which increased to $2.66 million in 2024. UNHCR explained that the deficit was mostly due to a decision to contain prices in the initial phase, in order not to dissuade the first customers. The business model foresees recovery of the upfront capital investment over a five-year period through lease payments and end of life disposal of vehicles. Up until UN Fleet reaches scale to operate the activity on a self-financing basis the deficit is financed by the two founding agencies which represents seed funding for the joint initiative. UN Fleet is expecting to reach breakeven by 2027. Achieving financial balance in five years, a long period of time, is not adequate for a project aiming at generating gains. This timeframe could be shortened if UNHCR and WFP, which together are using almost half of the total UN Fleet, were to start leasing from UN Fleet immediately.

273. In summary, the UN Fleet project is an example of cooperation between United Nations agencies as it can bring significant gains both in terms of vehicle acquisition and management. However, its implementation is time consuming, with adverse financial consequences in the short-term for the two agencies that initiated the project.

274. **The Board recommends that UNHCR start leasing vehicles from UN Fleet.**

275. The Administration accepted the recommendation.

5.5.2. Cooperation on procurement

276. The document "*Harmonizing UN Procurement-Common UN Procurement at the Country Level*" of March 2015 recommended to develop joint procurement. The United Nations Procurement Manual [52] recalls the interest of collaborative procurement in its chapter 14.1 "*Cooperation with UN Organizations*" and specifies the possible modalities within the framework of "Delivering as One". It recalls that the Mutual Recognition statement of 2019 formalizes the commitment of organizations of the UN System to use or rely on the policies, procedures, system contracts and related operational mechanisms of other organizations of the UN system for the implementation of activities "*without further evaluation checks or approval being required, to the greatest extent practicable*".

277. In its revised version, [53] the UNHCR's Policy on Procurement issued on February 2025, emphasizes that UNHCR and operations must a) engage other UN agencies on contracts or FAs that are held or are being pursued which may be used in a 'piggybacking' arrangement, b) review options for collaboration on tenders which could be beneficial for UNHCR, c) subject to appropriate approvals, share contracts and relevant documentation with other UN agencies, where relevant; and d) actively promote and participate in UN Groups on procurement related matters.

278. The Common Procurement Activities Group (CPAG) brings together the procurement departments of the United Nations agencies based in Geneva as well as of several other international organizations located in Switzerland – twenty in total – which cooperate through the exchange of information and experiences as well as the conclusion of contracts common to several entities.

[52] Revised 30 June 2024: DOS/2020/09.
[53] UNHCR/PL/2025/01 of 7 February 2025.

279. The CPAG's 2023 report, the latest available, cites in particular some 200 exchanges of information between members and CHF 39.9 million in savings achieved thanks to 27 CPAG common contracts.

280. UNHCR has concluded 284 joint procurement agreements (framework agreements) with more than twenty other United Nations agencies, including UNICEF, WFP, UNDP, IOM, WHO, and UNFPA. These agreements are divided into 142 framework agreements concluded at the global level, 117 agreements concluded at the country level, and 25 agreements concluded at the regional level.

281. The most important framework agreements at the global level are dedicated to: a) contract establishment cooperation, eco tarpaulins for proximity project, b) freight forwarding services, c) hosting and support services, d) mobile telecommunications services and e) telephone landing.

282. At the country level, the amounts involved are much lower, and most important framework agreements are dedicated to a) provision of fuel to UNHCR Rwanda vehicles, b) provision of transport services to UNHCR Rwanda Operations, c) security services for the UNHCR offices in Burkina Faso. At the regional level, the number of contracts is also small. The most important framework agreements, in terms of amount, are dedicated to translation services and event management.

283. Recent audits of country offices revealed an unequal volume of purchases or shared logistics resources. The Venezuela office has several joint purchasing agreements, was discussing others in the autumn of 2024, and also uses WFP storage resources. The Bangladesh office in 2023 shared its storage with other agencies but made little use of joint Long-Term Agreements, with the exception of a financial piggyback operation. **More generally, the Board noted the lack of efficiency indicators in country offices and noted that the reasons why joint purchases are not more developed are rarely explained, while the interest in the principle of joint procurement is hardly contested.**

284. The JIU report "Review of the implementation of the principle of mutual recognition within the United Nations system" noted the lack of comparable data on the efficiency gains from the implementation of mutual recognition. It noted that few organizations produce reports on mutual recognition. On the other hand, it noted that three of them, UNDP, UNFPA, UNOPS were notable examples of organizations that present annual reports on joint procurement to their Executive Boards.

5.5.3. Cooperation for premises

285. In his 2017 report, the UN Secretary-General set a target of 50 percent shared premises by 2021.

286. UNHCR operates some 550 offices in over 130 countries, based on the "Handbook on Leasing and Facility Management" (May 2024).

287. The OIOS report of 12 November 2024[54], considered that UNHCR needs to better define a clear strategy for its premises. It highlighted the contribution resulting from the implementation in 2023 of the UNIFIER portal which brings together essential information on premises worldwide. It noted the need for a strategy to direct the common office premises initiative.

288. The "UNIFIER" portal lists all UNHCR locations, including: a) location: 535 office buildings, b) staffing level for each location: a total of 19,282 staff, c) area: a total of 540,296 square metres, d) annual costs: a total of $130,463,000. It specifies the main characteristics of each premises: location, function (country office, sub-

[54] "*Audit of Arrangement for Acquisition and Management of Office Premises at the Office of the High Commissioner for Refugees*".

office, field office), status (owned or leased), insurance, structure, number of floors, surface area, year of construction, staff hosted, and whether or not the premises are shared with other agencies. The portal provides access to a wealth of information, including security and the sustainability of the premises.

289. The Board extracted common premises from this portal, which shows 140 shared offices, including shared country offices and headquarters offices (Copenhagen, Budapest).

290. Considering all premises and not only country offices, according to the UNIFIER extraction, shared offices (common premises) represented 26 percent of all UNHCR premises in 2023.

291. Sharing premises with other United Nations agencies has several advantages: a) increased efficiency through the pooling of support services: security, cleaning, meeting rooms, b) optimized use of space by leveraging larger staff numbers, c) increased fluidity through closer relationships between agencies sharing the same premises.

292. However, regrouping different agencies premises entails several challenges: a) the inherent slowness of real estate transactions (given the length of leases and varying deadlines, in particular), b) the specific needs of certain agencies, particularly in the case of the UNHCR, to be able to receive refugees discreetly, as emphasized to the Board by the Venezuelan Office to explain its desire to maintain its own premises, c) staffing changes based on the needs of different agencies, which can affect the need for premises and, consequently, the sharing of common expenses, d) rents that are sometimes, in practice higher in new premises than in existing premises provided free of charge, e) changes in the policies of certain governments, which (as in the case of the Government of Senegal or even in Kenya) may modify their pricing policy for the provision of premises, f) insufficient space available in a building already occupied by several other agencies (also in the case of Venezuela), g) the significant financial commitment during the construction or even the lease of new premises, as is the case in Uganda for WFP and UNHCR.

293. Another challenge is, often, the unwillingness of some other agencies to share their premises, as is the case with UNICEF in Copenhagen.

294. UNHCR reported to the Board two cases of consolidation of premises with other UN agencies cited for 2024. In Thailand, UNHCR is transferring office space to UNOPS, resulting in savings of $17,800 for the year. In Bangladesh, UNHCR is relocating to the One UN House in Dhaka, with estimated annual savings of $74,000 from 2025.

295. **The Board noted the low proportion of shared premises at UNHCR and the slow pace of change.**

6. Management of crises

296. The Board understands by “crisis” events where there is a massive influx of refugees and displaced persons into a given country, whatever the causes (e.g., famine, war, drought, floods or earthquake), and for which a response is required. UNHCR also refers to “situations” in its internal and external communications; situations concern crises triggered by a particular event or by a geopolitical context, and that have consequences on several countries. The Sudanese crisis is an example of a “situation” which activated declarations of emergency in five countries; while the Ukrainian crisis is a situation with emergencies having affected or affecting

eleven neighboring countries.[55] In some cases, UNHCR declares an "emergency situation" in order to mobilize, during a limited period of time, additional and peculiar means and tools to respond to the crisis.

297. UNHCR has had to face numerous emergencies by which the speediness of the response was crucial to saving lives while respecting the fundamental humanitarian principles of humanity, impartiality, independence, and neutrality. Crisis require quick decision-making, and an adapted response, as well as procedures and mechanisms through which exceptional measures can be undertaken and exceptional means deployed. Since 2017, UNHCR has declared 215 emergencies. In 2024, UNHCR has declared 26 new emergencies. The number of declared emergencies has significantly increased during the most recent years, with an average of about 30 emergencies per year since 2021.

298. The scope of the audit was to look at the continuum of crisis management, which extends from the emergency preparedness to the management of the emergency and the exit from the emergency phase, which may not coincide with the end of a crisis.

6.1. Crisis anticipation and Emergency preparedness

299. The Policy on Emergency Preparedness and Response has been updated in February 2023 and a "Guidance on Emergency Preparedness" has been issued in April 2023. The Policy *"covers UNHCR's engagement and actions in anticipating and responding to emergencies in which advanced preparedness actions and/or an urgent operational response are required*." The Guidance "provides a practical framework to support effective operationalization and implementation" of the policy: "*While the Emergency Policy provides the overarching framework, the guidance is a tool that aims to assist UNHCR personnel in fulfilling their responsibilities as relates to preparedness measures*."

300. The preparedness measures involve several documents which are supposed to be linked and consistent among themselves: risk analysis, risk register, contingency plan, and business continuity plan. Despite an updated policy and the attention paid by most of the regional bureaux and country offices to emergency preparedness, the Board found that shortcomings had been identified in some steps of the process.

Risk analysis

301. UNHCR determines a ranking of high, medium or low risk for each agreed emergency scenario based on its likelihood and potential impact[56]. At headquarters level, these are based, on humanitarian situational reports, news outlets, think tank political/conflict forecasts, etc. and are then complemented by regional bureaux and country operations.

302. Regional bureaux play a critical role in assessing the magnitude of the risks in a country, as they have, by definition, an overview of the risks encountered in the region and may compared them to those identified in a neighboring country. For example, Division of Emergency, Security, and Supply (DESS) produces regular

[55] In addition to Ukraine, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, and Slovakia. See *Ukraine Situation Regional Refugee Response Plan*, January 2025 – December 2026.

[56] UNHCR rates the likelihood of risks along the following scale: Very low: barely likely to occur; Low: very unlikely in the next one year, but possible in the longer term; Medium: possible in the next one year, and/or reasonably likely in the longer term; High: likely in the next year and/or very likely in the longer term; Very high: Very likely in the next year and/or almost certain in the longer term (UNHCR/HCP/2020/2 Annex B – Terms and Definitions). Moreover, UNHCR policy for Enterprise Risk Management has identified risk categories related to the operational context, the planning, programme and support processes, to protection and solutions, to delivering assistance, to people and culture, to external engagement and resource mobilization, and to data and information. UNHCR/HCP/2020/02/Rev.2 Annex 1 – UNHCR Risk Categories.

snapshots in cooperation with them. The risk assessments consider all types of risk, from armed conflict to the frequent natural disasters in the region. Each snapshot identifies three categories of risk, ranked by degree of severity: countries under emergency (L1, L2 or L3); countries with high risks of emergency and countries under watch. Along the three years under review, the snapshots trace changing situations, sometimes with rapid developments. For example, five countries were considered as being at high risk in March 2024, they were only three in July 2024.

Risk registers

303. In all regional bureaux and country operations visited[57], a risk register was in place and updated quarterly. However, not every major risk was identified and managed. The Board gathered examples of this situation. In Moldova, only two high risks had been identified, an influx of refugees from Ukraine and people served by UNHCR at risk of gender-based violence (GBV). However, the most pressing crisis at the time of the audit (December 2024), likely to concern the most vulnerable among refugees, namely the gas crisis was not identified. In other instances, a risk, in particular a social-economic one, was not considered, such as in Burundi where the risk register did not analyze the deterioration of the country's monetary situation.

304. UNHCR is monitoring the risk assessment and aware of required improvements. In its Analysis of 2024 Risk Review, UNHCR recognized that "*the quality of the emergency risks identified is clearly improving, indicating an increased understanding among operations about the need for comprehensive emergency preparedness and response. Nevertheless, like risks in other categories, there are instances of risks remaining static and treatments remaining unimplemented, suggesting the need for more proactive engagement in clarifying risks and implementing treatments*."[58]

305. The Board highlighted the importance of maintaining comprehensive and up-to-date risk registers. However, the Administration emphasized that the absence of a particular risk in a national risk register did not mean that the risk was not monitored or managed. Although UNHCR remained committed to regularly reviewing and updating risk registers, if a risk register were to be a complete and exhaustive list of all risks, it would cease to be an effective management tool.

Contingency plans

306. According to the 2023 Policy, only "country operations that face high risk(s) of a new or escalated emergency shall develop a scenario-based contingency plan(s) in collaboration with government counterparts and other partners." It is however "*the development of a contingency plan is strongly recommended when the risk level is determined to be medium."* These obligations and recommendations are applicable to all situations, whether refugee, internally displaced people (IDPs), or mixed situations and movements. Emergency preparedness and contingency planning has been identified as a recurring mitigation measures to high risk in this area of preparedness.[59]

307. A standard operating procedure (SOP) for contingency planning is annexed to the Emergency Preparedness Guidance and also disseminated through the Emergency Handbook. This SOP explains the entire planning process and clarifies the roles of the various stakeholders (country operations, regional bureaux and divisions). It

[57] Armenia, Burundi, Moldova, Venezuela, Mozambique, Myanmar.

[58] For UNHCR, the risk is: "An uncertain event or condition that if it occurs, has a positive or negative effect on objectives (UNHCR/HCP/2020/2 Annex B- Terms and definitions.

[59] *Summary Analysis of 2024 UNHCR Risk Review*, p. 9.

points out in particular that "*contingency planning is an integral part of UNHCR's work."* If a contingency plan is not in place at the time of an emergency, UNHCR encourages the use of "*preparedness action list to identify necessary actions to inform the response"* (annex 7 of the Emergency Preparedness Guidance). In a 2023 report, UNHCR acknowledged the "*need for more proactive, systematic preparedness. Contingency plans are not developed and updated regularly, and where contingency plans do exist, these are often not costed or stress tested*."[60].

308. The Board noted the variety and unevenness of the situations related to the elaboration of contingency plans. At the time of the audit, according to UNHCR interlocutors, there were 47 high risk situations identified in 33 country operations, 35 contingency plans (28 active and in the making, comprising 85 percent of high-risk operations), and 73 percent of high-risk operations had up-to-date contingency planning.[61]

309. A number of country operations with high-risk situations did not have a contingency plan, such as those in Sudan and Venezuela for different reasons according to the Administration: cumbersome procedures, possible difficulties with the governments or authorities despite the supposed confidentiality and political reasons as some governments do not wish to let know the parts of the national territory that they do not control, etc.

310. **The Board recommends that UNHCR, both at headquarters and regional levels, i) ensure that all countries ranked at high risk prepare a contingency plan according to the 2023 Policy on Preparedness, and regularly update when needed; ii) explicitly justify the absence of such a document by strong reasons linked with specific difficulties; and iii) contemplate the preparation of such a document in medium risk countries, as recommended in the 2023 policy.**

311. The Administration accepted the recommendation.

Business continuity plans

312. As stated in the Policy on Emergency Preparedness and Response, a business continuity plan (BCP) is part of the overall safety and security management of a country operation, and is embedded in the Organizational Resilience Management System at the level of the UN system that defines it as "*the capability of the organization to continue delivery of essential and time-critical services at acceptable predefined levels during and/or following a disruptive incident."*[62]

313. The Board welcomes the fact that most of the visited countries had an updated BCP, as of autumn 2024. This was, for instance, the case of Myanmar, which had a BCP at the level of the country operations, as well as at sub-office and field-office levels, which were frequently updated, and mainly related to security risks.

[60] UNHCR/DESS, *Emergency Preparedness and Response – Recurring Issues & Lessons Learned 2021-2023*, September 2023, p. 1.
[61] *Strategic risk register*, December 2024.
[62] *Policy on the Organization Resilience Management System (ORMS) issued by the CEB (Chief Executive Board for Coordination)*, 18 January 2021 (to be reviewed in December 2024): https://unsceb.org/sites/default/files/2021-02/Policy%20on%20the%20Organizational%20Resilience%20Management%20System-Revised_18%20Jan%202021.pdfEX In 2021, the Joint Inspection Unit also issued a report on business continuity in the UN system organizations: https://www.unjiu.org/sites/www.unjiu.org/files/jiu_rep_2021_6_english_2.pdf

6.2. Response tools and solutions

6.2.1. Emergency declaration

314. The emergency declaration is one of the main mechanisms used by UNHCR to respond to acute crises with the objective of mobilizing additional resources (funds and staff). Therefore, the assistance to forcibly displaced people (solutions and tools) is deployed as part of the umbrella of the emergency response.

315. In 2024, the UNHCR declared 26 emergencies, in line with the new Policy on Emergency Preparedness and Response. Nine were triggered by climatic disasters (flooding and drought), 17 by armed conflict or indiscriminate violence. Among those 26 emergencies, 14 implied both refugees and internally displaced people, two IDPs only, and ten refugees only. Some emergency declarations covered what UNHCR calls a "situation," which means that events occurring in one country have consequences on the neighboring countries. For instance, the situation in Sudan has implied displacements of population and therefore emergency declarations in Chad, Ethiopia, Egypt, South Sudan, Libya and Uganda.

316. The country operations visited by the Board or analysed through case studies[63] have experienced several emergency declarations during the previous years. For example, in the Asian region, the "Afghanistan situation" led to an emergency period from 27 June 2021 until 24 May 2022. Meanwhile, Myanmar has been under emergency from 19 March 2021 until 29 March 2022, and under a new declaration from 22 July 2022 until 21 January 2023.

317. UNHCR defines an "emergency" *as any humanitarian crisis or disaster which either (i) has caused or threatens to cause new forced displacement, loss of life and/or other serious harm; or (ii) significantly affects the rights or well-being of refugees, internally displaced people, stateless persons, returnees and other persons of concern, unless immediate and appropriate action is taken; and (iii) which demands exceptional measures because current government and UNHCR capacities at country and/or regional levels are inadequate for a predictable and effective response."*[64]

318. UNHCR identifies three levels of emergency (L1, L2, L3). The distinction between the first two Levels is tenuous,[65] in particular with the 2023 guidelines, which have expanded Level 1 emergency declaration to initial response in addition to proactive preparedness. The Levels 1 are declared by the Assistant High Commissioner for Operations, while the Levels 2 and 3, which concern crises of high and severe magnitude and requiring significant additional means, are declared by the High Commissioner.

319. As UNHCR declares many emergencies each year, the procedures are well known and well established when they reach the phase involving headquarters.

[63] The Board audited six country operations (Armenia, Burundi, Moldova, Mozambique and remotely Myanmar and Venezuela), three regional bureaus (Regional Bureau for Europe, Regional Bureau for Asia and the Pacific, Regional Bureau for the Americas), and examined two case studies (Sudan, Türkiye).

[64] Policy on Emergency Preparedness and Response (UNHCR/HCP/2023/01).

[65] Level 1 Emergency: Proactive Preparedness and Initial Response. UNHCR declares a Level 1 emergency when a country operation(s) must enhance preparedness and take anticipatory or early action due to a high risk of a humanitarian emergency, and/or to commence an initial response, while the current capacity of the country operation(s) is insufficient.

Level 2 Emergency: Stepped-up Regional Bureau Support. UNHCR declares a Level 2 emergency in a rapidly evolving humanitarian situation when a country operation(s) faces significant gaps in resources, staffing and expertise, and additional support and resources from the relevant regional bureau(x) are vital for the operation(s) to be able to respond and assume an appropriate and effective coordination and operational role.

Level 3 Emergency: UNHCR declares a level 3 emergency in exceptionally serious situations in which the scale, pace, complexity and consequences of the crisis exceed the capacity of the country operation and regional bureau to respond. It indicates that a whole-of-UNHCR response is necessary to address the widespread and urgent needs of people forced to flee.

However, the ability to respond quickly and properly to a crisis outbreak depends on several factors, in which the country operation and the regional bureau play a critical role, especially in aligning the response requirements with the risk assessment and determining whether the CO can cope with the situation. The decision-making process may also be hindered by political reasons in the host country, such as the reluctance of some governments to recognize the magnitude of the crisis, or when several COs from different regions are concerned. These issues are well identified and summarized in a note produced by UNHCR at the Board's request[66].

320. UNHCR generally declares emergencies shortly, a few days after the outbreak of the crisis or even before, as it was the case, for example, for the Ukraine situation in 2022, with the emergency declaration made on 18 February 2022. The Board noted at least one exception (Armenia in 2020) where the emergency declaration was issued too late to enable a rapid response in the first days of a crisis.[67] In this regard, UNHCR, due to the necessity of quick response, should consider setting a clear time frame within which the decision to declare an emergency should be taken, or not.

321. **The Board recommends that UNHCR include in its standard operating procedures a specific time frame for the internal decision-making process regarding emergency declarations**.

322. The Administration accepted the recommendation.

6.2.2. Beneficiaries: perimeter of protection

323. The protection of refugees and of stateless people is the core mandate of UNHCR, which takes the lead, in this capacity, in the humanitarian response during a crisis involving refugees. It shares this responsibility with other UN agencies[68] to provide the humanitarian response and thus also shares the responsibility for protection in situations involving internally displaced people.[69]

324. The distinction between refugees[70] and economic migrants continues to be a subject of debate between UNHCR and the International Organization for Migration.

325. In Asia, the UNHCR Regional Bureau for Asia and the Pacific (RBAP) risk register identified the relationship with IOM as an important risk. In Iran, IOM used to consider Afghan nationals in the Iranian territory as migrants who had fled mainly for economic reasons and were therefore considered likely to return to their country, while UNHCR classified them as refugees, as they were unwilling to return to their country. The situation was quite similar in Myanmar, where people who have moved

[66] Note explaining the timing of an emergency declaration, with focus on delays: February 2025.

[67] For instance, an emergency was declared in Armenia in November 2020, several weeks after the outbreak of the war with Azerbaijan, the day after the ceasefire, when most of the displaced people contemplated their return to Nagorno-Karabakh.

[68] The UN General Assembly (resolution 53/125 - 1998) recognized "the role of the Office of the High Commissioner in providing humanitarian assistance and protection to internally displaced persons, on the basis of specific requests from the Secretary-General or the competent organs of the United Nations and with the consent of the State concerned, taking into account the complementarities of the mandates and expertise of other relevant organizations, and emphasizes that activities on behalf of internally displaced persons must not undermine the institution of asylum."

[69] See OCHA-UNHCR Note on Mixed Situations Coordination in Practice, 24 April 2014. In situation of forced displacement this is done though the Inter-Agency Standing Committee (IASC) - the longest-standing and highest-level humanitarian coordination forum of the United Nations system. It brings together the executive heads of 19 organizations and consortia to formulate policy, set strategic priorities and mobilize resources in response to humanitarian crises. The IASC strengthens collective humanitarian action through the implementation of a coherent, unified response. Both IOM and UNHCR work with others on IDP response coordinated through the cluster system.

[70] A person forced to flee their country because of violence or persecution.

to neighboring countries may have been classified as migrants by IOM or as refugees by UNHCR.

326. For the situation in Afghanistan, an informal agreement was reached through an exchange of emails, including one dated 2 September 2024, signed by the Chief of IOM Mission in Iran, which, however, cannot be considered an official agreement. According to this document, the Afghan situation is acknowledged as a "*predominantly refugee situation.*"

327. Regarding the situation in Myanmar, the issue remains unresolved between the two agencies. UNHCR stated that it is recognized as "an authoritative source" of guidance on these issues. Accordingly, through in issuing Guidance Notes, UNHCR has already officially pronounced on the international protection needs of persons fleeing both Myanmar and Afghanistan.

328. The Board is not in a position to comment on IOM. However, the lack of UN consensus makes it more difficult to advocate for the rights of forcibly displaced people, especially in host countries that are reluctant to guarantee these rights.

329. The specific mandate given to UNHCR on refugee protection may lead, in some countries, to unbalanced responses in the way to address IDPs situations versus refugee situations.

330. There were at the time of the audit 717,000 IDPs in Mozambique. However, the UNHCR Multi-Year Strategy 2024-2026 continues to focus primarily on refugees and asylum-seekers (RAS), who, according to UNHCR figures, are only 23,974. Indeed, most of the impact, outcome and output indicators are related to RAS. Regarding the operations plan (OPS) budget, 31 per cent of the 2024 operating level (OL) is dedicated to RAS.

331. While the Geneva Convention provides the legal framework for the protection of refugees and asylum seekers and while UN Guiding Principles address mention "Internally displaced people", the Board noted that UNHCR has used different terms it has created without legal basis in order to respond to specific situations. UNHCR frequently uses the terminology "refugee-like" or "refugee situation." The question of the nature of the protection which should be ensured to "refugee-like" remains unclear, due to the diversity of people concerned.

332. In some very specific situations, people assisted by UNHCR do not fall into any recognized category and appear in the statistics as "others." In Venezuela, UNHCR considered it had to tailor its response to an atypical crisis in which existing categories defined by formal UN decisions[71] were not relevant to characterize the population in need. As regards the Venezuelan population outside the country, the distinction between refugees and migrants would be practically unmanageable. As for the Venezuelan population inside the country, a residual category of "others of concern[72]" was applied to the huge majority of the beneficiaries but could not be included in the broad concept of "forcibly displaced persons" used by UNHCR in its general statistics.[73] In reality, some people leave the country voluntarily or under stress, some of whom return, either temporarily or permanently, while others remain in communities where basic services are non-existent or insufficient, but may be forced to flee to other regions within the country.

[71] "Refugees and asylum seekers" (the 1951 Convention relating to the Status of Refugees and its 1967 Protocol), "stateless persons" (1954 Convention relating to the Status of Stateless Persons and the 1961 Convention on the Reduction of Statelessness), « refugee returnees » (A/RES/40/118), "internally displaced persons" (A/RES/48/116).

[72] Others of concerns (which do not include host community) account for around 5 percent of "forcibly displaced and stateless" people (source UNHCR programme budget for 2024).

[73] e.g. in the programme budget proposed by the High Commissioner to the EXCOM annually.

333. The Board may understand that UNHCR refers to specific categories in order to respond to particular situations. However, there should be limits to this flexibility, bearing in mind that UNHCR's position in the international community and its legitimacy with donors are based on the Geneva Convention relating to the Status of Refugees and its role regarding internally displaced people.

6.2.3. Organization of the response

334. At least three elements are part of the organization of the response to a crisis and therefore of its effectiveness: the quality of the relationship with the governments of host countries; the effectiveness of the UNHCR presence on the ground; and the coordination with other UN agencies and humanitarian stakeholders. This coordination involves different modalities depending on whether the crisis involve refugees or IDPs. This point will be examined in the part of this report dedicated to the UN interagency cooperation.

Relationship with host countries

335. Among the criteria to be met for declaring an emergency, UNHCR emphasized the need to take exceptional measures because its own capacities at the national or the regional level are assessed as insufficient but also because current governments are regarded as not having the means to ensure a predictable and effective response.

336. This question may be particularly sensitive, leading some governments either to reject or postpone their consent to UNHCR's intervention. The Board acknowledges that in most cases it has examined, the difficulties have been overcome. UNHCR recognizes the leading role that must be played by national governments, and generally succeeds in reaching compromises.

337. Specific issues arise when it comes to "*de facto* authorities," such as the Taliban in Afghanistan or the current government in Myanmar, which are not recognized by the international community. In the countries concerned but also in other countries where armed groups occupy parts of the country, a dilemma occurs between the necessity to bring assistance to displaced people who are threatened by violence, and the risk of working with "de facto authorities."

338. UNHCR explains that it manages these issues, for the countries concerned, in close contact with the UN Secretariat in New York (the UN Office of Legal Affairs in particular), which may lead, to a certain extent, to an alignment among the UN agencies on the ground. However, practical questions should be addressed in each situation: whether or not there is a Memorandum of Understanding (MoU) with national authorities, the level (national, regional, local) and the nature of engagement with *de facto* authorities, implementation and content of projects.

339. **These situations represent a potential reputational risk for the organization. Even though a pragmatic approach is necessary, the absence of elements of doctrine including examples on what can be done in order to protect and assist people and on what should be strictly avoided in line with the UN guiding principles regarding human rights is questionable.**

UNHCR effective presence on the ground

340. UNHCR highlights, under the heading "Protection by presence," the need for its staff to be as close as possible to the areas where displaced people arrive after crossing an international border or after fleeing natural disasters or an armed conflict in their own country. The Board considers that the concept of "protection by presence" to be particularly relevant for ensuring that UNHCR fulfills its mandate.

341. In many cases UNHCR has taken measures to increase its presence in response to crises. To respond to the situation in Ukraine, UNHCR has opened new country operations in Estonia, Moldova and Slovakia, and has significantly increased its number of staff in Poland, Hungary, Romania. The importance of the effort and its swiftness must be noted.

342. In some other countries, the situation is less favorable. In Mozambique, at the time of the audit, the country operations could only rely on staff and affiliated workforce, distributed among the three locations of Maputo, Pemba and Nampula. The presence of staff at district level in Cabo Delgado remained limited. While the presence in Cabo Delgado was obviously required by the scale of the crisis in the province, where all UN agencies are present, the tailoring of the presence in the province of Nampula and in the capital, Maputo, did not reflect the recent needs assessment. As a result, UNHCR does not address the needs of beneficiaries as efficiently as it could. In 2017, UNHCR withdrew from the central regions of Mozambique in favor of the Pemba sub-office. Since then, UNHCR has had no full-time presence there.

343. In Myanmar, the CO has dramatically reduced its presence for security reasons. In the Rakhine State, which concentrates, according to UNHCR, 552,000 IDPs (360,000 since November 2023) and 630,000 stateless people (Rohingyas), the CO used to have three offices. All staff members are now based in Yangon. UNHCR explained that the closure of many field offices does not prevent it from providing assistance to IDPs due to the importance of the network of local organizations working for and with UNHCR. The Board may also understand that the decision to leave a territory depends on the assessments made by UNDSS.

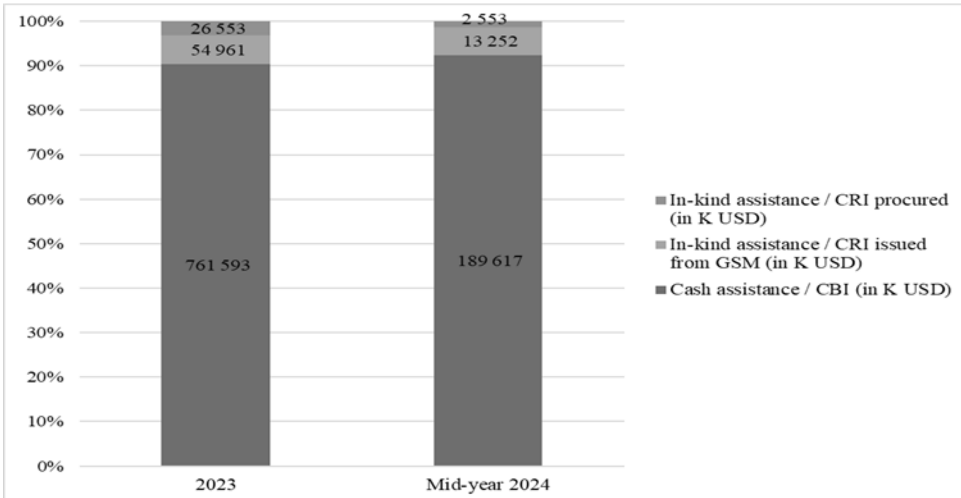
6.2.4. Emergency tools

344. According to the Policy on Emergency Preparedness and Response, assistance modalities provided during emergency response, whether in-kind or cash-based assistance or a combination of both, are based on multi-sectoral needs assessments carried out by UNHCR and its partners in the field, such as the Needs Assessment for Refugee Emergencies (NARE)[74]. At the onset of an emergency, the effectiveness of the emergency response derives from an adequate needs assessment, but also depends on collaboration between teams in charge of protection, supply management and cash-based intervention (CBI) for an optimal multi-sectoral response, on the quality of the collected data, as well as on preparedness measures.

345. The breakdown of UNHCR emergency support shows that 90 percent of the assistance is provided through cash-based assistance which is now a preferred modality.

[74] UNHCR, UNHCR Needs Assessment for Refugee Emergencies (NARE) Checklist. The NARE checklist covers the protection sector, settlement development, shelter, core relief items (CRIs) but also Water, Sanitation and Hygiene (WASH).
; Camp Management and Communal Living; Settlement Development, Shelter and CRIs; Food Security; Public Health and Nutrition.

Figure II.V
Breakdown of UNHCR assistance by type
(Thousands of United States dollars)[75]



Source: Board of Auditors, based on IUC Tracking Tool 2023 and 2024, 2023 and 2024 Country Based Overview and CBI Expenditures end of year 2023 and mid-year 2024[76].

346. As of June 2024, cash-based interventions (CBIs) were deployed in over 97 countries, targeting almost 2.2 million beneficiaries. Overall, mid-2024 cash assistance amounted to $190 million—including 95 percent of direct implementation[77]. Post-distribution monitoring of cash assistance shows positive reviews. In 2024, 98 percent of households surveyed were either satisfied or very satisfied with cash assistance provided.[78]

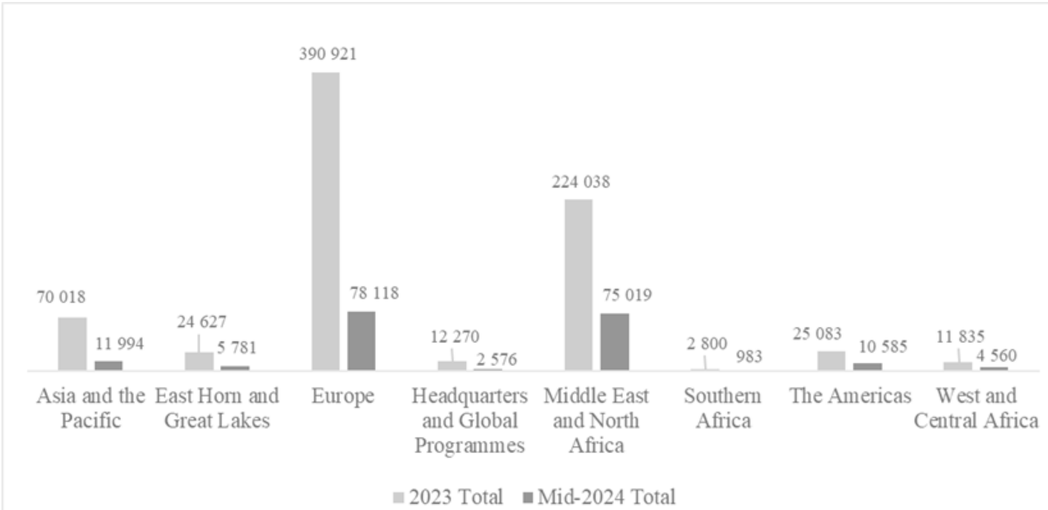
[75] Global Stock Management (GSM) warehouses are facilities located at specific areas, managed centrally by UNHCR/Supply Management Service with the purpose to rapidly supply emergencies.

[76] In-kind assistance provided by UNHCR can either consist in issuance of CRIs (i) from Global Stock Management (GSM) - i.e., from one of the seven global stockpiles located in Accra, in Amman, in Copenhagen, in Douala, in Dubai, in Nairobi, or in Panama; or (ii) procured at field level from local suppliers, through procurement processes.

[77] UNHCR/HCP/2022/01, Policy on Cash-Based Interventions, Date of entry into force 15 February 2022: 'Operations will, wherever feasible, use direct implementation by setting up open loop transfer arrangements to deliver CBI and engaging the private sector for financial and mobile cash transfer capabilities and innovative solutions.'

[78] UNHCR, Cash based interventions, Post distribution monitoring 2024.

Figure II.VI
Distribution of CBI by region in 2023 and in mid-2024
(Thousands of United States dollars)



Source: Board of Auditors, based on CBI expenditure end of year 2023 and mid -year 2024, data provided by UNHCR.

347. A number of countries with high amounts of CBI are involved in emergency responses in Ukraine, Sudan, Armenia but also in the situation in Afghanistan – among others. Countries with the highest CBI expenditures in mid-2024 include Ukraine ($49.8 million), Lebanon ($28.3 million), Jordan ($28.2 million), Moldova ($23.4 million), Afghanistan ($8.9 million), Mexico ($5.9 million) , Egypt ($2.7 million), Burundi ($2.5 million), Armenia ($1.8 million), Niger ($1.7 million), Central African Republic ($1.7 million), Sudan ($1.5 million), Syrian Arab Republic ($1.5 million) and Türkiye ($1.4 million)[79]. The countries mentioned above account for 84 percent of CBI expensed and 71 percent of beneficiaries as of June 2024.

348. Deployment of any cash-based intervention as an emergency response tool depends on certain criteria, assessed in a feasibility review. Such criteria include assessment of the market context, state and functioning of financial services in the country, protection analysis, and any additional risks or mitigation measures that might affect CBI feasibility[80]. Lessons learned from previous emergencies highlight the importance of including cash-delivery mechanisms in preparedness actions, through the mapping of Financial Service Providers (FSPs) in the country and the signing of contracts with them.

349. As of February 2025, 57 countries had at least one active contract with a Financial Service Provider, regardless of emergency risk levels[81]. When it comes to countries at high risk of emergency, 25 percent did not have a contract with a Financial Service Provider, i.e., eight out of 32 countries listed at high risk of emergency on the DESS monitoring tool[82]. Four countries affected by emergencies in 2024 did not have any active contract with an FSP either, although cash assistance is

[79] Sample of countries that includes countries which have received highest amounts of CBI within each region and countries linked to emergency responses afore-mentioned in Ukraine, Gaza, Sudan, Armenia and Afghanistan.
[80] Feasibility review – CBI in emergencies, internal document.
[81] 'Active FSP Contracts January 25', data provided by UNHCR.
[82] Data from countries at high-risk of emergency, cross-referenced with 'Active FSP Contracts Jan 2025' report. The nine countries mentioned above are Benin, Cyprus, Dominican Republic, Eritrea, Haiti, Indonesia, Mozambique, Rwanda and Togo.

often listed in their contingency plan. That is the case of Chile, Costa Rica, Republic of the Congo and Tanzania (where there is a government ban on the use of CBI for refugees)[83]. Although procurement processes are ongoing, no process has been launched yet in eight countries which are either at high risk of emergency or have already deployed cash assistance in 2024[84]. It should also be noted that FSP contracts do not exist in some of them, given that UNHCR has limited operational capacity (e.g., Haiti, Eritrea, Benin, Dominican Republic) and in others there is a government ban on the use of CBI for refugees (e.g. Tanzania) and/or limited registration capacity (Cyprus, Republic of the Congo).

350. In line with the “why not cash” approach prioritizing cash over in-kind assistance[85], emergency preparedness for cash assistance can be further strengthened. For country operations considering cash assistance as part of their emergency response tools, ensuring that contractual arrangements with an FSP have been formalized or are under development is key for a rapid emergency response. Procurement and contracting of financial services in the above-mentioned countries could also benefit from a collaborative approach within the UN common cash statement, in which UNHCR collaborates with United Nations Children's Fund (UNICEF) and WFP. In this respect, UNHCR could consider leveraging existing contracts with other agencies[86].

351. **The Board recommends that UNHCR strengthen emergency preparedness for cash assistance in country operations, through early engagement with Financial Service Providers (FSP) for high emergency risk countries and countries considering cash assistance in their contingency plans. Preparedness measures consist of mapping FSPs and engaging in contractual arrangements with FSPs and/or partners identified at the local level.**

352. The Administration accepted the recommendation.

6.3. Resources mobilization

6.3.1. Finance

353. From a financial perspective, the onset of a crisis requires the swift allocation of additional resources to meet operational needs. The rapid mobilization of additional funds to address immediate emergency measures generally needs to be complemented by further fundraising efforts to address protracted situations.

Rapid mobilization of internal resources

354. UNHCR has established internal mechanisms to ensure the rapid availability of funds in emergency contexts. UNHCR has set aside resources for declared emergencies, based on the funding situation. For the ease of internal communication, it is called “emergency-reserved budget”, while noting that this is neither a reserve nor a budget based on financial definitions. The emergency reserve budget is part of the Operating Level (OL[87]) and enables immediate access to additional resources

[83] Libya has been affected by the Sudan emergency, while the Republic of the Congo and Tanzania have been affected by the DRC emergency.
[84] ‘Active FSP Procurement Jan 25’, data provided by UNHCR. The nine countries where no procurement processes have been identified are Benin, Cyprus, Dominican Republic, Eritrea, Haiti, Indonesia, Libya, Republic of the Congo and Tanzania.
[85] UNHCR, Policy on Cash-based interventions, 2022-2026.
[86] OCHA, UNHCR, UNICEF, WFP, UN common cash statement (UNCCS).
[87] To implement the budget, the High Commissioner sets an “operating level” (OL), which represents the maximum amount against

through a simplified procedure. The amount of the set-aside is approved annually by the High Commissioner and may be adjusted during the year based on the utilization of the set-aside funds. The amount of the set-aside is determined by the funding projections for the year and adjusted based on the funding received. During the period 2020–2024, the set-aside funds were used to support up to 17 operations per year, with amounts ranging from $37 million to $99 million.

355. These set-aside funds are a critical instrument for enabling country operations to respond quickly in the first weeks of an emergency. In most cases, funds were released within 10 days of the declaration of emergency, and in some cases within 24 hours. This responsiveness supports immediate preparedness and life-saving actions, while more comprehensive resource mobilization efforts are being prepared.

Table II.11
Emergency fund over the past five years
(Millions of United States dollars)

	2020	2021	2022	2023	2024
Amount disbursed from the Emergency Reserve Budget	37,0	77,4	71,3	99,0	56,6
Number of operations supported	16	17	9	14	16
Average of amount distributed	2,3	4,6	7,9	7,1	3,5

Source: Board of Auditors, data provided by UNHCR.

356. However, several limitations affect the strategic use of this mechanism. First, the amounts made available through the set-aside funds are modest in relation to the scale of certain emergencies, and there is no systematic link between the declaration of an emergency and a sustained increase in budget allocations in subsequent years.

357. Second, while most disbursements occur rapidly, the timeframes can vary significantly. In 2023, two Level 3 emergencies received emergency funding after over one month from the declaration of an emergency, including a delay of 161 days for the Lebanon operation.

358. Lastly, provisions governing requests and the use of emergency funding may allow multiple requests for multiple emergencies within the same country, but the procedures remain dependent on OL ceilings and internal consultations that may evolve during the year. As such, while the reserve plays an essential role in early response, its contribution to longer-term financial continuity remains limited.

Supplementary and emergency appeals

359. Beyond internal reserves, UNHCR can launch supplementary or emergency appeals to raise additional resources from public and private donors. These appeals are coordinated by the Division of External Relations (DER), with thresholds set to guide the appropriate response: an “Urgent Needs” document is used for financial needs under $10 million, a supplementary appeal may be issued between $10 million and 50 million, and a supplementary budget is mandatory when needs exceed $50 million.

360. These instruments allow UNHCR to mobilize large volumes of additional resources. In 2023, supplementary budgets totaling $817.5 million were established

which commitments and payments can be incurred by the operations and the headquarters entities (“spending authority”). The operating level is constantly reviewed and adjusted against past incurred commitments expenditures and remaining available resources, so that it is a “moving target” that depends on the progressive confirmation of expected funding by the donors all throughout the year.

to respond to six major emergencies, including the earthquakes in Syria and Türkiye, the Sudan crisis, and the situation in Ukraine.

361. However, this approach also presents structural challenges. First, the definition of "emergency" used in appeals is not formally aligned with UNHCR's internal declaration procedures. A situation may be referred to as an emergency in a fundraising context without having been declared as such under the emergency preparedness and response policy. Second, there is no formal link between the emergency reserve and supplementary appeals. Funds raised externally do not replenish the reserve, and the reserve does not act as a bridge pending the outcome of appeals. As a result, operations must manage the transition between immediate and longer-term funding streams without a coordinated mechanism ensuring continuity.

UN pooled funds and country-level instruments

362. In addition to its internal and external mechanisms, UNHCR may benefit from pooled funding mechanisms managed by other UN entities. The most significant among these is the Central Emergency Response Fund (CERF), which provides rapid and targeted allocations in response to sudden-onset crises. In 2023, CERF disbursed over $660 million to UN agencies, including several UNHCR operations.

363. These funds can play a key role in supporting emergency response. In some operations, such as Mozambique, CERF has consistently contributed to priority activities such as shelter and health, representing between 5 percent and 7 percent of the total contributions since 2021. However, its short-term nature and strict earmarking limit its role in broader planning. In post-emergency contexts, CERF may also provide support through the Underfunded Emergencies window, as in Burundi in 2024, where a $1.5 million allocation was requested to maintain assistance following the acute phase of the El Niño response.

364. Other pooled funds exist at the country level, such as the Venezuela Humanitarian Fund (VHF), which supported UNHCR-led clusters with $3.5 million in 2023. These funds offer greater flexibility and can be aligned with inter-agency response plans, but their availability depends on local governance structures and donor engagement.

365. Across its various funding mechanisms, UNHCR has developed a comprehensive set of tools to respond to emergencies. However, these tools operate independently and lack a common framework to guide their use throughout the lifecycle of an emergency. The absence of a coherent funding framework can result in funding gaps, inconsistent planning, and limited visibility for donors.

366. **The multiplicity of definitions and procedures contributes to confusion in both internal and external communication.** At the country level, operations must navigate several parallel processes with no unified entry point, while at headquarters, coordination between funding streams remains informal.

367. The Board acknowledges that UNHCR is already actively engaging with UN pooled funding mechanisms and encourages these efforts to continue. In the context of resource attrition, UNHCR should pursue ongoing initiatives such as the development of a revolving emergency facility [88] as a way to support emergency operations to help launch an emergency response, with clearly defined parameters for its use.

[88] UNHCR is planning to create an "Emergency Revolving Facility": a financial mechanism funded by softly earmarked public and private donors and based on multi-year donor commitments that would maintain a steady pipeline of emergency response capacity, in support to operational budgets.

6.3.2. Human resources mobilization

368. UNHCR has a set of effective human resources mechanisms that contribute to supporting country operations for staffing in emergencies. UNHCR improved its processes and mechanisms in recent years. Deployment management relies, primarily on the regional UNHCR presence and on workforce arrangements handled by headquarters.

Human resources mobilization for emergencies

369. UNHCR's response to the workforce requirements of country operations with declared emergencies appears to be adequate and well established. Deployment schemes are shared and agreed upon by the country operations, the regional bureaux and headquarters, especially DESS.

370. Once an emergency has been declared, the operation can request support from headquarters and the regional bureau to discuss the temporary strengthening of the workforce in accordance with staffing requirements (in terms of size and skills) and available budget. In the first instance, the regional bureau and/or the country operations of the region send staff to missions in order to respond to the needs of the country operation.

371. For instance, to respond to the earthquake in Türkiye in 2023, the already large country operation (405 regular positions) complemented its workforce with eight temporary assignments and 209 deployed staff. Similarly, the Armenia country operation, which declared an emergency in 2020-2021 and in 2023/2024, experienced a staff increase of 116 per cent and 33 per cent, respectively. It also called for additional support from the regional bureau and the Emergency Response Team.

372. In addition to this support, four types of arrangements can be activated, at different stages of the emergency (during the immediate surge or a protracted emergency response) and in a complementary manner:

- Rosters: the Emergency Response Team, the Senior Corporate Emergency Roster, and the Emergency Functional Rosters are the internal deployment capacities made available to operations for immediate surge and for short-term deployments (up to three months). As of 31 December 2024, 190 staff were part of the rosters.

- DESS Emergency Surge Team: staff from DESS at headquarters can be deployed as individuals or as a team at short notice "*to provide emergency response coordination as well as specific technical support in declared emergencies*"[89];

- Short-term temporary opportunities: Internal Temporary Assignment for internal candidates, particularly for staff members in need of placement/in between assignments. Affiliate workforce such as UN Volunteers, individual consultants, individual contractors and United Nations Office for Project Services (UNOPS) individual contractors can be deployed as well. These recruitments are dedicated to the sustainable emergency response;

- Contracting with standby partners: UNHCR has arrangements with partners such as NGOs which can provide service packages or deploy individual experts for up to six months. These are usually used for the sustainable emergency response, as they can be longer for deployment.

[89] UNHCR Emergency handbook, Requesting emergency deployments from UNHCR internal mechanism section.

373. In 2024, UNHCR launched 67 roster deployments, seven Emergency Surge Team deployments and 167 standby partner deployments.[90] The five main situations benefiting from deployments are Sudan (66 deployments), the Middle East L3 situation (Lebanon and Jordan, 23 deployments), the mass return of undocumented Afghan nationals (15 deployments), Ukraine (14 deployments) and Somalia (11 deployments). The personnel deployed were mostly assigned to protection, registration and field operations activities.

374. Fast track positions can also be created. This arrangement allows UNHCR to accelerate the vacancy management process in order to strengthen the capacity for immediate surge. This process aims to reduce the risk of mismatch between selected profiles and operational requirements. Thus, UNHCR is trying to limit the use of this workforce arrangement, which needs to be mainstreamed or reduced in the subsequent post-emergency period to essential positions. As of April 2024, UNHCR is prioritizing the use of the ITAs and ETAs over fast-track positions, which provide a cost-effective and forward-looking approach to emergency staffing, minimizing staff gaps at critical junctures and reducing the risk of excessive staff costs in the post-emergency period. The Board has noticed in the past an extensive use of the fast-track arrangement in certain operations, such as in 2021, when the Myanmar country operation opened 35 fast-track positions.

Post-emergency organigram adequation

375. Response to an emergency involves a significant modification of the way country operations are organized following the expiration of an emergency declaration and the initiation of a transition. Indeed, with regard to the evolving situation, it requires assessing factors such as the appropriate size of the operation, skills needed, modification of the type of activities (including the growing workload on durable solutions), caseload, budget availability and geographical footprint. However, staffing reviews are not systematic after an emergency, as acknowledged by UNHCR and observed by the Board in the field.

376. For instance, the Board noticed the need to reassess the field presence and allocation of staff time and staff budget to categories of population in need of the Mozambique country operation during the coming staffing review with regard to the current situation. Similarly, the regional bureau for Europe and the European country operations could adapt their workforce size and their skills in light of the challenges they face or anticipate facing. The Board reached the same conclusion regarding the Burundi country operation.

377. UNHCR requests staffing reviews post-emergency for a limited number of situations. Indeed, the operational guidelines on staffing emergencies state that "*emergency operations with Fast-Track positions have to complete a mandatory staffing review before the next implementation year after the emergency declaration expiration*"[91]. Yet, the use of fast-track positions is a declining practice within operations as the operational guidelines on staffing emergencies mention that "*UNHCR, at all levels, seeks to limit the creation of Fast-Track positions*"[92]. For the other situation of emergency declaration expiration "*UNHCR, at all levels, seeks to conduct a staffing review after expiration of each emergency declaration and before*

[90] These figures include deployments commenced in 2024 and deployments commenced prior to 2024 but still active in 2024. The figures also include deployments in countries without emergency declarations.

[91] UNHCR/OG/2024/04 p.6 4.13.

[92] UNHCR/OG/2024/04 p.2 3.1.

the next implementation year to strategically plan for the post-emergency period, as part of the overall country strategic direction and structure"[93].

378. Beyond the mandatory situation mentioned in the guidelines, staffing reviews are initiated at the request of the country operations. They are not necessarily conducted in post-emergency situations, despite the need to assess the appropriate size and skills of the organization given the complementary imperatives of increasing transition activities and preparing to respond to a potential new emergency situation.

379. Staffing reviews are conducted by the country operations with the support of the regional bureaux, when requested. They can rely on a handbook for workforce planning[94]. Except for providing this toolkit, the headquarters play no role in the process of staffing review, neither supporting the exercise nor ensuring that staffing reviews are conducted in a timely manner, appropriately and when necessary.

380. **The Board recommends that UNHCR conduct a mandatory and comprehensive staffing review for country operations whose emergency declaration has expired prior to the start of the following implementation year.**

381. The Administration accepted the recommendation.

6.4. Emergency exit and post-emergency phase

382. Emergencies are declared for six-month periods, which cannot be shortened but can be extended for a further three months for L2 and L3. The end of the emergency phase does not mean that the crisis is over, but rather that the country operation and the regional bureau are able to respond to the ongoing situation, which may include continuing new displacements. The post-emergency phase is characterized by two elements: it is the period in which the emergency phase should be reviewed and evaluated, as the country operation and the regional bureau must enter a new phase in their management with the usual procedures.

6.4.1. Methodology of the reviews and evaluations of the emergency phase

383. The Policy on Emergency Preparedness and Response states that reviews should be conducted at the end of the emergency period and, that in some cases, real-time reviews and post-emergency evaluations should also be carried out.

384. Three months after a Level 3 emergency is declared, DESS and the Regional Bureau should conduct a Real-Time Review. A Real-Time Review may also be conducted for a Level 2 emergency if requested by the Assistant High Commissioner for Operations, which rarely happens, mostly due to the costs and workload it entails.

385. The Emergency Handbook gives a description of the aims of the review: *"Take stock of the timeliness, appropriateness and effectiveness of UNHCR's response and engagement, at country, regional and headquarters levels, monitor the application of the Policy on Emergency Preparedness and Response and recommend adjustments and course corrections, if necessary."*

386. These reviews, which can involve other relevant headquarters divisions besides DESS, generally include recommendations. The analysis of two of them by the Board (Ukraine Situation in 2022 and Sudan Situation in 2023) showed that they were conducted on time, were comprehensive and useful in helping the country operations

[93] UNHCR/OG/2024/04 p.2 3.1.
[94] UNHCR handbook for workforce planning – July 2023.

and regional bureaux adjust their management. They also contributed to the preparation of the final evaluation of the emergency period.

6.4.2. Evaluations of emergency operations

387. An evaluation should be conducted no later than 15 months after the declaration for all Level 3 emergencies, and upon request by the Senior Executive Team (SET) or the Regional Bureau for Level 2 and Level 1 emergencies. According to the UNHCR's Policy for Evaluation, the Evaluation Office is responsible for conducting this evaluation.

388. The main objectives are to strengthen both the design of UNHCR operations and its emergency preparedness, to improve UNHCR performance and the results achieved for forcibly displaced and stateless people through an analysis of the interventions, partnerships, immediate results and potential for longer term impacts of UNHCR's activities. This has also intended to help UNHCR further strengthen its policies, guidance, systems, humanitarian-development nexus and operational approaches.

389. The Emergency Handbook also stipulates that Level 3 emergency evaluations are commissioned and managed by the Evaluation Office, but are conducted by independent external evaluators. It provides general guidance on methodology, terms of reference and key areas of inquiry.

390. The Board reviewed five evaluation reports (Democratic Republic of the Congo, Central Sahel Region 2022, Afghanistan, Ethiopia, Ukraine 2023) and one evaluation terms of reference (Sudan Situation 2024). They are very comprehensive reports that provide extensive data and assessments of the emergency management. Although useful to UNHCR they present three significant weaknesses.

391. First, they concern only Level 3 emergencies and very few Level 2 emergencies. This narrows the scope of coverage and leaves out most of the Level 2 and all Level 1 emergencies from the analysis, which constitute a large part of UNHCR- declared emergencies. It could be worthwhile that in the next year UNHCR should conduct an in-depth depth review (more thorough than the post emergency phase reviews described below) of one Level 1 and one Level 2 emergency operations in order to provide a more comprehensive view of UNHCR emergency responses.

392. **The Board recommends that UNHCR conduct an in-depth review of a sample comprising at least one Level 1 and one Level 2 emergency response.**

393. The Administration accepted the recommendation.

6.4.3. Post-emergency phase reviews

394. Post-emergency reviews are the third category of reviews and evaluations stipulated in the Policy and the Standard Operating Procedures. The SOPs indicate that these reviews should be conducted, *"at the end of the declaration,"* for all L1, L2 and L3 emergencies. It is not specified whether they are public or internal, but it is likely that they are internal allowing UNHCR entities to publish selected contents at their discretion. It can be noted that the scope of the review is broad and thorough. However, it would be preferable for one of the most important reviews, the staffing review, be explicitly mentioned in the wording of the SOPs.

395. Unlike real-time reviews and evaluations, post-emergency reviews are not mentioned in the Emergency Handbook and the Board did not find in any other

UNHCR documents describing more precisely what these reviews should include or aim to achieve.

396. These reviews were introduced in 2023 in the new Emergency Policy and applicable only for emergencies declared after 1 February 2023. Although the duration of the emergencies is six or nine months, DESS had not provided the Board with any review report as of February 2025. This suggests either that, the Policy is not implemented, or the reviews are conducted in an informal manner and do not result in written reports.

397. **The Board recommends that UNHCR describe the format, terms of reference and timeline of the post-emergency reviews in the Emergency Handbook and that DESS and regional bureaux ensure that these reviews are actually conducted at the end of each declaration.**

398. The Administration accepted the recommendation.

6.4.4. Use of the reviews and evaluations

399. Post-emergency reviews (when conducted), real-time reviews and evaluations, represent a significant effort in human resources and entail a cost for UNHCR. It is assumed that their results are taken into consideration in order to adjust strategies, improve preparedness and increase the efficiency of crisis management. However, they are not formalized and explicitly stated in the Policy, the Guidance and the SOPs on Emergency Preparedness and Response or Emergency Declarations. There is a separate policy on evaluations in UNHCR, while Emergency Policy regulates real-time and post-emergency reviews. There is also an Operational Guidelines on Staffing in Emergencies, which covers staffing review and post-emergency phase.

400. Notably, neither the instructions nor guidance on the contingency plans and the risk registers formally mentioned that these documents should include lessons learned from previous emergencies as reflected in the post-emergency reviews, the real-time reviews and the evaluations of emergency responses.

401. **The Board recommends that UNHCR take into account the lessons learned from post-emergency reviews and from evaluations of emergency responses in drafting risk registers and contingency plans. The future revision of the Policy on Emergency Preparedness and Response should also be informed by these lessons learned.**

402. The Administration accepted the recommendation.

403. In countries that went through crises and in countries with high risks of crises, the staff is trained and prepared for potential emergencies however, the scope of the training does not explicitly mention the lessons learned from previous crises. This presentation would also be useful for headquarters and for country operations with a lower level of risk as these countries could be affected by crises in neighboring countries, and their staff may also be reassigned to other operations.

404. **The Board recommends that UNHCR reach a wider audience within the organization through its capacity development activities on emergency preparedness and response, including lessons learned from previous emergency experiences.**

405. The Administration accepted the recommendation.

6.4.5. Main lessons learned from the declared emergencies since 2021

406. In September 2023, DESS issued a document entitled "Emergency Preparedness and Response – Recurring Issues and Lessons Learned 2021-2023". Regarding the post-emergency phase, this study provides relevant information.

407. The DESS report is a summary of the main recurring issues and lessons learned from five evaluations (Democratic Republic of the Congo, Central Sahel Region, Ethiopia, Afghanistan, and Ukraine), three OIOS audits (East and Horn of Africa and the Great Lakes, Burkina Faso and Mali) and one real-time review (Ukraine), as well as *"Reports/summary notes from various emergency missions, reviews, meetings and lessons learned exercises",* the description of which is not given.

408. This document primarily reflects L3 emergencies while, from 2021 to 2023, they accounted for less than 20 per cent of the total declared emergencies. As mentioned previously, it would be useful to be able to analyze a sufficient number of "post-emergency reviews", as defined in the Policy and the Standard Operating Procedures in order to gain a more comprehensive overview of all UNHCR's emergency responses.

409. The recurring issues and recommendations highlighted in the report concern the following topics: emergency preparedness, human resources, supply, post-emergency phase, emergency processes and procedures, operationalizing policy, roles, accountabilities and authorities. The contents of the report have been taken into consideration in the Board's analysis in the preceding and following sections.

410. The first recommendation issued is the following: "The evaluations often found that with the expiration of an emergency declaration and the tailing off of additional support, the operation's capacity and funding levels could no longer sustain the gains made during the response. It was recommended that regional bureaux should support operations with a robust regional fundraising and advocacy plan before, during, and after emergency declarations, and that operations should proactively adjust priorities before the expiry of the declaration, based on forecasted needs and considering resource availability". The Board concurs with this double recommendation that regional bureaux support country operations with regional fundraising and advocacy plans before, during and after emergency declarations and that country operations adjust their priorities before the end of the emergencies. Although they seem based only on "evaluations", i.e. mostly on Level 3 emergencies, these recommendations should concern all emergency declarations.

411. The other recommendation is to draft specific guidance on the transition from an emergency to a regular operational response: *"*The new Policy introduced a post-emergency phase, thereby addressing the recommendation that UNHCR establish a mechanism to maintain an adequate response capacity and ensure operational continuity once an emergency has expired. However, further guidance – ideally in collaboration with DSPR and divisions such as DIP, DHR and DRS – on the transition from an emergency to a regular operational response (including the multi-stakeholder transition discussion and post-emergency phase) would be beneficial for operations*."* The Board noted that this guidance is not yet drafted. DESS is working on a more general document about sustainable response, with large internal and external consultations, but practical guidance on the transition phase for country operations and regional bureaux would also be useful.

412. **The Board recommends that UNHCR draft guidance on the transition from an emergency to a regular operational response.**

413. The Administration accepted the recommendation.

C. Transmissions of information by management

1. Write-off of cash, receivables, inventories and property

414. In accordance with UNHCR Financial Rule 605.1 the High Commissioner may, after investigation, authorize the writing-off of losses of assets, including cash, inventories and property, plant and equipment, provided that a statement of all such amounts written off is submitted to the Board with the annual financial statements submitted in accordance with rule 602.1.

415. UNHCR reported that it had formally written off assets of $3.8 million (2023: $3.9 million). The write-offs refer primarily to unrecoverable value added tax. Write-offs of monetary assets represented $3.7 million, and write-off of other assets related to loss of property, theft or damage amounted to a net book value write-off of $98,656.

2. Ex gratia payments

416. UNHCR Financial Rule 511.1states that the High Commissioner may make ex gratia payments as they are deemed to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the Board with the financial statements.

417. UNHCR reported that, for 2024, it had decided to make ex gratia payments in three country offices for a total amount of $ 1,462,836 which related to different difficult situations and included mainly the compensation for the loss of or damage to personal effects due to evacuation and relocation of staff in Sudan. For 2023, UNHCR had approved ex gratia payments in the amount of $43,782. That information corresponds with the review of the Board of the financial and management records of UNHCR.

3. Cases of fraud and presumptive fraud

418. In accordance with the additional terms of reference to the Financial Regulations and Rules of the United Nations (Annex-6-c-i), fraud cases are included in the matters that should be reported to the General Assembly by the Board. The External Auditor's role is not to investigate fraud or provide assurance on the matter. The primary responsibility for preventing and detecting fraud rests with management. Nevertheless, in accordance with International Standards on Auditing 240 the Board plans its audits of the financial statements so that it has a reasonable assurance of identifying material misstatements, including those resulting from fraud.

419. UNHCR reported 54 cases of substantiated fraud during 2024 including five cases of alleged fraud by implementing partners resulting in financial losses of $0.3 million (2023: $0.4 million). Of the 54 cases, 41 were committed by staff members and 3 by vendors. The staff cases involved entitlement/benefit fraud, procurement fraud, medical insurance fraud and other fraud. As at 31 December 2024, 42 fraud cases were still under investigation by the Inspector General’s Office.

D. Acknowledgement

420. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the High Commissioner, the Deputy and Assistant High Commissioners, the Controller and members of their staff.

(Signed) Pierre **Moscovici**
First President of the French Cour des comptes
(Lead Auditor)
Chair of the Board of Auditors

(Signed) **Hou** Kai
Auditor General of the People’s Republic of China

(Signed) Vital **do Rêgo Filho**
President of the Brazilian Federal Court of Accounts

23 July 2025

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2023

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
1	2023	A/79/5/Add.6, chap. II, para. 29	The Board recommends that UNHCR achieve a level of processing of financial reports from implementing partners at the date of certification of financial statements at least as high as was the case in the previous ERP system at the comparable time within the annual reporting cycle.	For 2024 partnership project agreements, UNHCR is using PROMS, its new reporting, oversight, and monitoring system, to process project financial reports. Training and guidance have been provided to field offices, effectively addressing the reporting challenges faced in 2023. By mid-March 2025, UNHCR had processed about 75 percent of of the 2024 PFRs—a significant increase from around 40 percent in the first year. In Europe, processing has reached approximately 90 percent.	The Board acknowledges UNHCR substantial improvements compared to 2023 as evidenced by the processing of PFR reaching 75 percent compared to 40 percent at the last reporting period and considers "82 percent processing of PFR by mid-March (representing the average rate from the legacy system)" to be a relevant threshold for implementation. The Board is of the view that for 2024, given the financial volumes at stake, the 7 percent gap with the threshold representing $85.9 million coupled with the $29. million of 2023 PFR still not processed to this date does not yet enable closure of the recommendation, which is considered as **under implementation**.		X		
2	2023	A/79/5/Add.6, chap. II, para. 36	The Board recommends that UNHCR, for the next financial year, implement an automated report within Cloud ERP that enables control at entity level of all uninvoiced receipts that are accrued at the end of the reporting period.	UNHCR planned to automate period-end receipt accruals but abandoned the solution due to technical and performance issues. Instead, a new Oracle FDI report now tracks uninvoiced receipt amounts by Business Unit and purchase order. While it meets most operational needs, the vendor still needs to address issues to enable period-end accrual reporting.	The Board acknowledges UNHCR's efforts to implement the recommendation and has reviewed evidence of an aggregated report, the data granularity of which should enable a central review of accruals for all uninvoiced receipts at the entity level. However, after consulting with DFAM, additional testing is required which cannot be completed by the end of the audit mission.		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
					The Board considers the recommendation **under implementation**.				
3	2023	A/79/5/Add.6, chap. II, para. 46	The Board recommends that UNHCR monitor the implementation of scheduled automations in Cloud ERP to ensure that they are fully in place and reliable for the next reporting period.	UNHCR will continue to monitor the system processes that are still manually operated and that can eventually be reliably scheduled and automated. This could include, for example, accounts payable invoice validations, invoice approval initiation, invoice accounting, auto reconciliations of bank statements and other processes related to activities for opening and closing the accounting periods.	The Board takes note of UNHCR progresses and provided the schedule of automations to be confirmed by UNHCR to close the recommendation. The recommendation is still considered to be under implementation.		X		
4	2023	A/79/5/Add.6, chap. II, para. 66	The Board recommends that UNHCR strengthen user's rights and access management for Cloud ERP by: (i) performing a review of all users with privileged roles; (ii) activating automated controls to detect inappropriate role combinations; (iii) implementing advanced transaction controls and developing procedures to clear inappropriate transactions; and (iv) using advanced audit controls to track atypical use of the ERP.	UNHCR: (i) continues to remind focal points in operations to perform frequent reviews of the roles and privileges in their area of responsibility and ensure that reports are available. (ii) Has started the implementation of the advanced access controls to highlight conflicting privileges. Some of the controls are already in production. (iii) Has implemented some of the advanced transaction controls, the first of which are already live in production while others are planned for roll out in 2025.	Since December 2024, the implementation of advanced access controls (AAC) and advanced transaction controls (ATC) improved though lack of resources and time affected the speed of implementation. A training session to apply these controls was delivered on December 2024. Two AACs are currently in production. A seven-step methodology has been established to assess potential conflicts and determine whether to remove roles or accept the associated risks. Other necessary AACs and ATCs are in the pipeline, but no deployment schedule has been defined. Meanwhile, UNHCR is working on a project to streamline roles, establish rules for auto-provisioning and de-provisioning, reduce manual handling to exceptions and identifying ageing inactive roles.		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
					The Board takes note of UNHCR progresses and considers the recommendation to be **under implementation**.				
5	2023	A/79/5/Add.6, chap. II, para. 82	The Board recommends that UNHCR improve the management of incidents for Cloud ERP by: (i) enforcing maintenance clauses in the service level agreement with the provider; (ii) reducing the number of travel process incidents, starting with the most critical ones; and (iii) using the "regular incident classification" to assign more appropriately the incidents.	(i) UNHCR has already implemented the recommendation by collaborating with the product vendor and maintenance provider to prioritize incidents. In 2024, additional resources were utilized to clear the travel issue backlog, resolving key concerns in the first half of 2024. (ii) UNHCR and the provider now use the category and subcategory fields to analyze the incident root causes. Additionally, ServiceNow resolution groups are periodically reviewed to ensure appropriate incident classifications.	The Board acknowledges UNHCR progresses and considers the recommendation **implemented**.	X			
6	2023	A/79/5/Add.6, chap. II, para. 95	The Board recommends that UNHCR strengthen the management of IT security by: implementing on a yearly basis the self-assessment questionnaire initiative and adapting the staff security training accordingly; developing specific training sessions for the information security focal points; pursuing anti-phishing campaigns and adapting training and	The administration (DIST) continues to implement the annual self-assessment questionnaire; the 2024 SAQ is now complete, with full response coverage, and interim results show significantly better (self-assessed) results than 2023. (ii) Updated cybersecurity awareness training material for the workforce to reflect changes in the environment go live on 1 July 2025. Targeted training for personnel most susceptible to cyber-attacks (e.g. repeat offenders in phishing exercises) is still under review due to logistical challenges. (iii) UNHCR has continued anti-phishing campaigns, but has suspended	In 2024, the Chief Information Security Officer (CISO) conducted the self-assessment questionnaire (SAQ) on IT security across all countries, showing improvements, although some topics in the SAQ cannot be centrally challenged. The reliability of the information reported is directly linked to the expertise of local cybersecurity focal points. The online cybersecurity training completion rate was high at 94%, close to the 95% target, but the results of the December 2024 phishing campaign were		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
			communication on this threat accordingly.	new testing in light of the current financial constraints.	poor, with 14% of users caught, compared to 8% in June 2024. To address this, improvements in security awareness training are planned for 2025, with a focus on more vulnerable user groups. Given the anticipated reduction in local resources, discussions with the new CIO highlight the need for full recentralization of IT security management to HQ to better manage local risks. The Board acknowledges UNHCR's progress and considers the recommendation to be **under implementation.**				
7	2023	A/79/5/Add.6, chap. II, para. 131	The Board recommends that UNHCR: define a strategy to bring its budgeting methodology in line with the Global Compact on Refugees, with a programme of work that better describes the Organization's role and comparative advantage in relation to what is being done by other stakeholders, and in line with sustainable programming; consult and agree with Member States on the most suitable ways to expand and improve information on allocations, priorities, trade-offs and urgent gaps based on funds available against the approved programme of	Sustainable programming reinforces the principles of the 2018 Global Compact on Refugees by engaging multiple stakeholders to include and empower forcibly displaced persons, promoting self-reliance and reducing dependency on humanitarian aid. In 2024, UNHCR strengthened its commitment to this approach across all operations, with 11 priority operations focusing on inclusive, people-centered solutions. Budget reviews for non-transactional activities (e.g. engagement with development partners), are necessary, with each country tailoring actions to its context. UNHCR's needs-driven budgeting and multi-year planning, enabled by COMPASS, supports the implementation of the Global Compact for Refugees and integrate stakeholder contributions to enhance sustainable programming. In relation to the part (i), regional bureaux will support country operations in	In light of actions that have been taken by UNHCR's, notably at country operations' level, the Board consider the recommendation to be **under implementation**.		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			work, so that they have greater visibility and understanding of UNHCR's activities on the ground, including, but not limited to, the provision of improved information in the budget and funding updates provided three times a year.	developing a clear implementation roadmap, with refined guidance clarifying UNHCR's role in planning, budgeting, and results. Regarding the part (ii), consultations continue with Member States on information-sharing, including in the context of the meeting of the Standing Committee of the Executive Committee. In 2024, UNHCR improved transparency on allocations, priorities and trade-offs, including through Standing Committee presentations, the Global Report and the underfunded report.					
8	2023	A/79/5/Add.6, chap. II, para. 132	The Board also recommends that UNHCR improve its needs assessment methodology in order to better inform the budget process.	In relation to the development and implementation of detailed guidance on sustainable programming (see paragraph 131 above), UNHCR is planning to update its needs assessment handbook and further strengthen its recently launched assessment and monitoring resource centre, which provides practical tools for planning various assessments. An assessment module will be included in the e-learning course accompanying the Programme Handbook that was launched in early 2025. Consultations with Headquarters divisions, regional bureau, and field operations will help improve available guidance to ensure assessment data better informs budget preparation.	Given that actions have been planned on different streams connected to needs assessment and sustainable programming, the Board considers that the recommendation is **under implementation.**		X		
9	2023	A/79/5/Add.6, chap. II, para. 171	The Board recommends that UNHCR leverage its resource mobilization strategy, including the new private sector engagement strategy to: (i) increase both the volume and quality of its voluntary contributions, in terms of flexibility, multiyear	UNHCR is finalizing its new private sector engagement framework in 2025. This organization-wide approach aims to attain results encompassing solutions and income and harness the full potential of the private sector. Sustained and increased, investment into the acquisition and retention of new supporters will continue to be essential in its delivery. Additionally, UNHCR is assessing the	The Board considers the recommendation to be **under implementation,** pending finalization of UNHCR's new private sector engagement framework, feasibility assessment of new financing models, as well as potential		X		

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			visibility and diversification, including by demonstrating to donors the impact of its operations; and (ii) assess the pros and cons and feasibility of progressively introducing new financing models.	feasibility of introducing new financing models and will complete this assessment by the end of 2025. UNHCR also plans to address any further action points, including consulting Member States as appropriate, in 2025 and 2026.	consultations with Member States.				
10	2023	A/79/5/Add.6, chap. II, para. 218	The Board recommends that UNHCR define and implement a comprehensive strategy to increase its efficiency, identifying desirable business process re-engineering, opportunities to consolidate back-office functions at a global or regional level, taking advantage of the digital transformation resulting from the Business Transformation Plan, and ensuring that the Organization develops measures to monitor and report on this strategy.	UNHCR will present a 'deliver better' roadmap by mid-2025, outlining a corporate value-for-money framework (including definition, monitoring tools, and dashboards) and highlighting key flagship projects. A global shared service model for enabling functions will also be introduced, centralizing non-location specific transactional activities to boost efficiency through automation, digitization and the use of artificial intelligence. Additionally, the Transformation and Change Service has been replaced by the Design and Development Service, which will support UNHCR's management vision and advise on optimizing organizational structures, processes, and systems to achieve strategic priorities, including those of the Global Compact on Refugees.	The Board considers the recommendation to be **under implementation,** pending UNHCR's presentation of the 'deliver better' roadmap, and of the implementation of the upcoming global shared service model for enabling functions, centralizing non-location specific transactional activities for greater efficiencies.		X		
11	2023	A/79/5/Add.6, chap. II, para. 241	The Board recommends that UNHCR strengthen the quality of its reporting on budget and results to both the Executive Committee and donors, and better use the performance framework as a managerial tool for the Organization.	UNHCR introduced a new results-based management system in 2021 to better demonstrate impact and outcomes from its work. The first Global Report using this framework was published in June 2023, followed by the second report in July 2024. The 2023 Global Report was recognized by Member States for its quality, analysis and usability. Additionally, in 2025, the new business transformation systems will be	The Board considers the recommendation to be under implementation, pending publication of the 2025 Global Report. The upcoming Global Report will take further the results-based management system introduced in 2021, by presenting results at output level, using core output		X		

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				fully operational, enabling better integration of financial, operational, and results data.	indicators, and in enabling areas.				
12	2023	A/79/5/Add.6, chap. II, para. 262	The Board recommends that UNHCR strengthen its strategy and knowledge of the large camps, in particular by: (i) defining priority actions; (ii) regularly collecting and updating quantitative and qualitative operational data on the populations concerned, including by means of statistical estimates; and (iii) providing structured communication on the situation in these camps and the results of their management.	Regarding part (i) & (ii), UNHCR will define priority actions aligned with the measures addressing recommendations on camp management, particularly alternatives to camps, registration, identity management, needs and expenditure data, and gender-based violence risk mitigations, as detailed in responses to paragraphs 278, 301,316 and 352 of the Board's report for the year ended 2023. To address part (iii), UNHCR will develop a statistical methodology for camp estimates and establish a site management system integrated with enterprise data as the only source for operational data. The site management system will be accessible through a revamped UNHCR data portal, providing more structured information on camp situations.	In light of actions planned by UNHCR regarding each of the three streams of the recommendation, the Board considers that this recommendation is under implementation.		X		
13	2023	A/79/5/Add.6, chap. II, para. 278	The Board recommends that UNHCR expand the initiatives to promote, where possible, a variety of alternatives and exit solutions to large camps.	UNHCR will issue new urban guidance in 2025, promoting alternatives to encampment and supporting urban responses. This builds on the July 2024 Berlin roundtable and October 2024 ExCom consultations, which introduced the *Sustainable Responses* concept to member states. As a result, UNHCR is developing detailed guidance to support multi-year planning focused on inclusion, self-reliance, and engagement with development actors and the private sector. Field support will be provided in contexts with large camps. In collaboration with UN-Habitat and the World Bank, guidance is being prepared on transforming camps into sustainable settlements, including lessons from	The Board considers that the recommendation is under implementation, in light of actions that have taken by UNHCR, and pending the issuance of a new urban policy or guidance.		X		

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				Kenya's *Shirika Plan*. A joint webinar was held in July 2024. UNHCR is also: • Monitoring 2023 GRF settlement-related pledges. • Facilitating knowledge exchange among countries hosting large camps. • Promoting its *Inclusion from the Start* guidance, which emphasizes avoiding encampment. • Integrating this approach into emergency roster training.					
14	2023	A/79/5/Add.6, chap. II, para. 301	The Board recommends that UNHCR improve registration processes in large camps, including by: (i) reviewing the Guidelines on Registration and Identity Management in order to foster a continuous registration approach in a one year cycle and to set verification schedules in case this approach is not feasible; (ii) reinforcing capacity building and support on anti-fraud procedures and ensuring a full application of the new policy and procedures on Addressing Fraud Committed by Forcibly Displaced and Stateless	(i) GDS will review and update the guidelines with a view to shifting as much to a continuous registration effort as possible, leveraging the digital gateway as the most cost-efficient option to verify presence in a non-verification setting. While guidance can be developed in 2025, the implementation of this feature of the digital gateway will stretch into 2026. (ii) Anti-fraud focal points will be nominated in operations with large camps and the revision and re-launch of the integrity e-learning course to address new policy and procedures is expected to be completed in 2025. (iii) UNHCR has successfully implemented two data exchanges with the World Food Programme (WFP), using an inter-operable data gateway in Ecuador and the United Republic of Tanzania. UNHCR will coordinate with	In light of actions that have been planned by UNHCR, the Board considers that the recommendation is under implementation.		X		

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			Persons, including the nomination of fraud local points where required; and (iii) implementing inter-operability gateway in all operations where data is exchanged between UNHCR and the World Food Programme.	WFP at headquarters level to design and implement a global roll-out plan to cover all operations where data is exchanged.					
15	2023	A/79/5/Add.6, chap. II, para. 316	The Board recommends that UNHCR better inform the budget process with the needs and expenditure associated with the management of large camps.	UNHCR planning and budgeting occur at the country level, using a bottom-up approach. Needs assessment, budgeting, planning and implementation for large camps follow the same process as other planning and budgeting, with no separate process for large camps. Feasibility and technical assessment are being prepared to find suitable ways to better identify needs and expenditure for camp management, enhancing knowledge and improving budget preparation and management.	In light of actions that have been planned by UNHCR, the Board considers that the recommendation is under implementation.		X		
16	2023	A/79/5/Add.6, chap. II, para. 335	The Board recommends that UNHCR strengthen its relations with the United Nations resident coordinator to better integrate refugee issues into the system-wide United Nations strategy in the host country in order to develop synergies and avoid duplications.	UNHCR emphasizes close collaboration with DCO and Resident Coordinators (RCs) to advance the inclusion of refuges in national plans, and promote early solutions-oriented engagement. A policy level dialogue in January 2025 explored the RCs' roles in linking with government transition plans and strengthen agency coordination from the onset of emergencies. A guidance note now clarifies the roles of Refugee Coordinators and RCs' across the humanitarian-development nexus. UNHCR and DCO are also working to support RC offices access financing for system strengthening in complex emergencies. The United Nations Common Pledge 2.0 on refugee	The Board considers that this recommendation is under implementation, in light of actions that have taken by UNHCR – some of which are still ongoing.		X		

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				inclusion, and the UNICEF-UNHCR Strategic Cooperation Framework have deepened collaboration with RCs, enhancing refugee integration into UN strategies and government engagement. A joint webinar on the pledge and sustainable responses is planned for June 2025. In 2024, UNCTs aligned efforts with national plans, achieving milestones such as refugee participation in Morocco's 2024 census, inclusion in Moldova's 2025–2027 development plans, and joint advocacy in Indonesia. UNHCR and UNICEF continued to promote the inclusion of refugee children in national systems. To date, 20 letters of understanding were signed, and plans are under way in 40 countries to operationalize the partnership in the areas of education, water and sanitation, child protection, social protection and data, as well as statelessness.					
17	2023	A/79/5/Add.6, chap. II, para. 352	The Board recommends that UNHCR better identify and mitigate the risks related to the protection of persons of concern in large camps, including those concerning gender-based violence, and reinforce capacity building in this field.	The identification of and response to protection risks for persons living in large camps is primarily carried out at country level in the context of multi-year protection and solutions strategies. These efforts will be pursued and strengthened. In particular, UNHCR will support operations in their efforts to implement and monitor risk mitigation activities related to the prevention of gender-based violence across UNHCR sectoral responses within available resources. Regional bureaux will also advise operations to assess whether substantial residual risks exist in protection or other sectoral programming and reflect it in their risk register to ensure that they are managed accordingly.	The Board considers that the recommendation is **under implementation.**		X		

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18	2023	A/79/5/Add.6, chap. II, para. 364	The Board recommends that UNHCR study ways of improving coordination in the management of the large camps, by clearly defining, through an update of the refugee coordination model, the priority tasks entrusted to UNHCR and those for which the other partners are responsible.	UNHCR has enhanced large camp coordination by providing more streamlined, flexible, and effective support to refugee responses. The updated Refugee Coordination Model (RCM) was issued in October 2024 (https://www.unhcr.org/handbooks/rcm/). The recalibrated RCM reflects over a decade of experience and input from UN agencies and NGOs. It addresses global operational developments and includes a new Refugee Emergency Response Scale-up Protocol, which sets clear timelines and steps for rapid, inclusive, and predictable emergency responses. The RCM also promotes context-specific coordination, national ownership, and a whole-of-society approach, recognizing host government leadership and the role of civil society, including refugee-led organizations. It supports resilience and solutions from the outset and ensures coordination structures remain fit for purpose as needs evolve.	In light of the recalibrated Refugee Coordination Model, the Board considers that **the recommendation has been implemented.** While highlighting that there is no Camp Coordination / Camp Management (CCCM) sector in the RCM, the updated RCM clearly identifies UNHCR's accountabilities and roles, as well as coordination structures with other partners, including newly added Refugee Emergency Response Scale-Up Protocol.	X			
19.	2023	A/79/5/Add.6, chap. II, para. 378	The Board recommends UNHCR improve reporting on the management of large camps, including costs and results achieved, and develop scenarios for making savings and increasing efficiency and effectiveness.	UNHCR refers to its comments above relating to the recommendation contained in paragraph 241 of the Board's report for the year ended 31 December 2023. Core output indicators presented in the Global Report will be used to better understand costs and results achieved in large camps to inform management decisions on efficiency and effectiveness, during planning and "GET" phases.	The Board considers that the recommendation is **under implementation**.		X		

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20.	2022	A/78/5/Add.6, chap. II, para. 63	The Board recommends that UNHCR take the opportunity of the new Cloud ERP system to improve the quality of the freight costs calculation.	UNHCR has implemented a revised approach for calculating freight costs using the information and functionalities available with Cloud ERP. In Cloud ERP, capitalizable freight and other relevant and material costs incurred to bring goods to their location of distribution or internal use are identified and added to the purchase value of inventory and fixed assets on hand in a standardized and structured manner. The selected approach ensures that inventory is valued at year end in accordance with IPSAS requirements in an appropriate and cost-effective manner. Furthermore, the chosen solution can be scaled if necessary and useful to calculate ancillary cost uplifts at a global, regional or operational level.	The Board reviewed the revised approach for calculating freight costs using information and functionalities available with Cloud ERP (including enhancements made in April 2025 during the final audit mission). The Board agrees that the current freight cost calculation is compliant with IPSAS requirements and considers the recommendation as **implemented**.	X			
21.	2022	A/78/5/Add.6, chap. II, para. 212	The Board recommends that UNHCR adopt, as a complement to the issuance of its corporate risk appetite statement, a consistent methodology for defining internally its tolerance for operational risks at the field level.	While **not yet fully** implemented, significant progress has been made on the global risk appetite statement. Following extensive consultations across UNHCR, it has been endorsed by the Field Reference Group and presented to the Senior Management Committee. Final director-level feedback is being addressed before submission to the Senior Executive Team. The first four pilot country operations (Ethiopia, Kenya, Sudan and Ukraine) have all identified and begun collecting data on key risk indicators and produced initial reports. Based on these, a practical guide and a library of indicators were developed to support field operations. A separate document links country reports to the global risk appetite. These tools were applied in the fifth pilot in the Democratic Republic of Congo which initiated risk appetite work in October 2024.	The Board considers that the recommendation is **under implementation.**		X		

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22.	2022	A/78/5/Add.6, chap. II, para. 267	The Board recommends that the Administration revise the 2021 procurement framework by (a) lowering the threshold for formal solicitation to ensure effective monitoring and oversight of procurement actions; and (b) addressing key loopholes, particularly in terms of planning, training and staff qualifications.	a) Monitoring and Oversight. The revised Policy and Administrative Instruction (AI), approved in December 2024 and February 2025 and effective in May 2025, introduces major procedural changes. b) Planning. The new Policy adopts a strategic approach to planning, focusing on consolidation of needs. The revised AI enhances the procurement planning process through Consolidated Procurement Plans (CPPs), linked to multi-year strategies and annual implementation plans, and clarifies the role of the Supply function. c) Training and Staff Qualifications. Through the "Supply Function Description and Benchmark" document, issued in September 2023, and now linked to the Policy on Procurement, UNHCR defines standard RB structures, to support the Supply Strategy and new planning approaches. Staff training, including CIPS certification, were expanded in 2024. d) Additionally, new tools and standard dashboards based on Cloud ERP data have been introduced to aid the supply function.	UNHCR has revised its Policy on Procurement (PL/2025/01), and issued an Administrative Instruction (AI) on Procurement in 2025 (UNHCR/AI/2021/05/Rev.2). In light of changes to the procurement procedures and principles provided by the updated Policy and the AI, the Board considers that the recommendation has been **implemented.**	X			
23.	2022	A/78/5/Add.6, chap. II, para. 297	The Board recommends that UNHCR enhance strategic leadership on procurement at the highest level and allocate as efficiently and effectively as possible the procurement activities to be carried out at the country operation, regional bureau and headquarters levels.	**Revised Procurement Framework**: The updated Policy and AI on Procurement, effective 15 May 2025, introduce major procedural changes aligned with the Supply Strategy. They redefine roles, accountabilities, and authorities (RAAs), enhance RB oversight, and standardize regional supply structures. **RB Oversight**: A complexity and proximity-based approach strengthens RBs as the second line for complex procurement,	UNHCR has revised its Policy on Procurement (PL/2025/01), and issued an Administrative Instruction (AI) on Procurement in 2025 (UNHCR/AI/2021/05/Rev.2). In light of changes to the procurement framework and procedures, including on the Regional Bureau's oversight role, provided by the updated Policy and the AI, the Board	X			

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				with delegation based on risk and capacity assessments. **Planning & Monitoring**: The revised AI links procurement planning to multi-year strategies. CPPs are updated biannually and reviewed regionally to identify efficiencies. While no PO plan exists, CPPs guide solicitation and contract management. Cloud ERP dashboards track PO lifecycles and provide real-time freight updates via OTM. **Category Management**: A new approach ensures strategic categories are managed at HQ or regional level, improving global access and control.	considers that the recommendation has been **implemented.**				
24.	2022	A/78/5/Add.6, chap. II, para. 315	The Board recommends that UNHCR define and implement a prioritized demand and supply plan for each entity, and define tools and additional mechanisms to monitor procurement throughout the year.	Effective 15 May 2025, the updated AI strengthens links between the multi-year programme cycle and procurement planning. It introduces: • Biannual CPP updates (July and December), aligned with annual implementation plans. • Lower threshold for country-level planning (from USD 250,000 to USD 100,000), capturing more procurement activities. • Regional consolidation of CPPs through the Annual Procurement Planning Review, enabling strategic sourcing at global, regional, or local levels. • No PO plan, but CPPs guide solicitation and contract management for high-value purchases. To support demand-supply planning and monitoring, several tools have been introduced: • Fusion Analytics Dashboard: Provides synchronized Cloud ERP data on	UNHCR has revised its Policy on Procurement (PL/2025/01), and issued an Administrative Instruction (AI) on Procurement in 2025 (UNHCR/AI/2021/05/Rev.2). In light of changes to the procurement procedures and principles provided by the updated Policy and the AI, the Board considers that the recommendation has been **implemented.**	X			

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				procurement trends and year-over-year comparisons. • Stock Management Guidelines: Help optimize inventory, especially Core Relief Items, through proactive planning and alternative sourcing. • Surplus Stock Report: Identifies excess inventory for potential disposal or redeployment. • Open PO Balance Dashboard: Tracks high-value purchase orders. • LVP Dashboard: Monitors low-value purchases. • Cloud ERP & OTM: Offer real-time tracking of PO lifecycles and international freight deliveries.					
25.	2022	A/78/5/Add.6, chap. II, para. 369	The Board recommends that UNHCR strengthen the role of the second "line of defence" in key internal controls on procurement processes, including at the regional level.	Effective 15 May 2025, the updated Procurement Policy and Administrative Instruction introduce major changes aligned with the Supply Strategy. They redefine roles, accountabilities, and authorities (RAAs) across all levels—Country Operations, Regional Bureaux (, and HQ—clarified in Section 8 and Annex 2 of the AI. The framework enhances RB oversight and standardizes supply structures. **RB Oversight Role** The revised framework adopts a complexity and proximity-based approach, assigning procurement responsibilities accordingly. RBs act as the second line for complex procurement, with authority to delegate based on risk and capacity. They review CO submissions to the HQ Contracts Committee, consolidate CPPs, develop regional strategies, and provide technical guidance. These roles are	UNHCR has revised its Policy on Procurement (PL/2025/01), and issued an Administrative Instruction (AI) on Procurement in 2025 (UNHCR/AI/2021/05/Rev.2). In light of changes to the procurement framework and procedures, including on the Regional Bureau's oversight role, provided by the updated Policy and the AI, the Board considers that the recommendation has been implemented.	X			

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				supported by the 2023 Supply Function Benchmark. **Cloud ERP Integration** Launched in September 2023, Cloud ERP supports the new framework with real-time procurement tracking and embedded dashboards. To aid adoption, SMS offers regular training, bi-weekly "What's Up Supply" webinars, and a Teams-based Supply Chain Community of Practice with 2,700+ staff for peer support and technical assistance.					
26.	2022	A/78/5/Add.6, chap. II, para. 410	The Board recommends that UNHCR regularly undertake a review of the most frequent cases of non-compliance in procurement identified by the relevant procurement review authority, and put in place appropriate measures to tackle the root causes of those weaknesses, in order to improve the oversight of procurement processes at all levels.	**Contract Compliance Improvements** The annual Ex-Post Facto (EPF) Report identified key non-compliance drivers: weak contract management, poor MCA monitoring, and limited procurement knowledge. In response: • Mandatory contract registration in Cloud ERP was introduced (AI section 13.2.5), covering all contracts, including Frame and Lease Agreements below the RFQ ceiling. • CPP Dashboard (Power BI) was developed to monitor contracts, MCAs, and support planning for renewals and extensions using live ERP data. • These measures enhance oversight and reduce ex-post facto cases. **Revised Procurement Framework** Effective 15 May 2025, the revised Policy and AI redefine RAAs (Policy section 8; AI annex 2), strengthen RB oversight, and introduce new internal controls. • Tools like the Low Value Purchase Dashboard support real-time monitoring and risk mitigation across all levels.	Based on evidence provided by UNHCR, the Board considers that the recommendation has been **implemented.**	X			

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				• Cloud ERP's reporting capabilities further reinforce compliance and transparency.					
27.	2021	A/77/5/Add.6, chap. II, para. 27	The Board recommends that UNHCR follow up on the impact and costs of the decentralization and regionalization reform through completing a comprehensive evaluation to establish if the intended results foreseen in the 2019 framework decisions on decentralization and regionalization have been achieved.	A comprehensive evaluation of the decentralization and regionalization reform is included in the 2023-2024 work programme of the UNHCR Evaluation Office. The evaluation was completed and published in 2024 as planned.	An independent evaluation of UNHCR's Decentralization and Recentralization Reform was published in September 2024 (EVO/2024/10). As such, the Board considers that the recommendation has been i**mplemented.**	X			
28.	2021	A/77/5/Add.6, chap. II, para. 37	The Board recommends that UNHCR summarize existing documents into one formal accountability framework that defines roles, authorities and accountabilities in the organization in a compulsory manner and includes reporting lines and authorities.	UNHCR has recently issued a new Accountability framework that became effective on 1st April 2025. It represents UNHCR's commitment to holding itself accountable at all levels in delivering its mandate and related work effectively, efficiently and ethically. The framework brings together, organizes and establishes linkages amongst the organizations 'accountability systems, and provides an overall accountability architecture for the organization and its personnel. This framework complements the roles, accountabilities and authorities by clarifying UNHCR overall accountability objectives and providing an overview of its organization-wide accountability systems and principles.	Clear roles, accountabilities and authorities have been defined as of November 2022, at the Regional Bureaux's level, and at Country Offices' levels. In addition, a new Framework on Accountability in UNHCR has become effective as of 1 April 2025 (FW/2025/01). As such, the Board considers that the recommendation has been **implemented.**	X			

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29.	2021	A/77/5/Add.6, chap. II, para. 101	The Board recommends that UNHCR streamline the measurement of programme results by interconnecting sectoral information available in other systems, such as CashAssist and PROMS, to feed into COMPASS, the new results-based management tool.	An updated guidance on managing the core indicators is included in the recently issued Programme Handbook, providing a clearer link to other operational data systems for comprehensive monitoring, adjustment and reporting. In addition, UNHCR has implemented Orion, creating a robust foundation for combining operational data, starting with population and location data, into a centralized data platform that enables data-driven decisions, and offers valuable insights that enhance advocacy and effective targeting of interventions. The GDS has expanded the data inventory in the Orion Analytics Centre to include more data collected by operations and bureaux or extracted from other data domains. In addition, in collaboration with the regional Data Identity Management Analysis Units, GDS has established a global data inventory. The global data inventory aims to reference all data collected by operations from 2022 onwards. Both Orion and the global data inventory contribute to greater integration of data from various sources.	Based on evidence provided by UNHCR, the Board considers that the recommendation has been **implemented**.	X			
30.	2021	A/77/5/Add.6, chap. II, para. 112	The Board recommends that UNHCR continue to review and monitor the selection and use of output indicators, with a view to considering developing a subset of relevant output indicators for global aggregation and reporting.	The COMPASS indicator rebuild is complete, including the implementation of core output indicators. The relevant sections of the programme handbook have been revised, as well as webinar held on 2024 mid-year reporting of core output indicators. The global aggregated data on core output indicators will be used in the 2024 global report. The supporting documents related to core output indicators are as follows: • All core output indicator guidance • UNHCR's Global Appeal for 2025 in	Based on evidence provided by UNHCR, the Board considers that the recommendation has been **implemented.**	X			

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				which globally aggregated 2024 mid-year core output indicators status is presented.					
31.	2021	A/77/5/Add.6, chap. II, para. 273	The Board recommends that UNHCR improve its data sources for the reporting of staff in between assignments and use the valid data from the payroll system as an information basis.	The introduction of the new systems coupled with the dynamic nature of "staff in between assignments" has led to the establishment of an internal working group on staff in between assignments in the Division of Human Resources. This group is designing a report to address all needs in detail. It will ensure that reports are based on a consistent source of underlying data and meet the needs of various target audiences.	In light of actions taken by UNHCR, which are still ongoing, the Board considers that this recommendation is **under implementation.**		X		
32.	2021	A/77/5/Add.6, chap. II, para. 294	The Board recommends that UNHCR design additional automated key performance indicators that can be objectively calculated on the basis of data recorded in the new enterprise resource planning system and that complement the information used in generating the statement of internal control.	In the process of preparation of the Statement of Internal Control (SIC) for the year 2024, DFAM has collected a set of relevant control indicators that were selected in a manner that would complement the results coming from the responses to the self-certification internal control questionnaires (ICSAQ), and would further inform the overall control assessment underlying the preparation of the SIC. The control indicators selected for this exercise have been documented in the paper provided to the Board. Such control indicators will be updated every year at the time of preparation of SIC, to observe trends and patterns and to further calibrate or refine as deemed relevant.	Based on evidence provided by UNHCR, the Board considers that the recommendation has been **implemented.**	X			
33.	2021	A/77/5/Add.6, chap. II, para. 310	The Board recommends that UNHCR review the accounting process of implementing partners with regard to an automation and	Starting from 2024, operations are using automated processes in PROMS, reducing the manual n accounting tasks. For example, the prepayments/instalments when issued they are automatically recorded as balance sheet item/prepayments, eliminating prior manual	The Board takes note of the enhancements (automations & simplifications) provided by the implementation of PROMS including auto-validation of ACONEX sourced prepayments	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			simplification that makes manual intervention almost redundant in the new enterprise resource planning system.	reclassifications. Additionally, partners submit expenditure reports via Aconex, triggering automated financial verification. Once approved, figures are seamlessly integrated into Cloud ERP workflows without manual input.	in the workflow of accounts payable module that will be activated in due course. The recommendation is therefore considered "Implemented".				
34.	2021	A/77/5/Add.6, chap. II, para. 318	The Board recommends that UNHCR strengthen the link between performance review and release of additional instalment payments and enable the documentation of the review in the upcoming software solution.	From 2024, the process of requesting and approving the release of new prepayments/instalments is automated within PROMS. The process requirements include that results and programme managers review the project performance progress and document the progress achieved within the project performance/results monitoring report (PMC02). This is documented online within PROMS. This project performance and results assessment is followed by the financial verification of the project financial reports (PMC03), also now documented online within PROMS. Both, performance verification and financial verification are then necessary before the next prepayments are released.	The Board takes note of the enhancements provided by the implementation of PROMS workflow with the online documentation of projects performance review triggering the financial verification and release of additional instalments. The Board considers this recommendation to be "implemented".	X			
35.	2021	A/77/5/Add.6, chap. II, para. 322	The Board recommends that UNHCR use the tools available to take further steps to improve compliance with its deadlines with regard to partner financial reports.	UNHCR has improved the tools and procedures applicable to partner financial reporting. These changes allow partners using PROMS to submit the financial reports online and for UNHCR to process the reports timely. In addition, during the year of implementation, the partner and UNHCR operations have now the flexibility to decide following a risk-based approach on the reporting schedule that takes into account the partner's capacity to produce the required reports	The Board reviewed IMAS sample-based analysis which aimed to evidence compliance improvement towards "UNHCRAI202305" and "UNHCR_ST_2024_01_Standards on YE 2024 Accounts Closing" mandatory deadlines. 20 agreements from 2024, covering various partners and regions, with a focus on timely year-end PFR submission and processing were reviewed and compared to 2023 and 2022. The Board	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				and UNHCR's ability to timely process the reports.	acknowledges UNHCR efforts to improve compliance in the context of change in reporting system (PROMS) and the most recent procedure amendments granting more flexibility to operations while maintaining strict year-end reporting deadlines. The Board considers the recommendation to be "implemented".				
36.	2021	A/77/5/Add.6, chap. II, para. 380	The Board recommends that UNHCR update and aggregate its existing policies and guidelines regarding the monitoring, documentation and accounting of construction projects to achieve an institutionalized use of templates and status reports.	UNHCR published the provisional *Construction Management Companion* on 21 February 2025, offering end-to-end guidance for construction projects. Developed with TSS/DRS, LAS, and SMS/DESS, it includes: • Step-by-step Aconex/PROMS software tips for key tasks • 18 offline templates/tools (some integrated into Aconex/PROMS) • Guidance on workflows, contract changes, inspections, and project milestones The final version will follow feedback from field use in 2025. Digital Tools & Integration have been developed: • Harmonized templates and digital workflows in Aconex/PROMS improve visibility and consistency • PROMS tracks key milestones from pre-tender to final inspection and contractor evaluation • Dashboards ensure audit trails and real-time project oversight Supporting Resources • *Programme Handbook* (Nov 2023) and *Partnership Handbook* (Mar 2024) align planning, implementation, and monitoring guidance for construction	UNHCR has published the Construction Management Companion in 2025. The provisional guidance complements latest versions of Programme Handbook, dated November 2023, and of Partnership Handbook, dated March 2024. As such, the Board considers that the recommendation has been **implemented**.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				• All tools are accessible via PROMS and the intranet					
37.	2021	A/77/5/Add.6, chap. II, para. 395	The Board reiterates its recommendation that UNHCR establish an overarching strategy for workforce planning purposes (A/76/5/Add.6, chap. II, para. 288) and emphasizes that the strategy framework should outline how trends could be assessed.	DHR has drafted an overarching strategy for workforce planning with a results framework, which was finalized in 2024. The draft document which includes a workforce planning maturity model to assess overall progress and effectiveness has undergone review within DHR and is also being updated to incorporate sustainable responses concept and implementation. There will be engagements with DHR leadership and other stakeholders, including DSPR and within human resources (DHR, and human resources in regional bureaux and operations). To further develop the UNHCR workforce planning approach and leverage the new human resources system's abilities and options, DHR has initiated the design of a workforce planning module. This workforce planning solution is to enhance strategic workforce planning in UNHCR, align its workforce with its multi-year plans and strategies, reduce misalignment risks, optimize its workforce and structures, and improve the efficiency and effectiveness of operations and divisions.	In light of ongoing actions, the Board considers that the recommendation is **under implementation.**		X		
38.	2020	A/76/5/Add.6, chap. II, para. 89	The Board recommends that UNHCR continue to review the impact of the changes to its budgetary structure on management efficiencies, analyse the benefits of the changes proposed, communicate	In October 2024, and as for previous years, the Executive Committee approved the programme and budgets for the country and regional programmes, global programmes, and headquarters under the proposed 2025 programme budget, as detailed in document A-AC-96-75-5.pdf.	Based on evidence provided by UNHCR, some of which were still in draft form in May 2025 and then presented at the 93rd meeting of the Standing Committee (Item EC/76/SC/CRP.19), the Board considers that the	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			the result of the analysis and provide assurance that the proposed budgetary structure meets the requirements of transparency and quality.	In June 2025, UNHCR presented to the Standing Committee during the 93rd session, a review paper highlighting how the revised budget structure and cycle have contributed to management efficiencies. Based on the findings of the review and considering the rapidly evolving humanitarian and funding landscape, UNHCR recommends maintaining the current budget structure and annual budget period for the time being.	recommendation has been implemented.				
39.	2019	A/75/5/Add.6, chap. II, para. 40	The Board recommends that UNHCR explore options for the automated allocation of the second-leg transportation costs in the selection of a new enterprise resource planning system.	UNHCR refers to its comments above in relation to the recommendation in paragraph 63 of the Board's report for the year ended 31 December 2022. This recommendation has been addressed and implemented. Second leg transport costs for vehicles are identified and capitalized in a cost-effective manner within Cloud ERP. The capitalization approach followed for second leg transport costs to destination of final distribution or use is coordinated with the approach for capitalization of freight and other ancillary costs uplifts for other classes of tangible assets and inventory.	The Board acknowledges UNHCR efforts to explore automations in the new enterprise resource planning system considering a cost-benefits analysis. The Board agrees that while the second leg transport costs for vehicles are identified and capitalized within Cloud ERP the current funding situation may not enable further automations and therefore considers this recommendation as "**overtaken by events**".				X
40.	2019	A/75/5/Add.6, chap. II, para. 343	The Board recommends that the representatives of country operations each confirm to the regional bureaux and headquarters with their signatures the decommissioning of proGres v3.	As of 1 August 2024, UNHCR confirms that proGres v3 is obsolete and 96 percent decommissioned. Remaining cases were resolved through targeted data analysis and staffing adjustments, achieving **100 percent compliance by 2 September 2024**. • Legacy data issues were addressed and certified.	Based on evidence provided by UNHCR, the Board considers that the recommendation has been **implemented**.	X			

						Status after verification			
No.	*Audit report year*	*Report reference*	*Board's recommendation*	*Management/Administration's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
				• A staffing gap in one country was resolved. • Standard operating procedures for final decommissioning were shared in February 2024. • For proGres v4 users, compliance with SOPs—including data controller confirmations and digital backups—has been verified. UNHCR considers this recommendation fully addressed and requests closure.					
	Total				**40**	**19**	**20**	**–**	**1**
	Percentage				**100**	**48**	**50**	**–**	**2**

Chapter III

Statement of the responsibilities of the High Commissioner and approval and certification of the financial statements

The United Nations High Commissioner for Refugees is ultimately responsible for the content and integrity of the financial statements contained in the accounts of the voluntary funds administered by the High Commissioner.

To fulfil this responsibility, the Office of the High Commissioner operates within prescribed accounting policies and standards and maintains systems of internal accounting controls and procedures to ensure the reliability of financial information and the safeguarding of assets. The internal control systems and financial records are subject to review by the Office of Internal Oversight Services and the Board of Auditors during their respective audits.

In this context, the financial statements contained in chapter V, comprising statements I to V and the supporting notes, were prepared in accordance with the financial rules for voluntary funds administered by the High Commissioner (A/AC.96/503/Rev.12) and International Public Sector Accounting Standards. In management's opinion, the financial statements present fairly, in all material respects, the financial position of the voluntary funds administered by the United Nations High Commissioner for Refugees as at 31 December 2024 and its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards.

The accounts are hereby Approved and certified:

(*Signed*) **Filippo Grandi**
United Nations High Commissioner for Refugees

(*Signed*) **Hans G. Baritt**
Controller and Director
Division of Financial and Administrative Management

Chapter IV

Financial report for the year ended 31 December 2024

A. Introduction

1. The United Nations High Commissioner for Refugees has the honour to submit the financial report and financial statements for the year ended 31 December 2024, in accordance with United Nations financial regulation 6.2 of the Financial Regulations and Rules of the United Nations (ST/SGB/2013/4) and rule 602.1 of the financial rules for voluntary funds administered by the High Commissioner (A/AC.96/503/Rev.12).

2. The financial report provides financial information relating to the voluntary funds administered by the High Commissioner, in accordance with the International Public Sector Accounting Standards, and comprising the Annual Programme Fund, the Junior Professional Officers Fund, the Staff Benefits Fund, the Medical Insurance Plan, the Working Capital Fund for Voluntary Contributions and the Self-Financing Activities Fund. The report presents an overview of the operational context, financial analysis and budgetary performance by major activity groupings, highlighting trends and significant changes.

3. The financial report is designed to be read in conjunction with the financial statements that consist of five statements and their supporting notes.

B. Operational context and activities overview

4. The Office of the United Nations High Commissioner for Refugees (UNHCR) is mandated by the General Assembly to lead and coordinate international action for the protection of refugees and solutions to their plight. UNHCR also has responsibilities for stateless persons pursuant to various General Assembly resolutions and conventions. The Office provides protection and assistance to internally displaced persons, working in cooperation with the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator and in the context of the collaborative response of the United Nations system. UNHCR delivers lifesaving, emergency assistance and core protection services, and supports solutions while ensuring a strategic shift towards sustainable responses. UNHCR works in partnership with Governments, international and nongovernmental organizations, other United Nations agencies and displaced people, as well as the private sector, international financial institutions and civil society.

5. UNHCR estimates that, by end-2024, the overall figure for forcibly displaced people was 122.6 million. During the year, the UNHCR responded to 43 emergencies across 25 countries, including 26 new emergencies that were declared in 2024, and 17 on going emergencies from 2023. Major emergencies resulted from the continued escalating conflict in the Sudan, instability in the Middle East including in Lebanon and the Syrian Arab Republic, and the ongoing humanitarian emergency in Ukraine. Nine emergency declarations were addressing the impact of natural disaster events such as flooding in Brazil, Burundi, Cameroon, Mali, Niger, Nigeria, Republic of Chad, and South Sudan, as well as droughts in Zambia.

6. UNHCR acted swiftly with lifesaving interventions, in close coordination with governments, donors and partners. The Office prioritized protection responses, including registration, child protection and community engagement. It also ensured the provision of basic needs, core-relief items and water, sanitation and hygiene measures. UNHCR provided cash assistance to some 6 million people in 100 countries. The largest cash assistance

delivery programmes were in Afghanistan, Egypt, Iraq, Jordan, Lebanon, Mexico, the Republic of Moldova, the Syrian Arab Republic, Ukraine and Yemen.

7. The Global Compact on Refugees (A/73/12 (Part II)) continued to provide the blueprint for burden- and responsibility-sharing when dealing with displacement issues. Pledges made at the Global Refugee Forums[95] by States, organizations, businesses, and refugees themselves advance the objectives of the Global Compact on Refugees. Since 2019, over 3,300 individual pledges were recorded, including multi-stakeholder pledges (which are currently being led by 28 States and 89 other stakeholders).

8. The Office's partnerships were aligned with its strategic directions[96] and designed to address protection priorities and foster solutions. Refugee response plans expanded and diversified partnerships to strengthen government-led efforts in assisting refugees and host communities. In 2024, UNHCR developed and coordinated eight regional refugee response plans[97], three of which were co-led with United Nations agencies[98]. The 2024 response plans mobilized over 1,740 partners to assist approximately 33 million displaced people and 14.1 million host community members. The World Bank-UNHCR Joint Data Center on Forced Displacement continued implementing its 2024-2027 strategy supporting the production and analysis of socioeconomic data in 29 operations. The office continued to play a catalytic role, supporting, in 2024, $3 billion of investments by development actors in Bangladesh, the Central African Republic, Chad, Colombia, Ecuador, Lebanon and Yemen, providing forcibly displaced people and host communities with access to energy, agribusiness and social protection initiatives.

9. Strategic partnerships within the United Nations family continued to leverage complementary expertise. For example, UNHCR and the United Nations Children's Fund successfully integrated refugee children into education systems in Kenya, Uganda, and Tanzania by jointly implementing programmes. Programme excellence and targeting hub with the World Food Programme enhanced humanitarian and development efforts in 19 countries through joint risk assessments, needs analyses, and targeting strategies. The 2023-2025 collaboration framework[99] for inclusion and solutions with the United Nations Development Programme continued to be jointly implemented globally. In addition, partnerships between the two organizations were formalised in Afghanistan and Uganda.

C. Financial analysis

10. The financial position of UNHCR at year-end and the annual financial performance since 2020 are summarized in table IV.1.

[95] See https://globalcompactrefugees.org/pledges-contributions.
[96] See UNHCR strategic directions 2022–2026.
[97] Afghanistan, the Democratic Republic of Congo, Bangladesh, South Sudan, the Sudan, the Syrian Arab Republic, Ukraine and Venezuela (Bolivarian Republic of).
[98] The regional refugee and resilience plan in response to the Syria situation co-led with the United Nations Development Programme; the regional response plan for refugees and migrants from Venezuela (Bolivarian Republic of) co-led with the International Organization for Migration; and the joint response plan for the Rohingya humanitarian crisis in Bangladesh co-led with the International Organization for Migration.
[99] See Global Collaboration Framework for Inclusion and Solutions 2023-2025

Table IV.1
Financial position and financial performance, 2020–2024
(Millions of United States dollars)

	2020	2021	2022	2023	2024
Total assets	4 004	4 594	5 340	5 077	4 878
Total liabilities	1 524	1 771	1 471	1 877	2 207
Net assets	**2 480**	**2 823**	**3 870**	**3 200**	**2 671**
Revenue	4 892	5 254	6 067	4 707	4 736
Expense[a]	4 337	4 790	5 483	5 297	4 895
Surplus/(deficit)	**554**	**464**	**584**	**(590)**	**(159)**

[a] Including foreign exchange gains/losses.

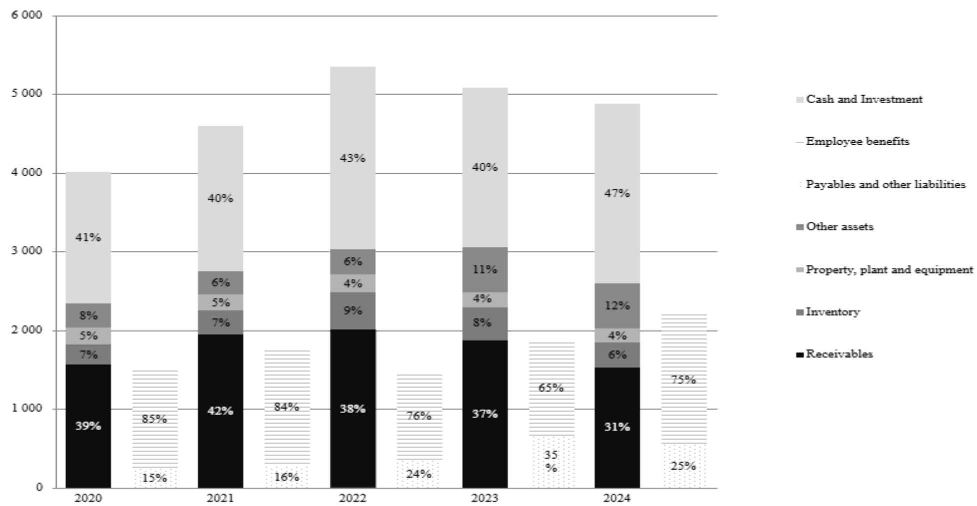
11. As at 31 December 2024, total fund balances and reserves amounted to $2,671.4 million (see statement I), representing a decrease of $528.8 million, or 16.5 per cent, compared with the balance as at 31 December 2023. This decrease was primarily a result of the performance deficit of $158.8 million (see statement II) and the adjustment arising from the actuarial valuation of employee benefit obligations of $370.0 million.

12. The fund balances and reserves comprise the accumulated fund balances and reserves ($2,827.5 million), the Working Capital Fund for Voluntary Contributions ($100.0 million), the Medical Insurance Plan ($86.0 million), the Self-Financing Activities Fund ($257.7 million), and the Staff Benefits Fund (net deficit of $599.9 million).

13. The accumulated fund balances and reserves include, in addition to the balance of the Annual Programme Fund ($2,756.5 million), the operational reserve ($10.0 million), the United Nations Regular Budget Fund ($47.2 million) and the Junior Professional Officers Fund ($13.8 million), as detailed in note 4.1.

14. The composition by main category of the assets and liabilities of UNHCR as at the year-end for the years 2020 to 2024 is depicted in figure IV.I.

Figure IV.I
Assets and liabilities, 2020 –2024
(Millions of United States dollars)



15. As at 31 December 2024, financial instruments such as cash, net investments and receivables accounted for 78 per cent of total assets. Employee benefit obligations accounted for 75 per cent of total liabilities, largely consisting of long-term obligations.

16. Table IV.2 provides some key financial ratios as at 31 December 2024 compared with those as at 31 December 2023.

Table IV.2
Key financial ratios as at 31 December

	2024	*2023*
Current assets to current liabilities	5.63	5.11
Total assets to total liabilities	2.21	2.71
Cash and cash equivalents to current liabilities	2.54	2.42

17. The current ratio (current assets to current liabilities) is a liquidity ratio that reflects the ability of an entity to meet its current obligations within the following 12 months by using its assets that will materialize within the same time frame. At the end of 2024, the current ratio of UNHCR was 5.63, which improved as compared with 2023 and indicates that UNHCR is in a good position to cover its current liabilities. The current ratio would have been higher in 2024 but for the impact of the decision to invest in long-term investments dedicated to funding the after-service health insurance, as reflected in table 3.1.6 of note 3.1. A total of $256.9 million of investment assets and $9.7 million of investment liabilities were reported as long term in 2024.

18. As at 31 December 2024, the total amount of cash and cash equivalents and net investments was $2,271.3 million, an increase of $252.9 million compared with $2,018.3 million in 2023. Excluding the amounts pertaining to the Working Capital Fund for Voluntary Contributions, the Staff Benefits Fund, the Medical Insurance

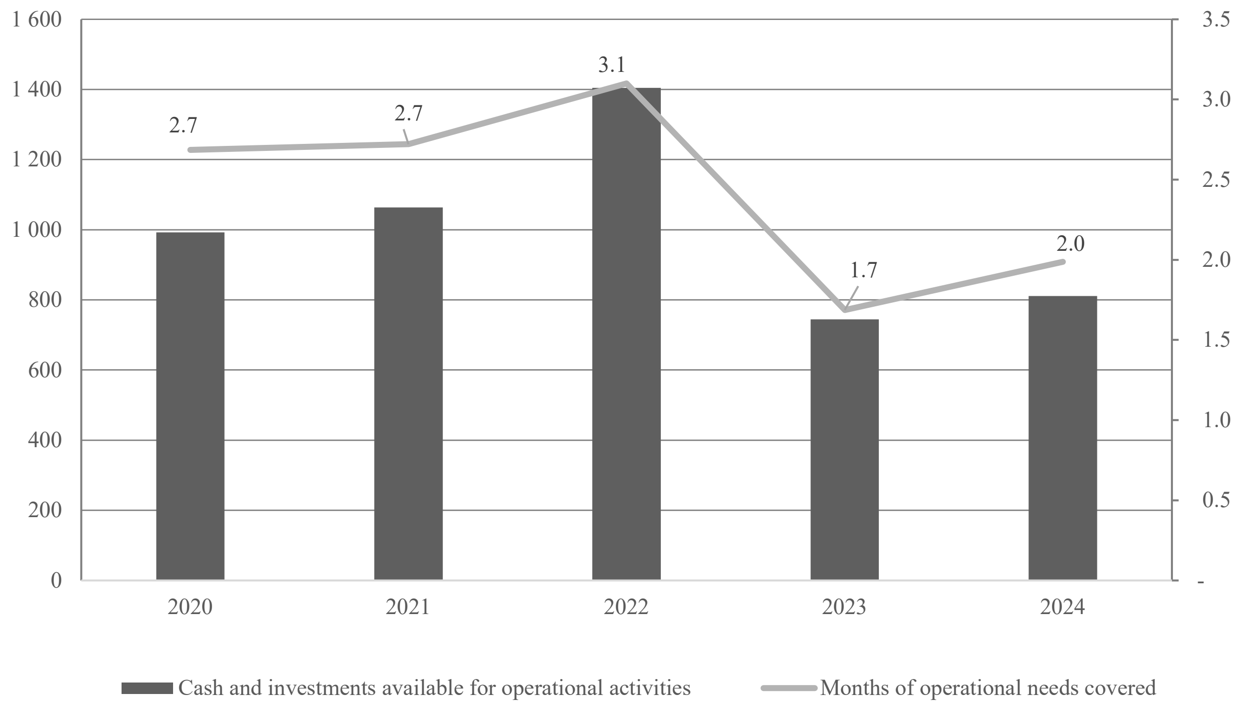
Plan and the Self-Financing Activities Fund, the cash and cash equivalents and net investments available for operational activities amounted to $810.7 million ($744.7 million in 2023). This covers approximately 2 months of operational needs on the basis of average monthly expenses in 2024.

19. Figure IV.II depicts the total amount of cash and cash equivalents and net investments available for operational activities as well as the number of months of operational needs covered based on the average monthly expenses for the period from 2020 to 2024. The figure illustrates that the operational liquidity situation at year-end has improved compared to the previous year.

Figure IV.II

Total amount of cash and cash equivalents and net investments for operational activities/ months of operational needs covered, 2020–2024

(Millions of United States dollars/number of months)

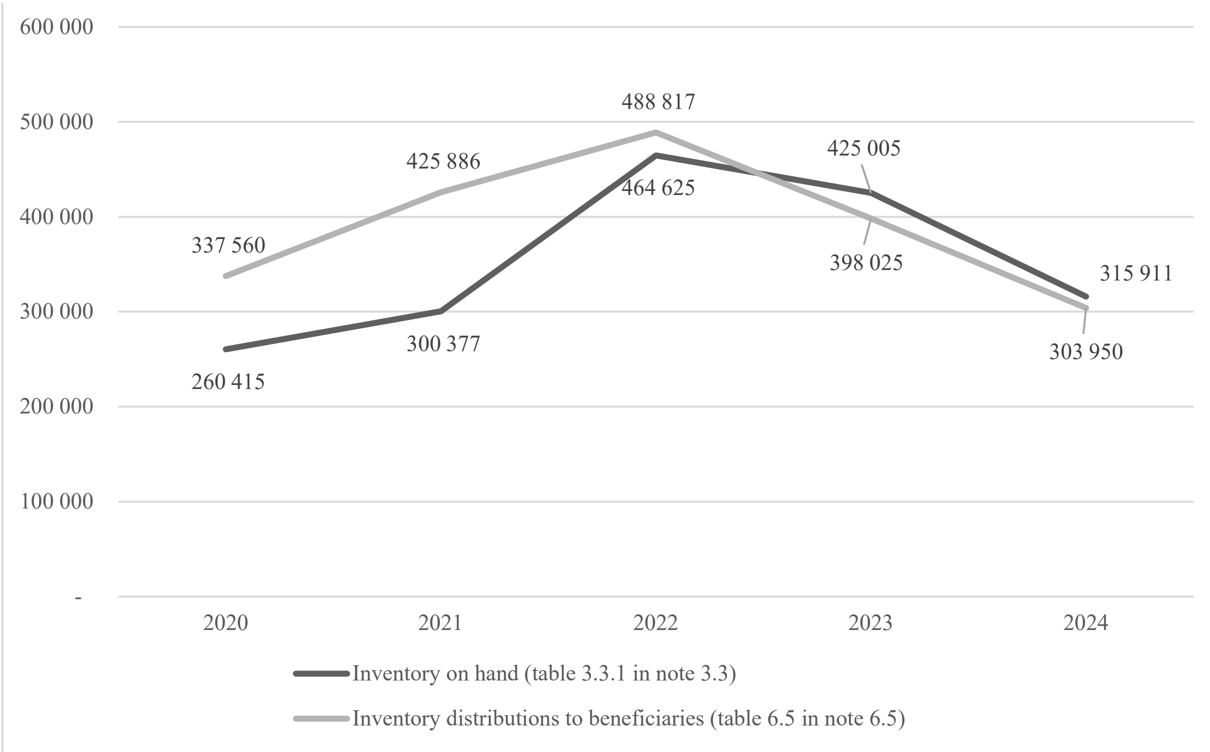


20. Figure IV.III depicts the annual inventory distribution to beneficiaries (see table 6.5 in note 6.5) together with the inventory on hand (see table 3.3.1 in note 3.3) at year-end over the past five years. Of the amount of $304.0 million of inventory distributed to beneficiaries in 2024, $149.9 million (49.3 per cent) represents household items.

Figure IV.III

Inventory distribution to beneficiaries and on hand at year-end, 2020–2024

(Thousands of United States dollars)

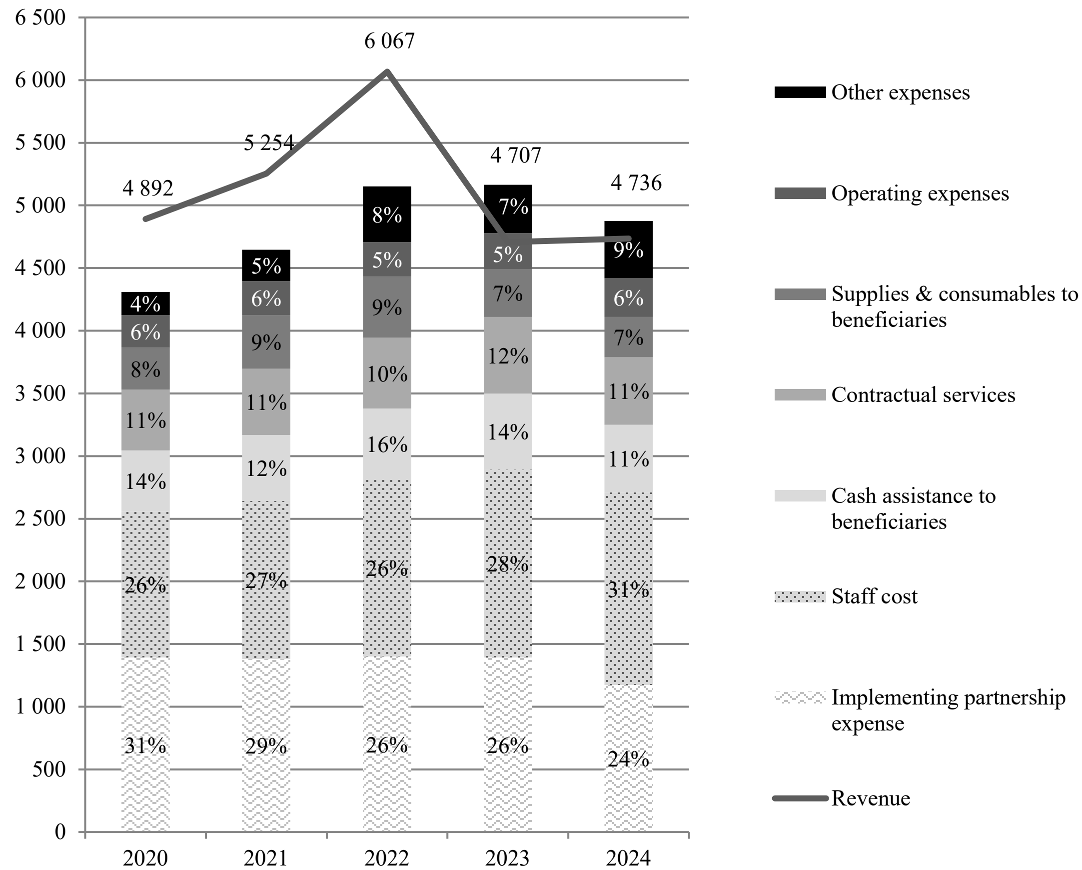


21. In terms of financial performance (see statement II), UNHCR ended the year with a deficit (revenue minus expenses including foreign exchange gains/losses) of $158.8 million, compared with a deficit of $590.1 million at the end of 2023.

22. The change in the annual result of 2024 in comparison with 2023 was driven by an increase in total revenue of $28.5 million and a decrease in total expenses of $402.8 million. The increase in total revenue primarily reflected increases in interest revenue and other revenue of $19.1 million and $19.5 million respectively, offset by a decrease in contribution revenue of $11.0 million. The decrease in total expenses is composed of decreases in implementing partner expenses ($219.2 million), cash assistance to beneficiaries ($183.7 million), contractual services ($70.2 million), supplies and consumables for beneficiaries ($62.8 million), other non-operational expenses ($50.7 million), equipment and supplies ($17.6 million), travel expenses ($11.1 million) and miscellaneous other expenses of $21.0 million. These decreases are offset by increases for salaries and employee benefits ($39.1 million), and operating expenses ($23.7 million). The deficit was increased by foreign exchange losses of $128.5 million and fair value loss on financial instruments of $20.0 million in 2024, while in 2023 foreign exchange gains were recorded ($22.3 million) and there were no fair value changes of financial instruments.

23. Figure IV.IV depicts the revenue and expenses for the period from 2020 to 2024.

Figure IV.IV
Revenue and expenses, 2020–2024
(Millions of United States dollars)



24. The total revenue for 2024 was $4,735.8 million, an increase of $28.5 million, or 0.6 per cent, as compared with 2023. Voluntary contributions from donors, including in-kind contributions, amounted to $4,523.6 million (accounting for 95.5 per cent of the total revenue), of which $1,149.8 million at nominal value (see table 5.1.2 in note 5.1) was intended for future years' activities (2025–2029).

25. During 2024, higher interest rates prevailed in respect of the United States dollar than in recent years. The organization's investment management objective is to emphasize capital preservation and liquidity over the rate of return. Interest revenue of $113.1 million ($94.0 million in 2023) was generated during the year. The increase as compared with 2023 is primarily attributable to higher average interest rates on balances held in United States dollars (see table 2.2.2 of note 2).

26. The total expenses for the financial period amounted to $4,894.6 million, a decrease of 7.6 per cent as compared with 2023 ($5,297.4 million). Statement V presents the 2024 expenditure of $4,932.6 million on a modified cash basis used for budgeting purposes. The reconciliation between the two bases is presented in note 7. Notable changes from 2023 in annual expenses reported in statement II for 2024 are explained in the paragraphs below.

27. Expenses pertaining to agreements signed with implementing partners, amounting to $1,173.3 million, decreased by 15.7 per cent as compared with 2023 ($1,392.5 million).

28. Staff salaries and benefits, amounting to $1,538.0 million, increased by 2.6 per cent as compared with 2023 ($1,498.9 million), reflecting increases in temporary assistance costs, termination expenses and increased after-service health insurance, offset by the lower costs for salaries due primarily to the impact of the voluntary separation plan that was executed early in 2024.

29. Cash assistance to beneficiaries represents support provided directly by UNHCR and excludes amounts distributed through partners, which are reported as part of implementing partnership expenses. The cash assistance managed directly by UNHCR, amounting to $558.5 million, decreased by 24.8 per cent as compared with 2023 ($742.3 million). The main decreases were recorded in Ukraine ($62.4 million), Moldova ($52.5 million), Pakistan ($20.0 million) and Poland ($14.9 million). The overall decrease was offset by an increase in Lebanon ($51.6 million).

30. Expenses for contractual services, amounting to $539.1 million, decreased by 11.5 per cent as compared with 2023 ($609.3 million). Decreases were observed for software and data management services, affiliated workforce and individual contractors, construction contracts, advertising, marketing and public information, and other services, offset by increases in professional services, direct services for beneficiaries and transport, cargo handling and warehouse management.

31. The statement of changes in net assets (statement III) shows the movements in the fund balances and reserves. The net assets balance as at 31 December 2024 amounted to $2,671.4 million ($3,200.2 million in 2023), including $1,420.0 million of receivables at nominal value intended for future-period activities (2025–2029), as shown in table 3.2.2 in note 3.2. Furthermore, UNHCR had legal commitments (open purchase orders) of $499.2 million as at 31 December 2024 (see table 9.2 in note 9) for goods and services to be received in 2025 and subsequent years. Accordingly, some of the revenue recognized in 2024 and previous years will only be matched by expenses to be incurred during 2025 and subsequent years.

32. In 2024 UNHCR recorded a total amount of exchange loss of $128.4 million (2023 -exchange gain of $22.4 million) consisting of a realized loss of $78.7 million) and unrealized loss of $49.7 million. Realized and unrealized FX losses resulted from unfavourable movements of the US dollar exchange rates against major European currencies, in which UNHCR receivables and cash/bank balances are denominated. Out of the realized losses, a significant part is due to losses on accounts payable in relation to CBI transactions, particularly in respect of transactions made in a country where the UNORE exchange rate did not closely reflect the actual exchange rates achievable in the market.

D. Programme budget performance highlights

33. While the financial statements have been prepared on an accrual basis, the programme budget of UNHCR continues to be formulated and presented on a modified cash basis. Therefore, for the purpose of budgetary management and performance analysis, expenses are converted to an equivalent basis. A summary of the comparison of budget and actual amounts is shown in statement V.

34. All figures quoted in the present section as expenditure, income or funds available refer to modified cash basis figures, comparable with budgets and exclusive

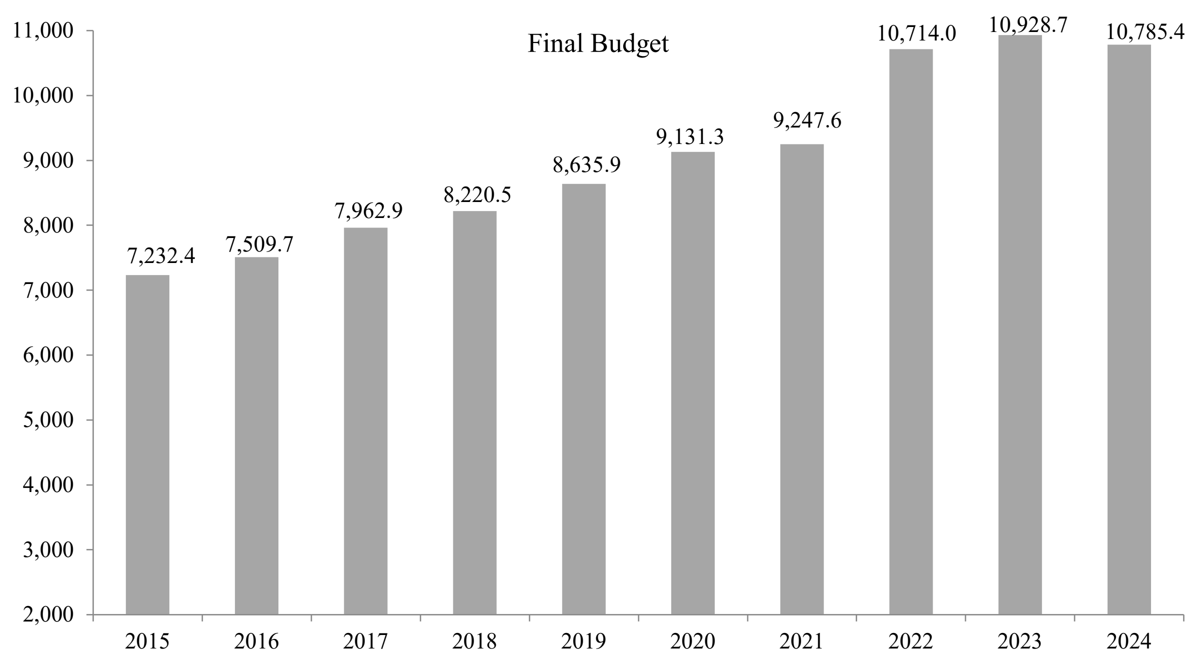
of the Working Capital Fund for Voluntary Contributions, the Staff Benefits Fund, the Medical Insurance Plan and any special accounts held during the period.

35. The programme budget of UNHCR, which is needs-driven, is formulated on the basis of a comprehensive assessment of humanitarian and protection needs of the people whom UNHCR serves, be they refugees, asylum-seekers, internally displaced persons, stateless persons, returnees or others.

36. Subsequent to the approval of the programme budget by the Executive Committee, a global appeal is launched for fundraising purposes. The High Commissioner authorizes the allocation of funds for the implementation of programmes on the basis of the availability of funds. During the implementation period, the High Commissioner may revise the approved budget with supplementary budgets, in accordance with financial rule 208.1 of the Office's financial rules (A/AC.96/503/Rev.12), to meet new needs under any impact area arising in the course of the same period.

37. The original budget for 2024 approved by the Executive Committee at its seventy-fourth session (October 2023) amounted to $10,621.7 million. One supplementary budget of $163.7 million for the Sudan situation was established during the course of 2024. This led to a final budget of $10,785.4 million. Figure IV.V shows the requirements over the period from 2015 to 2024.

Figure IV.V
Requirements, 2015–2024
(Millions of United States dollars)



38. The resource requirements of UNHCR are grouped under the four impact areas of its results-based framework: impact area 1, attaining favourable protection environments; impact area 2, realizing rights in safe environments; impact area 3, empowering communities and achieving gender equality; and impact area 4, securing solutions.

39. Table IV.3 shows the breakdown of the final budget (needs-driven), funds available, expenditure and carry-over for programmed activities by impact area, as well as for the Junior Professional Officers Fund and the operational reserve. The difference between the final budget and the funds available represents the unfunded needs of people with and for whom UNHCR works. In 2024, unfunded needs amounted to $5,604.8 million, or 52.0 per cent of total requirements.

Table IV.3
Total requirements, funds available and expenditure, 2024[a]
(Millions of United States dollars unless otherwise indicated)

					Percentage	
	Final budget	*Funds available[b]*	*Expenditure*	*Carry-over*	*Expenditure on final budget*	*Expenditure on funds available*
Impact area 1	2 771.1	1 508.1	1 476.9	31.2	53.3	97.9
Impact area 2	5 113.3	2 509.4	2 336.8	172.6	45.7	93.1
Impact area 3	1 297.0	616.9	585.0	31.9	45.1	94.8
Impact area 4	1 158.8	529.4	525.5	3.9	45.3	99.3
Subtotal, programmed activities	**10 340.2**	**5 163.8**	**4 924.2**	**239.6**	**47.6**	**95.4**
Junior Professional Officers Fund	12.0	13.8	8.4	5.4	69.9	60.8
Operational reserve	433.2	–	–	–	–	–
Total	**10 785.4**	**5 177.6**	**4 932.6**	**245.1**	**45.73**	**95.3**

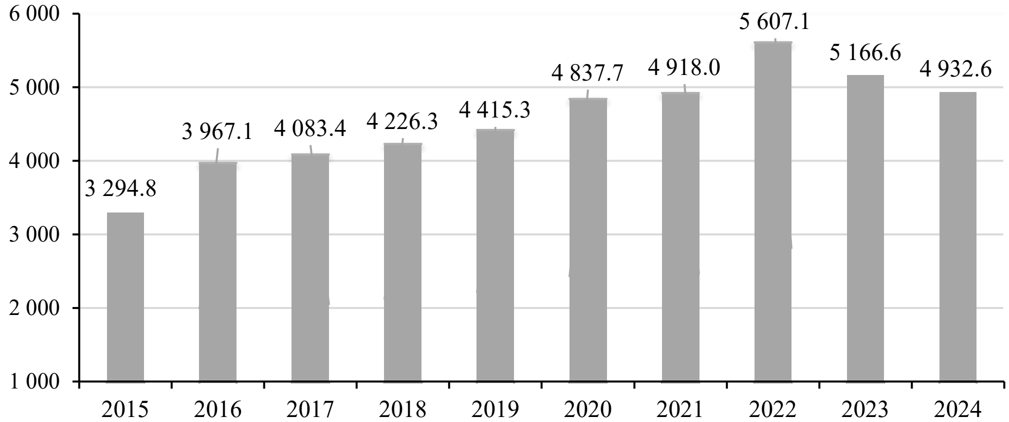
[a] Totals in the table may not add up owing to rounding.
[b] The distribution of funds available by impact area is indicative, as not all resources available are earmarked for specific impact areas.

40. The funds available of $5,177.6 comprise a carryover balance of $549.9 million and voluntary contributions of $4,728.9 million, offset by exchange loss of $96.1million and other minor adjustments of $5.1 million. The expenditure amount of $4,932.6 million in 2024 represents a decrease of $234.0 million, or 4.5 per cent, compared with the 2023 expenditure ($5,166.6 million). Figure IV.VI illustrates annual expenditure over the period from 2015 to 2024.

Figure IV.VI

Expenditure, 2015–2024

(Millions of United States dollars)



41. Table IV.4 shows 2024 expenditure, broken down in terms of programme, programme support, management and administration costs and the Junior Professional Officers Programme, with comparative figures for 2023.

Table IV.4

Expenditure by programme, programme support, management and administration and Junior Professional Officers Programme, 2023 and 2024[a]

(Millions of United States dollars)

	2024		*2023*	
	Amount	*Percentage*	*Amount*	*Percentage*
Programme	3 818.1	77.4	4 095.5	79.3
Programme support	898.5	18.2	876.7	17.0
Management and administration	207.6	4.2	186.7	3.6
Junior Professional Officers Programme	8.4	0.2	7.6	0.1
Total expenditure	**4 932.6**	**100.0**	**5 166.6**	**100.0**

[a] Totals in the table may not add up owing to rounding.

42. The evolution of the expenditure for the programmed activities under the three budget components, namely, programme, programme support and management and administration costs (excluding the Junior Professional Officers Programme), is presented in figures IV.VII and IV.VIII for the period from 2015 to 2024 in values and percentages, respectively. The decrease in the programme cost category is due mainly to the reduction in expenditures under country and regional programmes, which is partially offset by an increase in programme support costs in country programmes. This is reflective of the overall decrease in funds available in 2024 compared with 2023.

Figure IV.VII

Evolution of expenditure, 2015–2024, by cost category

(Millions of United States dollars)

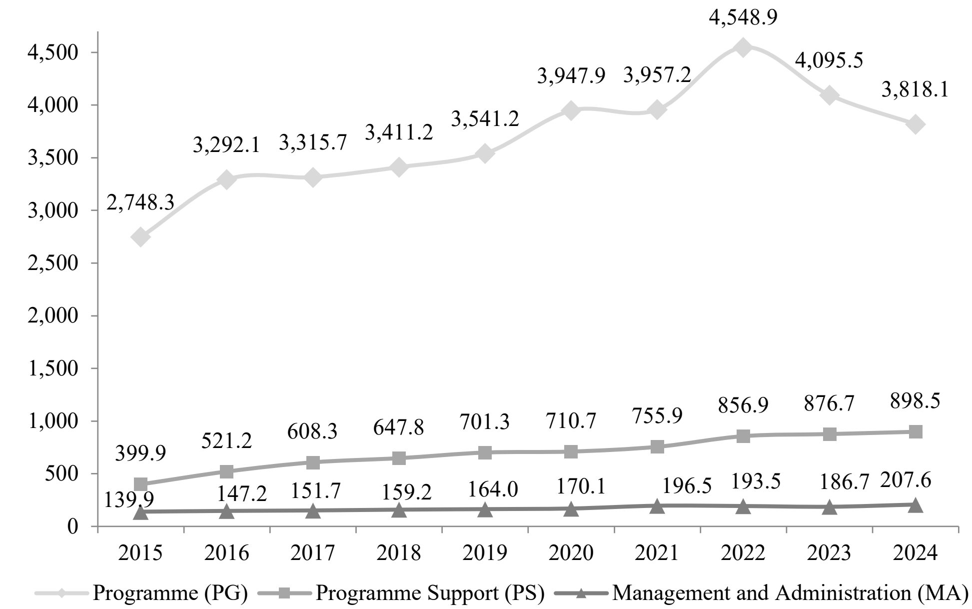
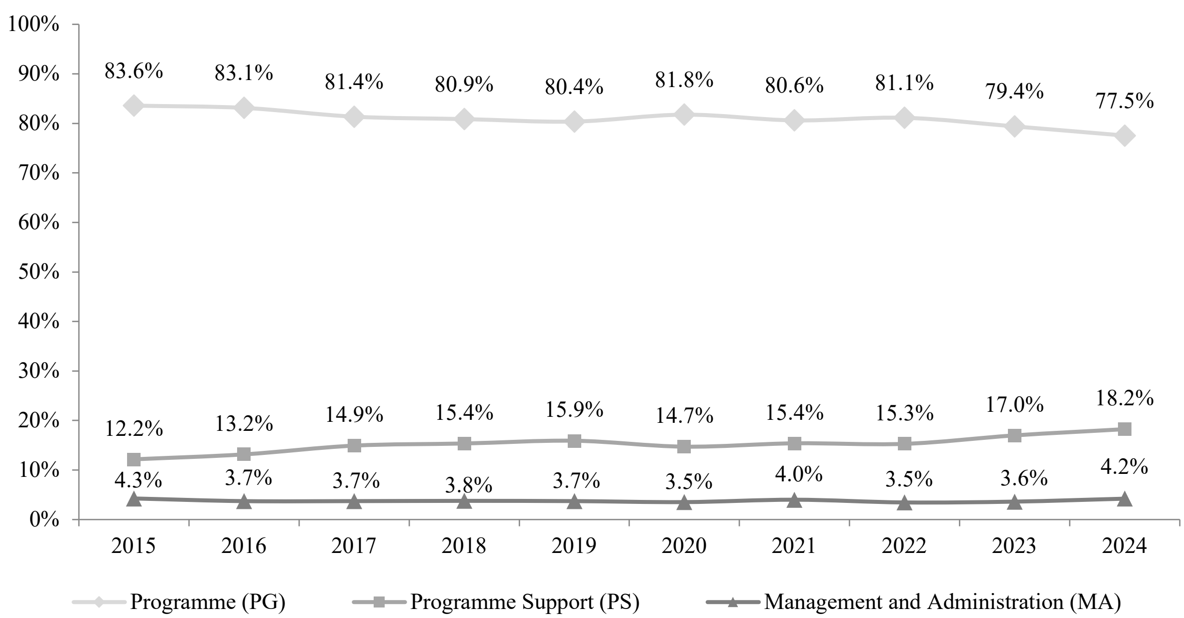


Figure IV.VIII
Evolution of expenditure (excluding JPO), 2015–2024, by cost category
(Percentage)



E. Going concern

43. The consequences of any potential reductions, delays in receipt or defaults in payments of contributions, in particular within the current context of the global economic and financial situation, have been evaluated by the management of UNHCR. As at the date of preparation of the present report, 31 March 2025, the management considers that the organization will have the resources required to continue its operations in the medium term. This assessment reflects the organization's ability to adjust, where appropriate and necessary, the levels of variable costs to reflect the latest revenue expectations. This assertion is based on the approval by the Executive Committee of the budget requirements for 2025, the historical trend of the collection of pledges in recent years and the flexibility to adjust spending levels downwards in response to funding reductions. Therefore, UNHCR has adopted the going-concern basis in the preparation of its financial statements.

F. Internal control system

44. In accordance with UNHCR financial rule 508.1, the High Commissioner is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that organizational aims and objectives can be met, while safeguarding resources and assets of UNHCR. The system of internal control incorporates an ongoing process to identify and prioritize the risks to the achievement of UNHCR aims and objectives, evaluate the likelihood and impact of those risks being realized and to manage and mitigate them efficiently, effectively and economically.

45. Internal control and accountability processes are exercised continually at all operational levels within the organization, constituting a key element of a proactive system and a pillar of accountability. Internal controls are applied to ensure that UNHCR adheres to its established rules, policies and procedures so that it is delivering its mandate in line with the principle of stewardship of resources. There are a multitude of controls embedded in various forms in the day-to-day operations of all organizational units of UNHCR. Such controls are either embedded in the enterprise resource planning system used by UNHCR or implemented outside that system through adherence to requirements emanating from the Financial Regulations and Rules and the Staff Regulations and Rules of the United Nations or from UNHCR internal legislation in the form of policies, administrative instructions and procedures.

46. Furthermore, in addition to the controls exercised at all levels of the organization, a robust oversight system is used by the bodies through the mechanisms described below.

Office of Internal Oversight Services

47. The Office of Internal Oversight Services (OIOS) conducts internal audit services at UNHCR, in accordance with UNHCR financial rule 515.1 and United Nations financial regulation 5.15. A memorandum of understanding between UNHCR and OIOS defines the arrangements for internal audit services to be provided by OIOS. The UNHCR Audit Service of the Internal Audit Division of OIOS is based in Geneva, with offices in Nairobi and Budapest. The internal auditors undertake regular audits of UNHCR country and regional operations and organizational units, functions and systems at headquarters. OIOS also undertakes thematic audits and advisory engagements. The audit results and recommendations are communicated to the High Commissioner, and audit reports are published on the OIOS website. In 2024, OIOS issued 16 reports: 5 audits of country operations, 7 audits of headquarters activities

and 4 reports of country operations on substantive findings from the thematic audits on livelihoods, gender-based violence and refugee status determination.

Independent audit of projects implemented by partners

48. UNHCR carries out a high percentage of its activities through implementing partners. In 2024, UNHCR continued to collaborate with more than 1,200 partners in conducting its operations. The audit of projects implemented by partners is an important management tool for field offices and headquarters, as it assists the organization in obtaining:

(a) Reasonable assurance that the final report submitted by the partner is free from material misstatement and in accordance with the terms of the project partnership agreement;

(b) A review of the partner's compliance with the partnership agreement;

(c) An assessment of the partner's internal controls and financial management practices.

49. UNHCR applies a risk-based audit approach in relation to the projects implemented by partners. The methodology of selection of projects is based on a risk assessment of the project and the implementing partner organization. Audit services are centrally procured - the Office concluded frame agreements with eight reputable external audit firms with global coverage for audit services. Engaging the selected audit firms with a broader geographic footprint, UNHCR increased access to auditors with an established presence in the countries where audits are carried out. The change offered more opportunities for increased competitive selection of audit services, an efficient process of project audit certification and improved opportunities for the high-quality and timely delivery of reports. The quality of audit work delivered as part of this arrangement is monitored and assessed during the year against key performance indicators and mutually agreed terms of reference.

Independent Audit and Oversight Committee

50. The Independent Audit and Oversight Committee assists the High Commissioner and the Executive Committee in exercising their oversight responsibilities, in accordance with relevant best practice, industry standards and the financial and staff regulations and rules applicable to UNHCR. In 2024, the Committee held three sessions, during which it discussed the workplans and their implementation, as well as the reports from internal and external audit, investigation, evaluation and strategic oversight functions. The Committee acknowledged assurance provided by the respective oversight entities and commented on oversight analysis and coordination. It also discussed transformation and change, strategic planning, enterprise risk management, financial management and human resources management, external relations, information technology, and integrity. The Committee communicated its concluding observations following each session and presented its annual report to the Standing Committee in September 2024. Three new members joined the Committee as of 1 October 2024, attending their first session in December 2024.

Inspector General's Office

51. The Inspector General's Office is an independent internal oversight body headed by the Inspector General. Through its work on independent oversight, it supports the delivery of UNHCR's mandate to those it is meant to serve, ensuring their needs are met through effective, efficient and responsible operations and activities, while informing the High Commissioner of opportunities, challenges, problems and

deficiencies in delivering the UNHCR mandate. The Inspector General facilitates coherence among independent oversight functions to avoid overlaps and/or gaps in their activities. The Inspector General's Office comprises two services: the Investigation Service and the Strategic Oversight Service. The Investigation Service undertakes investigations into all forms of misconduct involving UNHCR staff or those who have a contractual relationship with UNHCR, and it conducts inquiries in response to incidents involving violent attacks on UNHCR personnel, operations or premises where fatalities, major injuries or large-scale damage result in actual or potential reputational damage or major financial or material losses to UNHCR. The Strategic Oversight Service analyses oversight findings, identifies root causes and recurring systemic issues, brings significant oversight matters to the attention of management, and carries out analysis of matters that could directly impact or pose a serious risk to the organization's responsibilities, reputation, interests or operations in order to provide meaningful learning in the form of strategic advice. With a view to enhancing cohesion among oversight functions, the Strategic Oversight Service also administers the memorandum of understanding with OIOS for the provision of internal audit services on behalf of UNHCR, coordinates matters related to the work of the Joint Inspection Unit of the United Nations system and provides secretariat support to the Independent Audit and Oversight Committee.

Other tools and mechanisms

52. The following additional efforts made by UNHCR help to strengthen its internal control system and maximize the effective and efficient use of its resources:

(a) Focusing management attention on effective follow-up to recommendations made by internal and external oversight bodies, reporting regularly to the Independent Audit and Oversight Committee and the Executive Committee on the volume and nature of the outstanding recommendations;

(b) Documenting all actions to be taken to address the recommendations of the Board of Auditors;

(c) Reviewing and streamlining, when deemed necessary, the internal policies, procedures and guidance available to staff;

(d) Holding periodic senior management committee meetings to review and discuss aspects relating to the reinforcement of risk and performance management practices throughout the organization.

53. Following its launch in 2019, the sixth statement of internal control of UNHCR, for 2024, is issued as set out below.

Statement of internal control, 2024

Scope of responsibility

As the United Nations High Commissioner for Refugees, I am responsible for the administration of the organization and the implementation of its mandate. As such, I am accountable for maintaining a sound system of internal controls to ensure the efficient and effective use of the organization's resources while securing and safeguarding its workforce and assets. In line with the UNHCR roles, accountabilities and authorities frameworks, I have further delegated authorities and accountabilities to the Deputy High Commissioner, the Assistant High Commissioner for Operations, the Assistant High Commissioner for Protection, the Controller, the regional bureau directors, the (multi-) country representatives, the division directors and other relevant staff. Internal control and accountability processes are exercised continually at all operational levels, and every individual in UNHCR has, with varying degrees of responsibility, a role to play in internal control.

Purpose of internal controls

Internal controls at UNHCR are understood to be processes which are designed to provide reasonable assurance regarding the achievement of objectives relating to operations, compliance and reporting. Internal control is an ongoing process, effected by myself, together with my senior management team and personnel at large. The system of internal controls is designed to manage risks to an acceptable level rather than to eliminate them entirely. I consider effective internal controls to be instrumental in achieving the strategic objectives of UNHCR; securing and safeguarding its workforce and assets; ensuring reliability of both financial and non-financial reporting; complying with applicable legislation, policies and contractual obligations; and promoting the efficiency and effectiveness of operations.

Internal control is a key function of management and an integral part of the overall process of managing UNHCR operations. I therefore rely on UNHCR management at all levels to:

(a) Establish an environment and a culture that promotes effective internal controls;

(b) Identify and assess risks that may affect the achievement of objectives, including the risk of fraud and corruption;

(c) Develop and implement plans, policies, procedures and operating standards, as well as systems and other control activities, to mitigate and manage the risks identified;

(d) Ensure an effective flow of information and communication so that all UNHCR personnel have the information they need to fulfil their responsibilities;

(e) Monitor the effectiveness of internal controls.

The UNHCR statement of internal control is an accountability document that includes information on the effectiveness of internal controls. It covers the financial reporting period from 1 January to 31 December 2024 and takes into consideration any relevant events up to the date of certification of the financial statements of UNHCR.

The UNHCR operating environment

In delivering on its primary purpose to safeguard the rights and well-being of forcibly displaced and stateless people, UNHCR is exposed to situations with a high level of inherent risk, including in terms of the security of its personnel and displaced and stateless people. In 2024, humanitarian crises grew in scale and complexity, with UNHCR responding to 26 newly declared emergencies in 20 countries. UNHCR focused on providing basic services for vulnerable populations, such as health care, water, sanitation, shelter, distribution of core relief items, cash assistance and livelihood opportunities. UNHCR continued to monitor and advocate for the inclusion of forcibly displaced people in national protection systems. UNHCR addressed such challenges by swiftly identifying needs, reprioritizing and reallocating resources and introducing measures to increase flexibility regarding the difficult operating environments while at the same time ensuring the safety and security of its personnel.

Between 2021 and 2023, UNHCR implemented a business transformation programme to modernize its information technology business systems following an integrated multi-cloud strategy, with the deployment of final components at the beginning of 2024, and achieving a full transition to "business as usual" in 2024. The introduction of these systems has significantly transformed UNHCR's operations, driving automation and improving data management.

Another important issue is the uncertainty over funding and the anticipated structural changes to the organization. This challenge is not confined to a single donor or to UNHCR alone – the entire humanitarian and development system is experiencing funding reductions due to increasing pressures and competing priorities. Even though some of these cuts are scheduled to take effect in the future, the trend is evident: less and more restrictive funding and greater needs. The ability of UNHCR to respond quickly, effectively and efficiently to crises and operate in ever-changing and complex environments may therefore be severely impacted.

Roles, accountabilities and authorities across the organization for managing risks and controls

Roles, accountabilities and authorities are established to provide a harmonized view of the differentiated roles of headquarters, regional bureaux and country operations across all major business areas of the organization. These roles, accountabilities and authorities allow effective and accountable decentralized decision-making and align UNHCR closer with the "three lines" model of oversight.

Following key changes to the organizational architecture and the decentralization and regionalization effort, as well as the implementation of the business transformation programme, the High Commissioner adopted an overarching accountability framework in February 2025. The accountability framework complements the roles-, accountabilities- and authorities frameworks for headquarters, regional bureaux and country offices by clarifying the organization's accountability objectives of efficiency, effectiveness and ethical behaviour. It also highlights the contributions of colleagues and leaders to create a culture of accountability and provides a systematic overview of the policies, processes and practices used by UNHCR to strengthen accountability. The development of the accountability framework was informed by the 2023 JIU review of accountability frameworks in UN system organizations.

These tools further reflect the application of the three-lines model in UNHCR. The model is a lens through which to consider how risks are managed at different levels of the organization. It also provides high-level guidance on how to identify and structure the interactions and responsibilities of the key counterparts in the organization to improve alignment, collaboration and accountability while maintaining adequate controls and oversight. Within this architecture, aligned with the enterprise risk management policy, risk management and control activities are being exercised at all levels of the organization.

Risk management framework

UNHCR follows an enterprise risk management policy that outlines a structured approach to risk management across the organization, ensuring the comprehensive and consistent identification, assessment and mitigation of risks at all levels. The policy incorporates both a top-down (strategic risk register) and a bottom-up (operational risk register) approach, to identify and manage our key risks and opportunities. UNHCR sees risk management as a key enabler for effective decision-making, embedded in the organization's day-to-day processes and activities, and a responsibility of all UNHCR personnel. Internal controls are essential to managing risks, and the effectiveness of existing controls is considered when assessing levels of risk.

UNHCR has made steady progress in building a stronger risk management culture across the organization and is implementing a five-year strategy for risk management with the aim of bringing the organization's risk maturity to an advanced level by the end of 2025. UNHCR improved considerably the way risks are reviewed and escalated at the level of regional bureaux and is in the process of adopting a corporate risk appetite statement, and a consistent methodology for defining internally the Office's tolerance for operational risks at the field level.

Key findings of risk reviews in 2024

The Strategic Risk Register was reviewed and refreshed again in 2024. The 2024 risk register captured 13 strategic risks, with key risk and control indicators and target appetite levels defined for each risk. This has allowed UNHCR to better assess whether its mitigation actions are bringing the risks to acceptable levels, and it has laid the groundwork for more detailed discussions on the Office's risk appetite. In the 2024 updates, no new strategic risks were identified; however, the causes and consequences of all risks were revised to take account of recent developments and changes in the global operational context. In early 2025, in light of UNHCR's projections for materially reduced funding levels, two new strategic risks were added related to shortage of liquidity and enhanced monitoring of commitments and disbursements against the available funds. Emerging developments such as the effective and ethical use of artificial intelligence and sustainable responses, that present both risks and opportunities, have also been reflected in detail of existing risks. Many key mitigating actions were implemented, and additional actions identified.

Based on the bottom-up risk management process, which is sequenced to feed into the updating of the strategic risk register, protection and solutions remains the biggest areas of risk facing UNHCR, representing 38 per cent of all risks and opportunities identified in 2024. Key risk themes included access to territory and asylum, challenges to finding solutions and large-scale displacement exceeding response capacity driven by conflict and natural disasters. Encouragingly, the protection environment and facilitating solutions also remain the areas where most opportunities were identified, often in relation to the Global Compact on Refugees and possibilities for the inclusion of refugees into national systems and programmes. Addressing these risks and opportunities has been a priority for UNHCR throughout 2024 at all three levels of the organization.

Integrity remains a significant risk area. Many risks focus on identity fraud, document falsification and misrepresentation of facts by forcibly displaced and stateless people, and the need for strong controls to ensure the integrity of protection, solutions and assistance processes. Risks are also identified relating to possible misconduct by UNHCR's workforce, partner personnel and suppliers, including procurement fraud, corruption, sexual misconduct, abuse of power, and conflict of interest. Implementation of controls to mitigate these risks is prioritized.

I am reassured by the positive feedback from risk owners that necessary processes and action plans are in place and provide sufficient evidence that UNHCR takes reasonable action to manage its key risks and implement mitigating actions.

Review of the effectiveness of internal controls

As the United Nations High Commissioner for Refugees, I am responsible for reviewing the effectiveness of the system of internal controls of the organization. My review is informed by senior managers within the organization, who are responsible for the development and maintenance of the internal control framework.

My review of the effectiveness of the UNHCR system of internal controls is based on the following mechanisms, as well as other evidence as available and appropriate:

(a) The annual certification statements, together with the internal control self-assessment questionnaires, as completed by all UNHCR representatives, directors of the regional bureaux and administrative support divisions, and submitted this year through an improved on-line tool. The questionnaire was used by each entity to review and rate its compliance with key controls in various areas, including organizational governance and management aspects and operational, administrative and support areas, as well as in emergency preparedness and organizational resilience. The initial results of the self-assessment exercises of country operations have been reviewed by the respective regional bureaux which conducted spot-checks and provided feedback to country operations to ensure the assessments are complete, free of technical errors, and reasonably and fairly rated. With the certification statements, representatives and directors confirmed their responsibility and accountability for having put in place and maintained adequate internal controls in their respective areas on a day-to-day basis. Taking into consideration the evolving operational circumstances, some of the questions included in the questionnaire were reviewed to capture particularities of the 2024 annual reporting cycle;

(b) The reports and recommendations issued by OIOS following the audits conducted under the 2024 risk-based audit workplan. These provided me with objective information on compliance and control effectiveness in managing risks in UNHCR operations and activities, together with recommendations for improvement. Audit reports are made public on the OIOS website;[100]

(c) The independent audit reports of projects implemented by partners. UNHCR partners are audited following a risk-based audit approach. Each report highlights a review of the partner's compliance with the partnership agreement, as well as an assessment of its internal control and financial management practices;

(d) The results of activities led by the Inspector General's Office;

(e) The reports and recommendations issued by the Board of Auditors, the Joint Inspection Unit and the UNHCR Independent Audit and Oversight Committee. The related observations and recommendations of these oversight bodies provide

[100] See oios.un.org/audit-reports.

objective information on compliance and control effectiveness. They submit their key findings, observations and recommendations to the governing bodies. Reports of the Board of Auditors, the Joint Inspection Unit and the UNHCR Independent Audit and Oversight Committee are made public on the Board of Auditors website,[101] Joint Inspection Unit website[102] and Independent Audit and Oversight Committee website,[103] respectively.

Internal control issues arising during 2024

Through all review mechanisms described above, corroborated where possible with high level analysis of key internal control indicators, it was noted that several internal control matters already identified in prior years continued to persist in 2024, in addition to newly flagged aspects, affecting the robustness of the control environment of UNHCR. The following is a summary of such identified matters, and the progress made in addressing them:

(a) **Need for continuous efforts to maintain and optimize the new systems while transitioning to business as usual.** The business transformation programme was achieved with the deployment of the final components at the end of 2023/beginning of 2024, and a full transition to "business as usual" in 2024. Fully harnessing the benefits of these modernised IT systems requires system stabilization, data management, and improved integration. To this aim, UNHCR directs its efforts to maintaining system stability and increase operational efficiency, through various measures:

(i) Introducing the "Str8n initiative", to stabilize and optimize integrated systems. This initiative aims to enhance system integrations and configurations and improve reporting, expenditure tracking and analytics capabilities to ensure the long-term sustainability of the newly implemented systems.

(ii) Enhancing data management and its use, to enable more data-driven and evidence-based decision-making to improve data integrity and to enhance reporting capabilities to meet key user needs.

(iii) Strengthening internal control frameworks and second-line oversight, facilitated by updated policies, instructions and dashboards. UNHCR will continue to identify relevant key performance indicators that can be extracted from the systems, or calculated based on data recorded in the systems, to support a more objective assessment of the functioning of various controls.

(iv) Further enhancing the delegation of authority and role provisioning in Cloud ERP (DOARP framework) to ensure adequate role de-/provisioning and segregation of duties.

(b) **Strengthening procurement planning and enhancing contract management instruments and monitoring tools as intended.** UNHCR continues to make progress on procurement planning and overall contract management monitoring, including through the issuance of a revised policy and administrative instruction on procurement early in 2025, which are aimed to:

(i) increase the effectiveness in contract implementation and management, through a structured approach that utilizes specific assessment tools. Contract Managers evaluate vendor performance using defined performance parameters

[101] See www.un.org/en/auditors/board/auditors-reports.shtml.
[102] See www.unjiu.org/content/reports.
[103] See www.unhcr.org/about-unhcr/governance-and-oversight/independent-audit-and-oversight-committee-iaoc.

and Contract Administrators support the implementation of any required corrective actions.

(ii) improve the procurement planning through preparation of robust Consolidated Procurement Plans for contracts above the stipulated threshold, as well as for specific contract types, such as frame agreements and lease agreements. The Consolidated Procurement Plans aim at facilitating the registration and planning of procurement actions related to the establishment of new contracts and the extension or renewal of existing contracts to respond to UNHCR operational requirements. UNHCR is in the process of rolling out a global Consolidated Procurement Plan dashboard that automates the use of Cloud ERP data for existent contracts.

(iii) better mitigate risks, enhance visibility and enable effective monitoring of established contracts by introducing a mandatory requirement to register all established contracts in Cloud ERP.

(iv) introduce clearer assignment of roles, accountabilities and authorities, delineating the responsibilities across functions at different levels to ensure a more effective procurement planning process; strengthened regional bureau procurement capacity as a key internal control and second line role through UNHCR's new Supply Strategy (2024-2030) and supply operating model. Its aim is to strengthen the procurement leadership and provide better definition of roles for country operations, regional bureaux and headquarters entities based on a functional segmentation approach linked to complexity and proximity considerations.

(c) **Management of funded partners to be further strengthened.** Funded partnership is an important implementation modality to deliver UNHCR's mandate. The focus on strengthening the management of funded partners continued in 2024, particularly through the implementation of the updated partnership management framework and increased use of new integrated systems: PROMS, COMPASS and Cloud ERP. A key priority remains the streamlining of the systems integration to avoid delays in finalisation and improve the timely signature of partnership agreements. While the capacity to process and document the project monitoring and financial verification improved significantly in 2024, efforts will continue to navigate the remaining systems challenges. Partner selection and monitoring processes were found to have recurrent challenges, with several operations concluding agreements and delegating activities without being able to fully complete and document the proper capacity assessments. Following a risk-based approach documentation of risk controls and mitigation measures applicable to high-risk partner when entrusted to undertake procurement activities needs improvement. UNHCR is committed to continue taking systematic actions to improve compliance with such measures that lead to an effective implementation of its partnership management framework.

(d) **Strategic workforce planning and staffing indicators will continue to be monitored for implementation by operations and HQ entities.** Several transformations and changes in organizational priorities dominated 2024 and are ongoing, UNHCR strives to take into account the impact of such transformation when dealing with its strategic workforce planning, through measures such as:

(i) paying particular attention to monitor the implementation of the strategic workforce planning approach by its operations to align staffing capacity to approved multi-year strategy. The handbook for workforce planning, complemented by the UNHCR Programme Handbook, facilitates strategic, results-based, multi-year planning and programming, including the analysis and forecasting of talent needs across the organization. It includes a human resources action plan toolkit to facilitate talent interventions and the proper implementation of the structural and staffing reviews with a people-centric approach. Position planning is also increasingly integrated into overall planning and budgeting. The handbook for designing field presences includes functional staffing indicators to help operations design their staffing structures to maximize the delivery of results.

(ii) continuing to provide guidance and training on workforce planning and monitoring the implementation. UNHCR acknowledges that careful management is needed to address the risk of misalignment between current skillset of personnel and future requirements. As UNHCR transitions to business as usual, challenges include retaining expertise and addressing the need for training to facilitate the effective use of the new systems and technologies. The control indicator HR action plans in place is included in UNHCR's Strategic Risk Register. DHR continues to explore options to strengthen monitoring as an integral part of human resources management. An overarching strategy for workforce planning is expected to be issued by the end of 2025, introducing a workforce planning maturity model to assess overall progress and effectiveness.

(iii) establishing a new service, the Design and Development Service (DDS) in January 2025, with strategic priorities aimed at refining UNHCR's architecture to consolidate decentralization and regionalization, and to enhance service delivery. The focus will be on structure, policies, processes, systems, change and organizational culture. DDS will leverage a comprehensive approach encompassing among others structure guidelines for HQs offices, bureaux and operations.

(e) **Compliance with the continuous monitoring and analysis of security risks, emergency risks and preparedness, as well as business continuity planning.** This topic has remained on the statements since 2021, and many measures have been implemented over the years for its improvement. The number of countries and areas of operation facing higher security risks continued to increase during the reporting period and security risk management measures need to be adapted and/or enhanced to reduce the risk, including through risk avoidance measures when deemed appropriate. Emergency-related risks were the second most frequently identified sub-category of risks by field operations. Effective and efficient emergency preparedness and response is a corporate priority of UNHCR. The risk analysis for new and escalating emergencies is currently integrated into the regular risk review process in line with the UNHCR policy for enterprise risk management and constitutes a solid basis for detailed preparedness process. Business continuity planning is a core element of the organizational resilience management system. During 2025, UNHCR plans to introduce new procedures for business continuity planning, detailing the essential steps for developing and managing such plans across its offices.

(f) **Adherence to Data Protection and Privacy Policy.** For several years UNHCR has been strengthening its capacity in personal data protection. A data protection officer was appointed within Global Data Service, and the resources allocated to them were strengthened to create a dedicated team in 2024. A revised policy on personal data protection will fully come into effect at the end of 2025. UNHCR is committed to making all efforts to ultimately enable better monitoring and protection of the personal data entrusted to the organisation.

(g) **Asset management controls to be further strengthened**: The asset register needs to be kept up to date throughout the year and the regular physical verification should be completed on time with all discrepancies followed up on and any necessary adjustments made in Cloud ERP. Further efforts need to be made to improve monitoring of asset transactions to identify irregularities and resolve remaining issues with the Fixed Assets module in Cloud ERP. The development and implementation of regular monitoring procedures will be a priority in 2025.

With the aim of taking timely actions to further strengthen the internal control system, the status of implementation of recommendations issued by internal and external audits is continuously monitored by senior management, together with other relevant risk owners. Increased attention is being paid by the senior management team to those audit recommendations rated as critical or that have passed their expected target date for implementation. Reports on the actions taken to implement audit recommendations are systematically reviewed by the UNHCR senior management team and submitted periodically to the governing bodies of UNHCR.

Statement

Internal controls, while operating effectively, have inherent limitations, including the possibility of circumvention, no matter how well designed, and therefore can provide only reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. Furthermore, because of changes of conditions, the effectiveness of internal controls may vary over time. I am committed to ensuring continuous improvement of the system of internal controls and to addressing weaknesses in internal controls noted during the year or brought to my attention by the oversight mechanisms.

Based on the above, I conclude that, to the best of my knowledge and information, UNHCR operated under an effective system of internal controls and there were no material weaknesses to report for the year 2024 and up to the date of the approval of the organization’s financial statements.

(*Signed*) Filippo **Grandi**
United Nations High Commissioner for Refugees

30 April 2025

Chapter V

Financial statements for the year ended 31 December2024

United Nations High Commissioner for Refugees

I. Statement of financial position as at 31 December 2024

(Thousands of United States dollars)

	Reference	*31 December 2024*	*31 December 2023*
Assets			
Current assets			
Cash and cash equivalents	Note 3.1	1 865 948	2 018 333
Investments	Note 3.1	158 143	-
Contributions receivable	Note 3.2	1 215 319	1 247 714
Inventories	Note 3.3	315 911	425 005
Prepayments and other current assets	Note 3.4	573 467	571 574
Total current assets		**4 128 789**	**4 262 626**
Non-current assets			
Investments	Note 3.1	256 919	-
Contributions receivable	Note 3.2	315 546	622 696
Property, plant and equipment	Note 3.5	176 553	190 196
Intangible assets	Note 3.6	619	1 209
Total non-current assets		**749 637**	**814 101**
Total assets		**4 878 426**	**5 076 727**
Liabilities			
Current liabilities			
Accounts payable and accruals	Note 3.7	485 856	601 791
Deferred revenue	Note 3.8	1 880	901
Employee benefits	Note 3.9	184 112	175 615
Other current liabilities	Note 3.10	50 399	55 226
Provisions	Note 3.11	1 500	810
Other investment liabilities	Note 3.1	9 744	-
Total current liabilities		**733 492**	**834 343**
Non-current liabilities			
Employee benefits	Note 3.9	1 473 477	1 042 081
Provisions	Note 3.11	94	94
Total non-current liabilities		**1 473 570**	**1 042 175**
Total liabilities		**2 207 062**	**1 876 518**
Net assets		**2 671 364**	**3 200 209**
Fund balances and reserves			
Accumulated fund balances and reserves	Note 4.1	2 827 515	3 116 073
Working Capital Fund for Voluntary Contributions	Note 4.2	100 000	100 000
Medical Insurance Plan	Note 4.3	85 982	73 593
Staff Benefits Fund	Note 4.4	(599 861)	(312 267)

	Reference	*31 December 2024*	*31 December 2023*
Self-Financing Activities Fund	Note 4.5	257 728	222 810
Total fund balances and reserves		**2 671 364**	**3 200 209**

The accompanying notes form an integral part of these financial statements.
The amounts in the statements and note tables are rounded to the nearest thousand dollars. Totals may not add up owing to rounding.

United Nations High Commissioner for Refugees

II. Statement of financial performance for the year ended 31 December 2024

(Thousands of United States dollars)

	Reference	*2024*	*2023*
Revenue			
Voluntary contributions	Note 5.1	4 523 588	4 534 572
United Nations regular budget	Note 5.2	50 497	49 597
Interest revenue	Note 5.3	113 061	93 983
Other revenue	Note 5.4	48 684	29 164
Total revenue		**4 735 830**	**4 707 316**
Expenses			
Implementing partnership expenses	Note 6.1	1 173 270	1 392 469
Salaries and employee benefits	Note 6.2	1 538 034	1 498 942
Cash assistance to beneficiaries	Note 6.3	558 544	742 260
Contractual services	Note 6.4	539 111	609 333
Supplies and consumables for beneficiaries	Note 6.5	319 409	382 188
Operating expense	Note 6.6	310 360	286 626
Equipment and supplies	Note 6.7	116 474	134 111
Travel expense	Note 6.8	81 054	92 203
Other expenses	Note 6.9	34 323	37 575
Depreciation, amortization and impairment	Note 6.10	66 546	84 327
Other non-operational expenses	Note 6.11	9 024	59 697
Net changes in fair value of financial instruments	Note 6.12	20 039	-
Foreign exchange (gains)/losses	Note 6.13	128 458	(22 309)
Total expenses		**4 894 644**	**5 297 422**
Surplus/(deficit) for the year		**(158 814)**	**(590 106)**

The accompanying notes form an integral part of these financial statements.
The amounts in the statements and note tables are rounded to the nearest thousand dollars. Totals may not add up owing to rounding.

United Nations High Commissioner for Refugees

III. Statement of changes in net assets for the year ended 31 December 2024

(Thousands of United States dollars)

	Reference	*Accumulated fund balances and reserves*	*Working Capital Fund for Voluntary Contributions*	*Medical Insurance Plan*	*Staff Benefits Fund*	*Self-Financing Activities Fund*	*Total*
Net assets at 1 January 2023		3 807 330	100 000	65 417	(351 238)	201 246	3 822 755
Movements in fund balances and reserves in 2023							
Surplus/(deficit) for the period		(774 428)	123 536	8 176	31 046	21 564	(590 106)
Gain/loss on actuarial valuations of post-employment benefits		–	–	–	(32 440)	–	(32 440)
Transfers		83 171	(123 536)	–	40 365	–	–
Total movements during 2023		**(691 257)**	**–**	**8 176**	**38 971**	**21 564**	**(622 546)**
Total net assets at 31 December 2023		**3 116 073**	**100 000**	**73 593**	**(312 267)**	**222 810**	**3 200 209**
Movements in fund balances and reserves in 2024							
Surplus/(deficit) for the period	Notes 4.1, 4.2, 4.3, 4.4, 4.5	(257 758)	–	12 389	51 636	34 918	(158 814)
Gain/(loss) on after-service health insurance actuarial valuation	Notes 3.9, 4.4	–	–	–	(370 030)	–	(370 030)
Transfers	Notes 3.9, 4.1, 4.4	(30 800)	–	–	30 800	–	–
Total movements during 2024		**(288 558)**	–	**12 389**	**(287 593)**	**34 918**	**(528 844)**
Total net assets at 31 December 2024		**2 827 515**	**100 000**	**85 982**	**(599 861)**	**257 728**	**2 671 364**

The accompanying notes form an integral part of these financial statements.
The amounts in the statements and note tables are rounded to the nearest thousand dollars. Totals may not add up owing to rounding.

United Nations High Commissioner for Refugees

IV. Statement of cash flow for the year ended 31 December 2024

(Thousands of United States dollars)

	Reference	*2024*	*2023*[a]
Cash flows from operating activities:			
Surplus/(deficit) for the period		**(158 814)**	**(590 106)**
Adjustment for:			
Depreciation, amortization and impairment	Note 6.10	66 546	84 327
Foreign exchange (gains)/losses on cash and cash equivalents	Note 6.13.1	(6 937)	36 050
Revenue from in-kind contributions of property, plant and equipment, and intangibles	Note 3.5	(170)	(569)
(Gain)/loss on disposal of property, plant and equipment, and intangibles	Note 5.4	(25 799)	(11 702)
Changes in:			
(Increase)/decrease in contributions receivable	Note 3.2	339 545	93 212
(Increase)/decrease in inventories	Note 3.3	73 219	63 125
(Increase)/decrease in prepayments and other assets	Note 3.4	(1 893)	(272 677)
Increase/(decrease) in accounts payable and accruals	Note 3.7	(115 935)	263 468
Increase/(decrease) in employee benefits liabilities, net of actuarial gain/loss	Note 3.9	69 864	63 962
Increase/(decrease) in provisions	Note 3.11	690	(4 717)
Increase/(decrease) in other liabilities	Note 3.10	(4 828)	49 913
Net fair value change of investments at fair value through surplus and deficit	Note 3.1	20 039	–
Increase/(decrease) in deferred revenue	Note 3.8	979	870
Net cash flows from operating activities		**256 505**	**(224 844)**
Cash flows from investing activities:			
Purchase of property, plant and equipment	Note 3.5	(26 634)	(65 884)
Purchase of intangible assets	Note 3.6	(388)	–
Proceeds from sale of assets	Note 5.4	36 551	37 664
Purchase of short- and long-term investments	Note 3.1	(425 356)	–
Net cash flows from investing activities		**(415 827)**	**(28 220)**
Cash flows from financing activities:			
Net cash flows from financing activities		**–**	**–**
Net increase/(decrease) in cash and cash equivalents		**(159 322)**	**(253 064)**
Effect of exchange rate changes on cash and cash equivalents		**6 937**	**(36 050)**
Cash and cash equivalents at beginning of the year		**2 018 333**	**2 307 447**
Cash and cash equivalents at end of the year		**1 865 948**	**2 018 333**

The accompanying notes form an integral part of these financial statements.
The amounts in the statements and note tables are rounded to the nearest thousand dollars. Totals may not add up owing to rounding.

The 2023 statement of cash-flow was corrected to exclude the movement in short term investments and is prepared in a manner consistent with the calculation method applied for the 2024 cash flow

United Nations High Commissioner for Refugees

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2024[a]

(Thousands of United States dollars)

	Reference	*Approved programme budget amount*		*Actual on comparable basis*	*Variances: final budget and actual amounts*
		Original[b]	*Final*[c]		
Available funds[d]				**5 177 617**	
Field operations					
West and Central Africa		1 011 401	1 115 137	467 227	647 909
East Africa, Horn of Africa and Great Lakes Region		2 149 050	2 209 050	899 475	1 309 575
Southern Africa		492 154	492 154	191 902	300 252
Middle East and North Africa		2 341 761	2 413 778	1 090 007	1 323 771
Asia and the Pacific		993 215	993 215	478 281	514 933
Europe		1 466 193	1 466 193	731 653	734 540
Americas		834 571	834 571	369 535	465 036
Country Operations Technical Support		159 949	160 358	125 855	34 503
Total field operations		**9 448 293**	**9 684 454**	**4 353 935**	**5 330 519**
Global programmes		406 495	406 621	327 758	78 863
Headquarters		249 658	249 123	242 464	6 659
Operational reserve		505 222	433 205	-	433 205
Junior Professional Officers Fund		12 000	12 000	8 394	3 606
Total	**Note 7**	**10 621 668**	**10 785 404**	**4 932 551**	**5 852 853**
Balance of available funds[d]	**Note 7**			**245 066**	

[a] The accounting basis and the budget basis are different. While the accounting basis is the International Public Sector Accounting Standards, this statement of comparison is prepared on a modified cash basis (further information is provided in note 7). Funds available include $0.6 million reflecting an upward adjustment to the carryover from 2023 to correct an immaterial error.

[b] The programme budget for 2024 of $10,621.7 million was approved by the Executive Committee of the Programme of the High Commissioner at its seventy-fourth session (9–13 October 2023), as contained in A/78/12/Add.1 paragraph 13.

[c] The final budget figure represents the sum of the approved original programme budget of $10,621.7 million and the final supplementary budgets of $163.7 million established by the High Commissioner in 2024 in accordance with rule 208.1 of the UNHCR financial rules (A/AC.96/503/Rev.12).

[d] Available funds represent the last estimate by management of funding available for the year. Thus, any balance represents the available funds not consumed by 31 December. In note 7, table 7.2, this balance is reconciled to the change in cash balances reflected in statement IV. The breakdown of the funds available is included in Chapter IV paragraph 40.

The accompanying notes form an integral part of these financial statements.
The amounts in the statements and note tables are rounded to the nearest thousand dollars. Totals may not add up owing to rounding.

United Nations High Commissioner for Refugees
Notes to the 2024 financial statements

Note 1
Office of the United Nations High Commissioner for Refugees, its objectives and activities

1. The Office of the United Nations High Commissioner for Refugees (UNHCR) was established by the General Assembly in its resolution 319 A (IV). Its mandate is laid down in the statute of the Office (Assembly resolution 428 (V), annex). In accordance with the statute, the High Commissioner, acting under the authority of the Assembly, shall assume the function of providing international protection, under the auspices of the United Nations, to refugees who fall within the scope of the statute and of seeking permanent solutions for the problem of refugees.

2. The General Assembly has also called upon the High Commissioner to provide assistance to returnees and to monitor their safety and well-being on return (Assembly resolution 40/118). In addition, on the basis of specific requests from the Secretary-General or the competent principal organs of the United Nations, and with the consent of the State concerned, the High Commissioner provides humanitarian assistance and protection to internally displaced persons (Assembly resolution 48/116). As to the High Commissioner's assistance activities, the basic provisions of the statute were expanded by the Assembly in its resolution 832 (IX).

3. UNHCR has been mandated by the General Assembly to provide international protection to refugees and to find solutions to their plight. While States bear the primary responsibility for protecting refugees on their territory, UNHCR was established to ensure protection on behalf of the United Nations and to promote accessions to and supervise the application of the 1951 Convention relating to the Status of Refugees and the 1967 Protocol thereto. Through successive resolutions, the Assembly has recognized additional categories of displaced people, including refugees who have returned to their country of origin (returnees), stateless persons and, in certain circumstances, internally displaced persons. It has also authorized the Office to undertake a wider array of activities, such as the provision of humanitarian assistance and support for reintegration, as necessary, to fulfil the mandate of international protection and solutions. The UNHCR mandate on statelessness was further consolidated upon the entry into force of the 1961 Convention on the Reduction of Statelessness in 1975. In 2003, the Assembly decided to remove the temporal limitation on the continuation of the Office and to continue the Office until the refugee problem is solved (Assembly resolution 58/153).

4. The High Commissioner reports annually to the General Assembly through the Economic and Social Council. The Executive Committee of the Programme of the High Commissioner was established pursuant to Assembly resolution 1166 (XII) to provide advice to the High Commissioner in the exercise of his or her functions and to approve the use of voluntary funds made available to the High Commissioner. The annual cycle of meetings of the Executive Committee consists of one plenary session and several intersessional meetings of its subsidiary body, the Standing Committee. As at 31 December 2024, the Executive Committee consisted of 110 members. Each year, the report on the session of the Executive Committee is submitted to the Assembly as an addendum to the annual report of the High Commissioner.

5. UNHCR has its headquarters in Geneva, with Global Service Centres in Budapest and Copenhagen and liaison offices in New York and Brussels. As at 31 December 2024, UNHCR had a presence in 137 countries and/or territories, where its core work was managed through regional bureaux, country or multi-country offices, sub-offices and field offices in the following seven regions: West and Central Africa; East Africa, Horn of Africa and Great Lakes; Southern Africa; Middle East and North Africa; Asia and the Pacific; Europe; and the Americas. Global programmes are managed by a number of divisions at headquarters.

Note 2

Accounting policies, risk analysis and risk management

2.1 Accounting policies

Basis of preparation

6. The financial statements of UNHCR have been prepared on an accrual basis of accounting, in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board. Pursuant to IPSAS 1: Presentation of financial statements, paragraph 31, outlining the general requirements for the presentation of financial statements, and to comply with its promulgated financial rules, UNHCR departs from IPSAS by presenting the net balance of the Staff Benefits Fund within the net assets section of the statement of financial position. The net unfunded balance presented is composed of the accumulated balance of the employee benefit liabilities less the approved funding provided against those liabilities. This presentation, which provides more visibility to the unfunded balance of the Staff Benefits Fund, has been consistently applied to the financial statements since 2007. The full details required to comply with the presentation requirements of IPSAS are nevertheless reflected in note 4.4.

7. The financial statements have been prepared on a going-concern basis. This assertion is based on the approval by the UNHCR Executive Committee of the consolidated budget requirements for 2025 during its seventy-fifth plenary session (14-18 October 2024) and the historical trend of collection of pledges over the past years. The accounting policies have been applied consistently throughout the financial period. The events after the reporting date reflected in Note 11 are not considered to be of immediate relevance in management's determination that the going concern assumption continues to be appropriate. The amounts in the tables of the financial statements and the notes to the financial statements are rounded to the nearest thousand dollars. Totals may not add up owing to rounding.

Transactions and balances

8. In accordance with the financial rules for voluntary funds administered by the High Commissioner for Refugees (A/AC.96/503/Rev.12), the functional and reporting currency of UNHCR is the United States dollar.

9. Foreign currency transactions are translated into dollars using the United Nations operational rate of exchange, which approximates the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into dollars at the year-end closing rate of the operational rate of exchange.

10. Both realized and unrealized foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency denominated monetary assets and liabilities are recognized in the statement of financial performance.

Statement of cash flow

11. The statement of cash flow is prepared using the indirect method.

Materiality and use of judgment and estimates

12. The financial statements necessarily include estimated amounts on the basis of management's knowledge, judgment and assumptions with regard to events and actions. Estimates include but are not limited to implementing partner receivables and accruals, the fair value of donated goods and services, accrued charges and liabilities for after-service employee benefits, the impairment on accounts receivable, inventories, property, plant and equipment, and disclosures of contingent assets and liabilities.

13. The concept of materiality is applied for the development of accounting policies and the preparation of financial statements.

Revenue

Non-exchange revenue

14. Voluntary and non-conditional cash contributions from donors for which no formal binding agreements are required are recognized as revenue when the cash contribution is received from the donor.

15. Revenue from voluntary contributions and the United Nations regular budget confirmed in writing are recognized as non-exchange transactions in accordance with IPSAS 23: Revenue from non-exchange transactions. .

16. Refunds of voluntary contributions for which revenue was recognized in prior years are recorded as revenue adjustments in the year that the refund requirement is identified.

In-kind contributions

17. In-kind contributions of goods and selected services that directly support operations and activities and can be reliably measured are recognized as revenue at fair value. Fair value is generally measured by reference to the price of the same or similar items in an active market. These contributions in kind include goods which are distributed to beneficiaries, as well as use of premises, utilities, transport and personnel. In-kind contributions of goods are recognized as revenue and assets either when the related pledges are confirmed in writing or upon receipt of the goods, whichever is earlier. In-kind contributions of specific selected services are treated as both revenue and expense upon receipt.

Exchange revenue

18. Revenue arising from the rendering of services, sale of goods or use by others of UNHCR assets is recognized as exchange revenue in accordance with IPSAS 9: Revenue from exchange transactions.

Interest revenue

19. Interest revenue is recognized over the period in which it is earned. Besides interest earned on operational cash balances, interest revenue includes the impact of amortization of cash and cash equivalents arising from the measurement of term deposits at amortized cost and mark-to-market adjustments for money market funds and other investments classified as financial assets at fair value through surplus or deficit for the purposes of IPSAS 41. Any impact of changes in the amortized cost of financial asset receivables classified as amortized cost for the purposes of IPSAS 41 is also recognized as a component of interest revenue.

Expenses

20. In accordance with the accrual basis of accounting, expense recognition occurs at the time of delivery by the supplier or service provider and acceptance of goods or services. Expenses are recorded and recognized in the financial statements for the periods to which they relate.

Assets

Financial instruments recognition, measurement and classification

21. Financial instruments are contractual arrangements that result in a financial asset for one entity and a financial liability or equity instrument for another. UNHCR's financial assets comprise cash and cash equivalents, investments, accounts receivable and other miscellaneous receivable balances from exchange transactions. Tax receivables are not considered to represent financial instruments for the purposes of IPSAS 41.

22. UNHCR's financial liabilities comprise, accounts payable and accruals which are recognized initially at fair value and subsequently measured at amortized cost. Derivative contracts that have a negative fair value are presented as liabilities at fair value through surplus or deficit.

Recognition and derecognition:

23. Financial instruments of any type are recognized when, and only when, UNHCR becomes a party to contractual provision of the instrument. Recognition of financial assets continues until the rights to receive cash flows from those assets have expired or have been transferred and UNHCR has transferred substantially all the risks and rewards of ownership.

24. Financial assets with maturities beyond 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in different currencies are translated into United States dollars at the United Nations operational rates of exchange prevailing at the reporting date, with net gains or losses recognized in surplus or deficit in the statement of financial performance.

Measurement and classification:

25. All financial instruments are initially measured at fair value. Financial assets are grouped and subsequently measured into two classifications - those measured at amortized cost, and those measured at fair value. When measured at fair value, gains and losses are recognised either entirely in surplus or deficit (fair value through surplus or deficit, FVSD), or recognised in net assets/equity (fair value through net assets/equity, FVNA/E).

26. The following criteria have been considered in determining the classification and measurement of the financial assets and liabilities:

a) the business model for managing the financial assets and liabilities; and

b) the contractual cash flow characteristics of the financial assets and liabilities.

27. These classification criteria determine which of the subsequent measurement bases to apply for each category of financial assets or liabilities:

a) *Financial assets at amortized cost* are those financial instruments which are held under the business model objective to hold financial assets to collect contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes), where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

b) *Financial assets at fair value through net assets/equity (FVNA/E)* are those financial instruments which are held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, where the contractual terms give rise on specified dates to cash flows which are solely payments of principal and interest on the principal amount outstanding.

c) *Financial assets or financial liabilities at fair value through surplus or deficit (FVSD)* are other financial instruments which are not classified as either at amortized cost or at FVNA/E.

28. Financial assets at fair value through surplus or deficit (FVSD) are those that are held for trading or are acquired principally for the purpose of selling in the short term and where the contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

29. None of the UNHCR financial assets or liabilities have been classified as at fair value through net assets/equity.

30. UNHCR classifies its financial instruments in one of the categories shown below at initial recognition and re-evaluates the classification at each reporting date.

Table 2.2.1

Summary table: Classification of financial instruments

Financial instruments	Classification
Cash and cash equivalents (cash, bank and short-term deposits) and receivables	Financial assets at amortized cost
Money market funds	Financial assets at fair value through surplus or deficit
Investment funds	Financial instruments at fair value through surplus or deficit
Accounts payables and accruals	Financial liabilities at amortized cost

31. Investments in short-term deposits generally held to maturity with maturities between 1 and 12 months are measured at amortized cost. Any credit exposures for which there has been a significant increase in credit risk since initial recognition are recognized based on full lifetime expected credit losses.

32. Investments in money market funds with a fixed amount to be redeemed, a term of 3 months or less at the time of investment, and a credit rating of AAA or a comparable high rating are classified as a component of cash and cash equivalents. Other investments in money market funds are measured at fair value with changes recorded through surplus and deficit.

33. Investments in investment funds are externally managed portfolios that are held with the goal that their return will finance the main long-term employee benefit liabilities within the staff benefit fund (SBF) that are classified as financial instruments at fair value through surplus and deficit.

34. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through surplus or deficit are presented in the statement of financial performance in the period in which they arise.

35. Fair value estimation: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. UNHCR utilises the last traded market price for both financial assets and financial liabilities.

36. The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using relevant valuation techniques. UNHCR uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

37. Financial assets and liabilities that are measured at amortized cost are short term, as the impact of amortization is not material, amortized cost is equivalent to the trade date amount at inception for cash and cash equivalents or to the original invoice value at the time that the related goods or services are delivered and accepted for receivables and financial liabilities. The calculation of the expected credit losses indicates that these are not material in the context of these financial statements and are therefore not disclosed.

38. UNHCR uses International Monetary Fund (IMF) special drawing rights interest (SDRi) rates as the reference discount rates for the initial measurement of long-term receivable financial assets and financial liabilities under IPSAS 41.

39. The classification of financial instruments and assessment of materiality considerations for the purposes of IPSAS 41 are subject to annual review.

Interest income from financial assets at fair value through surplus and deficit

40. Interest income includes interest from cash and cash equivalents and interest from debt securities (financial assets at fair value through surplus and deficit).

Impairment of financial assets

41. Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in the statement of financial performance in the year in which they arise.

42. Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Cash and cash equivalents

43. Cash and cash equivalents comprise cash on hand, cash at banks and short-term deposits with maturities of three months or less. Cash and cash equivalents and short-term investments in term deposits are measured at amortized cost and initially based on a forward-looking assessment of any material credit loss risk for a 12-month period.

Contributions and other receivables

44. Receivables, which consist primarily of contributions are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value, plus transaction costs, and are subsequently reported at amortized cost calculated using the effective interest method as UNHCR holds such receivables to collect the cash flow. Interest revenue is recognized on a time proportionate basis using the effective interest rate method on the respective financial asset.

45. Short-term contributions receivable are measured at amortized cost and recorded at nominal or original invoice value.

46. Non-current receivables designated as financial assets for the purposes of IPSAS 41 are discounted using IMF SDRi rates as the reference discount rates for the initial measurement of financial assets and liabilities under IPSAS 41. UNHCR has no history of credit losses on contributions receivable therefore the impact of expected credit losses in the measurement of these receivables is currently zero.

47. Other receivables that are not financial assets for the purposes of IPSAS 41 are stated at nominal value, less allowance for doubtful accounts. Allowances for doubtful accounts are recognized when there is objective evidence that a receivable is impaired. Allowances are recognized based on historical collection experience and/or evidence indicating that the collection of a particular receivable is in doubt. Impairment losses are recognized in the statement of financial performance of the year in which they arise.

Inventories

48. Inventories consist primarily of items which are distributed to beneficiaries – mainly non-food items such as tents, bedding materials, household items, medical and hygienic supplies, apparel and construction materials and related equipment.

49. Inventories are stated at fair value, measured as the lower of cost and current replacement cost. Inventory items received as in-kind contributions are measured at fair value as at the date the related asset is initially recorded.

50. The cost of inventories includes purchase cost (or fair value if received in kind) and all other costs, such as transportation, insurance and inspection costs incurred to bring the inventories to the first UNHCR-controlled receiving location in the destination country. Costs incurred to move inventories between in-country warehouses or distribution points are expensed as incurred.

51. The cost of inventories is determined on a weighted average basis.

52. Inventories are expensed when control is relinquished through direct distribution by UNHCR to beneficiaries, by transfer of control to implementing partners, upon transfer to other entities for relief assistance purposes, and upon transfer from controlled warehouses for internal consumption. Inventories of items destined for long term use are transferred to property plant and equipment when distributed to their destination of use.

53. Inventories are reviewed periodically for obsolescence and an allowance is made on the basis of past experience.

Other assets

54. Other assets are other claims on third parties, including prepayments for implementing partners, cash-based intervention and commercial transactions, as well as tax and miscellaneous exchange receivables and advances. These are recognized when UNHCR expects to receive cash or financial benefits in the future.

Property, plant and equipment

Measurement of costs at recognition

55. Property, plant and equipment are considered non-cash-generating assets as they are not held to generate a commercial return and are stated at historical cost, less accumulated depreciation and any impairment losses.

56. Individual items of movable property, plant and equipment other than buildings are capitalized and depreciated over their estimated useful lives when their original acquisition price is equal to or greater than the threshold of $10,000.

57. Individual items of movable property, plant and equipment that do not meet the $10,000 minimum cost threshold are also capitalized and tracked as fixed assets but are depreciated 100 per cent in the year of acquisition.

58. Buildings are capitalized when their expected original acquisition price or construction costs, including capitalizable internal costs, are equal to or greater than the threshold of $250,000 and only in locations of UNHCR headquarters, UNHCR regional offices or UNHCR representations.

59. Acquisition or construction costs of all other buildings are expensed at the time of acquisition or construction. The rights of UNHCR in relation to other buildings, used primarily for operations in direct support of beneficiaries, are regularly limited and not fully equivalent to a title of ownership.

Depreciation method and useful life

60. Depreciation is charged to allocate the cost of assets over their estimated useful lives. Property, plant and equipment is depreciated using the straight-line method, except for land, which is not subject to depreciation. The estimated useful lives for the various classes of property, plant and equipment are as follows and are subject to annual review:

Class	*Estimated useful life (in years)*
Permanent buildings – headquarters	40
Permanent buildings – other locations	20
Leasehold – major improvements and alterations	The lesser of the remaining lease term, plus any renewal option expected to be exercised, and the asset’s useful life
Donated right of use – major improvements and alterations	The lesser of the period for which UNHCR expects to use the asset and the asset’s useful life
Motor vehicle equipment – heavy	10

Class	*Estimated useful life (in years)*
Motor vehicle equipment – armoured	10
Motor vehicle equipment – light	8
Equipment, including generators, telecommunications, security and safety, storage, computers and office furniture and fittings	5

61. Changes in useful lives are accounted for prospectively as a change in accounting estimate. Assets that are subject to depreciation or amortization are reviewed annually for evidence of impairment to ensure that the carrying amounts are still considered to be recoverable.

62. No useful life revisions to major asset categories were necessary in 2024.

Intangible assets

63. Intangible assets are considered non-cash-generating assets as they are not held to generate a commercial return and are stated at historical cost less accumulated amortization and any impairment losses. For donated intangible assets, the fair value as of the date of acquisition is used as a proxy for cost. Capitalized intangible assets under development are recorded at cost where such cost can be reliably measured. Any remaining research and development costs are immaterial.

64. Intangible assets controlled by UNHCR are capitalized if their original acquisition cost is equal to or greater than the threshold of $30,000. Internally developed software, including any reliably measurable internal staff costs incurred in development, is capitalized for development projects where total costs exceed the threshold of $250,000. The capitalized value of internally developed software excludes those costs related to research and maintenance.

65. In 2023, the remaining net book value of software developed or enhanced internally was derecognized owing to the substantive completion of the planned transformation away from on-premises controlled software solutions and towards a software as a service-based approach. The stand-alone value of any residual components of controlled in-house software solutions is no longer material and is no longer reliably measurable independent of the derecognized assets.

66. Amortization is provided over the estimated useful life using the straight-line method. The estimated useful lives for the intangible asset classes are as follows:

Class	*Estimated useful life (in years)*
Software acquired externally	3
Software developed internally	5
Licences and rights, copyrights, intellectual property and other intangible assets	Shorter of the licence or rights period and useful life of 3 years

Software as a service

67. Costs incurred to configure or customize, and subscriptions fees to access cloud-based software as a service (SaaS) are recognized as operating expenses when the services are received if the systems utilized do not meet the criteria to be recognized as controlled assets. Subscriptions fees contracted for the pre-deployment period that are distinct from configuration costs are amortized over the remainder of the minimum subscription period, starting from the date of initial active deployment.

68. Costs incurred for the development of software code that enhances or modifies or creates additional capability to existing on-premises systems and satisfies the recognition criteria for an intangible asset are recognized as intangible software assets and amortized over the remaining useful life of the software on a straight-line basis. The useful lives of intangible software assets are reviewed at least annually. Any change in useful lives, including those due to such enhancements, are accounted for prospectively as a change in accounting estimate.

69. The assessment of whether costs to integrate and bridge controlled software to software-as-a-service solutions meet recognition criteria for capitalization as intangible software assets may involve key judgments as to the exact nature of the costs incurred, including whether a separate asset can be reliably measured.

Liabilities

Accounts payable and accruals

70. Accounts payable are financial liabilities incurred to settle the cost of either goods or services that have been acquired and received by UNHCR and for which the invoices have been received from the suppliers or represent amounts due to implementing partners against agreements implemented by those partners. They are initially recognized at fair value and, when applicable, subsequently measured at amortized cost using the effective interest method. As the accounts payable of UNHCR generally fall due within 12 months, the impact of discounting is immaterial, and nominal values are applied to initial recognition and subsequent measurement for the purposes of IPSAS 41.

71. Accruals are financial liabilities for goods and services as at the reporting date that have been received by or provided to UNHCR during the year and have not been invoiced by suppliers or claimed by partners. Accruals include the estimated implemented share of the value of partnership agreements when partner reports confirming implementation have not yet been reported or processed.

Other liabilities

72. Other liabilities primarily include obligations for future refunds and other miscellaneous items such as unapplied cash receipts. Future refund obligations are designated in the same manner as accounts payable and accruals and recorded at nominal value, as the impact of discounting is immaterial.

Employee benefits

73. UNHCR recognizes the following categories of employee benefits:

(a) Short-term employee benefits due to be settled within 12 months after the end of the accounting period during which employees rendered the related service;

(b) Post-employment benefits;

(c) Other long-term employee benefits;

(d) Termination benefits.

Short-term employee benefits

74. Short-term employee benefits in UNHCR comprise mainly salaries and payroll-related allowances, employee benefits on initial assignment, education grants and other benefits such as paid annual leave. Short-term employee benefits are measured at nominal value.

Post-employment benefits

75. Post-employment benefits in UNHCR include defined benefit plans, such as the United Nations Joint Staff Pension Fund, after-service health insurance and repatriation grants.

76. The liability recognized for these benefits, other than for the Pension Fund, is the present value of the defined benefit obligations at the reporting date. The defined benefit obligations are calculated by independent actuaries using the projected unit credit method. Actuarial gains and losses arising from changes in actuarial assumptions are recognized directly in equity.

United Nations Joint Staff Pension Fund

77. UNHCR is a member organization participating in the United Nations Joint Staff Pension Fund (the “Fund”), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

78. The Fund collectively exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. UNHCR and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the UNHCR’s proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UNHCR has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39, Employee Benefits. UNHCR’s contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

79. The Fund’s Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Fund’s Consulting Actuary. The practice of the Pension Board has usually been to carry out an actuarial valuation every two years. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities in perpetuity. The Fund’s published funding policy (available on the Fund’s website) sets out the methods, processes and targets that are used to monitor the funding position and associated risks. This also includes the practice of utilizing an actuarial value of assets, which smooths short-term investment gains and losses for the purpose of reporting long-term solvency.

80. UNHCR’s financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% of pensionable remuneration for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and

when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date. It has never been necessary to invoke Article 26, and no deficiency payments have ever been requested.

81. The latest actuarial valuation for the Fund was completed as at 31 December 2023, and a roll forward of the participation data as at 31 December 2023 to 31 December 2024 will be used by the Fund for the purpose of reporting an actuarial present value of accumulated plan benefits in its 2024 financial statements.

82. The actuarial valuation as at 31 December 2023 reported a funded ratio of actuarial assets to actuarial liabilities of 111.0% (117.0% in the 2021 valuation) when future expected pension adjustments (cost-of-living indexation on benefits) were taken into account. The reported funded ratio was 152.0% (158.2 % in the 2021 valuation) when the current system of pension adjustments was not taken into account and would be the measure by which actuarial sufficiency is established under Article 26.

83. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2023, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. At the time of this report, the General Assembly has not invoked the provision of Article 26.

84. Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization’s contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2021, 2022 and 2023) amounted to USD 9,499.4 million, of which 5.4% was contributed by UNHCR.

85. During 2024, contributions paid to the Fund by UNHCR amounted to USD 162.5 million (2023 USD 185.3million). Expected contributions due in 2025 are approximately USD 166.0 million.

86. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

87. The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund provides weekly information on its investments, and it can be viewed by visiting the Fund at www.unjspf.org.

Other long-term employee benefits

88. Other long-term employee benefits include end-of-service grants and an initial accrual of 1% of staff and qualifying contractor costs incurred following the decision

during 2024 to self-insure obligations under Appendix D to the Staff Regulations and Rules to compensate staff and certain contractors in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. Prior to the change, these obligations were assumed by the UN secretariate in return for a similar 1% premium. The level of accrual will be reviewed in future periods and adjusted as appropriate based on the actual and expected levels of claims by insured persons.

Provisions and contingencies

89. A provision is made when UNHCR has a present legal or constructive obligation as a result of past events and it is probable that UNHCR will be required to settle the obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources expected to be required to settle the present obligation at the reporting date. This estimate is discounted where the effect of the time value of money is material.

90. Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of UNHCR.

Budget comparison

91. The UNHCR budget is formulated on a modified cash basis. In the statement of financial performance (statement II), expenses are classified and listed by the nature of expenses, whereas in the statement of comparison of budget and actual amounts (statement V), expenditure is classified by operational segment.

92. The UNHCR budget is based on a comprehensive assessment of the humanitarian and protection needs of displaced people. The High Commissioner may approve supplementary budgets in the case that new needs cannot be fully met from the approved UNHCR programme budget. Supplementary budgets are reported to each subsequent meeting of the Standing Committee for the Committee to take note of them.

93. The statement of comparison of budget and actual amounts (statement V) shows the original budget and compares the final budget to actual amounts on the same basis as the corresponding budgetary amounts. As the basis used to prepare the budget and the financial statements differ, note 7 provides: (a) the comparison of the actual budgetary amounts presented in statement V with the IPSAS actual expense amounts presented in the statement of financial performance (statement II); and (b) the reconciliation of the difference between actual budgetary resources and expenditure with the cash increase/decrease presented in the cash-flow statement (statement III).

Segment reporting

94. In accordance with IPSAS 18: Segment reporting, the financial statements are also presented by segment. A segment is a distinguishable activity or group of activities for which financial information is reported separately for the purpose of evaluating the entity's past performance in achieving its objectives and in making decisions about the future allocation of resources.

95. UNHCR reports on the transactions of each segment during the year and on the balances held at the end of the year.

96. The structure of UNHCR internal financial reporting is organized into seven regions plus headquarters and global programmes for the purpose of evaluating performance in achieving UNHCR objectives and in making decisions about the

future allocation of resources. Note 8 presents the regional and headquarters segment reporting schedules.

97. As at 31 December 2024, special funds and accounts comprised the Working Capital Fund for Voluntary Contributions, the Staff Benefits Fund, the Medical Insurance Plan and the Self-Financing Activities Fund.

Joint operations/UN Fleet

98. In 2022, UNHCR and the World Food Programme (WFP) signed a memorandum of understanding to establish a joint operation for the provision of mobility solutions to the United Nations system, referred to as UN Fleet, including vehicle leasing, insurance services and other related services. UN Fleet operations commenced in 2023. UN Fleet is not established as a separate entity with legal form and is jointly governed and funded by UNHCR and WFP, with each providing half of the approved funding. UNHCR recognizes its share in the assets and liabilities of UN Fleet, and of its revenues and expenses earned or incurred jointly with WFP under IPSAS 37: Joint arrangements. The results and financial position are recorded as a component of the Headquarters segment in 2023 and 2024.

New accounting standards

99. IPSAS 43: Leases was issued in January 2022 with an effective date of 1 January 2025. IPSAS 43 supersedes IPSAS 13: Leases and introduces the right-of-use model for lessees. Its impact on the financial position of UNHCR upon adoption, including the impact of consequential amendments to other standards, is currently being assessed. Based on the right-of-use model, upon adoption of the new standard and after the expiration of the validity of any transitional provisions that may be applied, most expense leases will be required to be capitalized, resulting in an increase in the amount of capitalized assets and the recording of related lease liabilities.

100. IPSAS 43 will also be applicable to lease revenue, including the revenue earned from the contracts entered into by UN Fleet with United Nations system entities utilizing its services. The treatment of these leases under IPSAS 43 is the same as the treatment under IPSAS 13, thus no change in accounting is expected.

101. IPSAS 44: Non-current assets held for sale and discontinued operations, was issued in May 2022. IPSAS 44 promulgates accounting for assets held for sale and the presentation and disclosure requirements of discontinued operations, in alignment with International Financial Reporting Standard 5: Non-current assets held for sale and discontinued operations. Adoption of the standard is mandatory in the financial year ending 31 December 2025. Given the definitions and scope of non-current assets held for sale, the recognition and measurement impacts are not expected to be significant for UNHCR. Any impact of the presentation and disclosure changes will depend on the future identification of discontinued operations, starting on 1 January 2025.

102. IPSAS 45: Property, plant and equipment, was issued in May 2023 and replaces IPSAS 17: Property, plant and equipment. IPSAS 45 removes the scope exclusion for heritage property, plant and equipment, provides application and implementation guidance on infrastructure assets and captures property, plant and equipment-related measurement impacts from IPSAS 46.

103. UNHCR does not hold any heritage assets, therefore IPSAS 45 is not expected to have any impact on UNHCR financial reporting from the effective date of 1 January 2025.

104. IPSAS 46: Measurement, was issued in May 2023 and draws upon International Financial Reporting Standard 13: Fair value measurement, with the addition of public

sector specific elements, including the current operational value measurement basis. Adoption of the standard is mandatory for the financial year ending 31 December 2026. The adoption of IPSAS 46 is not expected to change the UNHCR accounting policy choice of applying the historical cost model to tangible and intangible assets.

105. In March 2023, the IPSAS Board issued IPSAS 47: Revenue and IPSAS 48: Transfer expenses, each with an effective date of 1 January 2026. IPSAS 47 replaces IPSAS 9: Revenue from exchange transactions, IPSAS 11: Construction contracts, and IPSAS 23: Revenue from non-exchange transactions (taxes and transfers), to create a single consolidated revenue standard. IPSAS 48 does not replace a pre-existing standard, and will apply exclusively to transfer expenses where UNHCR acts as a resource provider.

106. The impact of both IPSAS 47 and IPSAS 48 is currently being assessed.

107. On the basis of preliminary assessments, the impact of IPSAS 47 on UNHCR accounting for earmarked voluntary contributions is likely to be significant. Under the current IPSAS 23, UNHCR recognizes the overwhelming majority of voluntary contributions as non-exchange revenue without conditions upon signature of the relevant contribution agreement. Under IPSAS 47, UNHCR will be required to record revenue from unearmarked contributions on a cash receipt basis and revenue from earmarked voluntary contributions when (or as) any identified compliance obligations under binding arrangements, and any enforceable obligations arising from other earmarked contributions, are duly satisfied. Compliance obligations and enforceable obligations, as defined in IPSAS 47, are concepts that broadly align with the expectations and entitlements of donors under many individually significant earmarked voluntary contribution agreements. The change in revenue recognition approach upon implementation of IPSAS 47 is expected to result in a significant shift in the timing of recognition for a substantial share of UNHCR revenue from earmarked voluntary contributions from the year of signature of the contribution agreement to the subsequent year(s) for which the funds are intended, and when UNHCR satisfies the relevant obligations.

108. The impact of IPSAS 48 on the UNHCR transfer expense accounting is not expected to be significant, as in the absence of specific IPSAS guidance prior to the publication of IPSAS 48, current UNHCR accounting for transfer expenses has been preliminarily assessed as being broadly aligned with the accounting approach reflected in IPSAS 48.

109. IPSAS 49: Retirement benefit plans, was issued in November 2023 and aligns with International Accounting Standard) 26: Accounting and reporting by retirement benefit plans. It prescribes the accounting and reporting requirements for public sector retirement benefit plans. A retirement benefit plan that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 49. The Standard does not deal with other forms of employment benefits such as employment termination benefit or after-service health insurance plans. Adoption of the standard is mandatory for the financial year ending 31 December 2026. IPSAS 49 is not expected to have any impact on UNHCR financial reporting.

110. IPSAS 50, Exploration for and Evaluation of Mineral Resources, and amendments to IPSAS 12, Inventories related to stripping costs in the production phase of a surface mine were issued in 2024 to provide guidance for public sector entities operating in extractive industries. IPSAS 50 and the changes to IPSAS 12 are not expected to have any impact on UNHCR financial reporting.

2.2 Risk analysis and risk management

111. UNHCR is exposed to financial risks including credit risk, liquidity risk, interest rate risk and foreign exchange risk.

112. In accordance with UNHCR's investment policy, funds not required for immediate use may be invested. All investments are carried out within the approved investment policy. Some portfolios are managed by external managers appointed by UNHCR to manage funds in accordance with a defined mandate. Investment policies, performance and the investment risk for each investment portfolio are subject to regular review. UNHCR uses derivative financial instruments to hedge some of its risk exposures.

Nature of financial instruments

113. Investments are categorized as follows:

a) Investment with short-term maturities: invested in cash and high-quality short-dated government, agency, and corporate bonds, and derivatives as defined in the approved investment policy by external investment managers.

b) Investments with long-term maturities: invested in externally managed global bond index funds, which comprise high-quality medium-dated and long-dated government and corporate bonds.

Credit risk

114. Credit risk is the risk of financial loss resulting from a counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments, and credit exposure to outstanding receivables. The carrying value of financial assets is the maximum exposure to credit risk.

Cash and investments

115. UNHCR risk management policies limit the amount of cash and investment holdings with any bank. In the identification and maintenance of the list of approved custodians, the risks of loss of principal in the event of counterparty default are mitigated through the application of risk management evaluations and bank risk rating grades. Surplus funds are placed with financial institutions worldwide with the greatest financial strength as measured by adequacy of capital and reserves. Geographical distribution and specific threshold limits by counterparty are practised. All placements of surplus funds are made with financial institutions that are accorded the strongest credit ratings by the primary rating agencies.

116. UNHCR analyses the concentration of credit risk exposure according to the credit ratings of the term deposits and money market funds it holds. UNHCR applies credit ratings issued by S&P. Short-term credit ratings are applicable for term deposits, as the durations of all deposits are less than one year. As at 31 December 2024, UNHCR had money market funds amounting to \$5.9 million, which had the highest fund rating issued by S&P Global Ratings of Aaa. As at 31 December 2024, UNHCR had short-term deposits of \$818.5 million, which were all rated in the highest short-term rating category of Prime-1.

117. Balances required for day-to-day operational purposes are highly geographically dispersed and maintained only at the level required for operations, thus limiting credit risk for these balances.

118. Credit risk for cash and investments is summarized in table 3.1.5.

Receivables

119. Contributions receivable are composed primarily of voluntary contributions due from Member States. Historically, no material amounts have remained uncollected. The risk of non-collection has been assessed and has been provided for, as indicated in table 3.2.3. Credit risk exposure for contributions receivable is summarized in table 3.2.6.

Investments

120. UNHCR investments are widely diversified to limit credit risk exposure to any individual investment counterparty. Investments are placed with a wide range of counterparties using minimum credit quality limits and maximum exposure limits by counterparty established in investment mandates. The Treasury department monitors the total exposure to counterparties across all internally and externally managed portfolios.

121. Where the investments and securities are not rated for creditworthiness by the major credit rating agencies, the Treasury department ensures that the deposits and securities and the constituent securities in the investment funds are issued by issuers whose credit rating are equal to or better than a single A minimum credit rating requirement for UNHCR investments as set out in the investment guidelines for the external portfolio managers.

122. Credit risk for investments is summarized in table 3.1.5.

Liquidity risk

123. UNHCR total cash and cash equivalent holdings and net investments amounted to $2,271.3 million as at 31 December 2024, compared with $2,018.3 million as at 31 December 2023.

124. UNHCR total cash and cash equivalents and net investments are composed of unencumbered operational cash holdings amounting to the equivalent of $ 810.7 million and encumbered non-operational cash and net investment holdings amounting to $ 1,460.6 million (see note 3.1).

125. The average balance of unencumbered operational cash holdings during 2024 represents a coverage of 2.0 months of expenses (2023: 1.7 months).

126. The implementation of UNHCR programme and emergency activities is planned using cash flow forecasting for actual and estimated pledged contributions and special appeals. Liquidity management procedures and monitoring are in place to ensure that sufficient liquid cash holdings are available to meet contractual liabilities as and when due. However, UNHCR is heavily dependent upon cash flows from a small number of major donors. Due to donor restrictions ("earmarking"), not all liquid assets are available to fund general operations in the event of delays in the receipt of funds pledged, declining contributions, or other unanticipated events that negatively impact liquidity. Short-term future charges on net assets include the obligation to liquidate commitments for the acquisition of goods and services, as well as capital commitments contracted but not delivered by 31 December (see note 9.2).

Interest rate risk

127. UNHCR earns interest revenue derived from surplus balances that it maintains in operational and non-operational cash holdings throughout the year and the organization is exposed to interest rate risk through its short-term and long-term fixed-income investments. The implementation of UNHCR programmes and budget is not directly dependent on interest earnings.

128. Fixed-income derivative instruments may be used by external investment managers to manage interest rate risk under strict investment guidelines. Interest rate instruments of this type are used for portfolio duration management and for strategic interest rate curve positioning.

129. During the period from 1 January to 31 December 2024, bank deposits were held primarily in United States dollars. The average rate of return on United States dollar bank deposits was 5.22 per cent, compared with 5.04 per cent in 2023, reflecting the increasing interest rate trends in this short-term investment segment.

Table 2.2.2
Deposit trend analysis

	2024	*2023*
Term deposits		
Average balance (millions of United States dollars)	1 011	1 125
Average interest rate (percentage)	5.22	5.04
Average duration (days)	29	31

Foreign exchange risk

130. The base currency for UNHCR's accounting and budgeting is the United States dollar. The organization is impacted by the foreign exchange risk arising from fluctuations in currency exchange rates for cash inflows from contributions that are received throughout the year, primarily in 11 major currencies, and from settlement payments that are made in 111 currencies worldwide. UNHCR manages currency risk at the multi-currency portfolio level by establishing actual and forecasted net cash flow positions by currency pairs that are highly correlated between receiving and paying currencies. Therefore, short-term hedging interventions are limited. In 2024, UNHCR executed a limited number of forward contracts for known Swiss franc payroll requirements and CHF 56.5 million (CHF 56.3 million in 2023) was traded for this purpose. In 2024, there are no open forward contracts at year-end.

131. UNHCR addresses the underlying uncertainty by using an established risk methodology to substantiate and validate the benefit of a high degree of diversification in its currency portfolio.

132. UNHCR mitigates foreign exchange impacts for each currency flow by matching cross-correlated currencies at the portfolio level. The automated cash flow forecasting tool embedded in UNHCR enterprise resource planning systems is a key component for tracking and optimizing forthcoming cash flows worldwide in underlying transactional modules.

133. UNHCR procures all major convertible currencies centrally at headquarters through standardized electronic trading platforms managing worldwide operational needs in approximately 137 countries and territories of operation.

134. The translation of transactions expressed in other currencies into the United State dollar is performed at the United Nations Operational Rates of Exchange prevailing at the date of transaction. Assets and liabilities that are denominated in foreign currencies are translated at the United Nations Operational Rates of Exchange year-end closing rate. Realized and unrealized gains and losses resulting from the settlement and revaluation of foreign currency transactions are recognized in the Statement of Financial Performance.

Sensitivity analysis

135. The major categories of monetary assets are cash and cash equivalents, investments and receivables. Currency exchange risk arises as a result of differences in the exchange rates at which foreign currency receivables or payables are recorded, and the exchange rates at which the cash receipt or payment is subsequently recorded. The major components by currency of cash and investments and related sensitivities to foreign exchange rate movements as at 31 December 2024 are reflected in table 3.1.4. There is significant foreign exchange risk derived from pledges of voluntary contributions recorded as receivables, specifically in the timing of the receipt of a pledged amount. Total contributions receivable by currency and related sensitivities to foreign exchange rate movements are reflected in table 3.2.5.

136. Monetary liabilities are primarily reflected in accounts payable. The major currency components of accounts payable and related sensitivities to foreign exchange rate movements are reflected in table 3.7.2. Substantially all accounts payable are due for settlement within one year, and normally within a shorter period, thus limiting exposure to foreign exchange risk.

137. The remaining monetary assets and liabilities not included in cash, investments, receivables and accounts payable that are subject to foreign exchange rate movements are summarized in table 2.2.3.

Table 2.2.3
Other monetary assets and liabilities – sensitivity to foreign exchange risk

(Thousands of United States dollars)

Other monetary assets net of other monetary liabilities subject to foreign exchange risk – by currency	*31 December 2024*	*Strengthening of United States dollar by 10 per cent*	*Weakening of United States dollar by 10 per cent*
Swiss franc	67 339	(6 734)	6 122
Euro	(25 900)	2 355	(2 590)
Syrian pound	12 639	(1 264)	1 149
Yemeni rial	6 528	(653)	593
Turkish lira	(4 757)	432	(476)
Other currencies	9 933	(993)	903
Total	**65 782**	**(6 857)**	**5 701**

138. The largest overall exposures netting off monetary assets against monetary liabilities by currency are summarized in table 2.2.4.

Table 2.2.4
Net monetary assets and liabilities by currency risk

(Thousands of United States dollars)

Net monetary assets and liabilities by currency	*31 December 2024*	*Strengthening of United States dollar by 10 per cent*	*Weakening of United States dollar by 10 per cent*
United States dollar	1 991 323		
Euro	490 982	(49 098)	44 635
Danish krone	181 913	(18 191)	16 538
Swiss franc	172 225	(17 223)	15 657

Net monetary assets and liabilities by currency	*31 December 2024*	*Strengthening of United States dollar by 10 per cent*	*Weakening of United States dollar by 10 per cent*
Norwegian krone	86 321	(8 632)	7 847
Swedish krona	81 270	(8 127)	7 388
Australian dollar	49 603	(4 960)	4 509
Canadian dollar	43 048	(4 305)	3 913
Pound sterling	38 740	(3 874)	3 522
Syrian pound	19 508	(1 951)	1 773
Hong Kong dollar	19 387	(1 939)	1 762
West African CFA franc	15 807	(1 581)	1 437
Japanese yen	13 075	(1 308)	1 189
Qatari rial	10 408	(1 041)	946
Turkish lira	(10 984)	999	(1 098)
Other currencies	111 746	(11 175)	10 159
Total	**3 314 372**	**(132 405)**	**120 177**

139. The overall impact on fund balances of asymmetric changes in all monetary assets and liabilities, holding all other variables unchanged, would be to reduce fund balances by $132.4 million (4.0 per cent) if the United States dollar strengthens by 10 per cent, and to increase fund balances by $120.2 million (3.6 per cent) if the United States dollar weakens by 10 per cent, compared with the exchange rates in effect as at 31 December 2024, as currency fluctuations of 10 per cent are considered possible as at this date. Year-end exposure to currency risk is higher than the risk that applies during the year, as receivables denominated in currencies other than the United States dollar are generally higher at year-end than typical average levels applicable during the financial year.

Note 3
Assets and liabilities

3.1 Cash and cash equivalents and (net) investments

Table 3.1.1
Summary of cash and cash equivalents & (net) investments

	31 December 2024	*31 December 2023*
Current assets		
Cash and cash equivalents	1 865 948	2 018 333
Investments	158 143	-
Non-current assets & liabilities		
Investments	256 919	-
Other investment liabilities	(9 744)	-
Total (net) cash and cash equivalents & (net) investments	**2 271 266**	**2 018 333**

Table 3.1.2
Summary of cash and cash equivalents
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Cash and cash equivalents		
Headquarters bank and cash	608 267	438 000
Field offices bank and cash	375 544	367 419
Short-term deposits	818 504	1 207 444
Cash equivalents held in investment portfolios	57 757	-
Investments in money market funds	5 876	5 470
Total cash and cash equivalents	**1 865 948**	**2 018 333**

140. Cash required for immediate disbursement is maintained in cash and bank accounts. Balances in short-term deposit accounts and money market funds and cash equivalents in the investment portfolios are available at short notice and meet the criteria for classification as cash and cash equivalents.

141. Table 3.1.3 shows the purposes for which cash and cash equivalents were held.

Table 3.1.3
Earmarking of cash, cash equivalents and (net) investments
(Thousands of United States dollars)

	31 December 2024	31 December 2023
Cash and bank balances		
Operational	796 848	694 840
Junior Professional Officers Fund	13 839	10 579
Operational cash and bank balances	**810 687**	**705 419**
Working Capital Fund for Voluntary Contributions	100 000	100 000
Staff Benefits Fund	73 124	-
Non-operational cash and bank balances	**173 124**	**100 000**
Total cash and bank balances	**983 811**	**805 419**
Cash equivalents, short-term deposits and (net) investments [a]		
Staff Benefits Fund	943 745	877 269
Medical Insurance Plan	85 982	73 593
Self-Financing Activities Fund	257 728	222 810
Operational	-	39 242
Total short-term deposits and (net) investments	**1 287 455**	**1 212 914**
Of which:		
Operational	810 687	744 661
Non-operational	1 460 579	1 273 672
Total cash and cash equivalents and (net) investments	**2 271 266**	**2 018 333**

[a] Investments are net of investment liabilities of $9.7 million.

142. Cash and cash equivalents and short-term investments are held primarily in United States dollars. Table 3.1.4 indicates the impact on surplus or deficit if the dollar strengthens or weakens by 10 per cent, on an asymmetric basis, holding all other variables constant, compared with the exchange rates in effect on 31 December 2024.

Table 3.1.4
Currency position of cash, cash equivalents and (net) investments
(Thousands of United States dollars)

Holding currency	*Position at 31 December 2024*	*Strengthening of United States dollar by 10 per cent*	*Weakening of United States dollar by 10 per cent*
United States dollar	1 803 321	–	–
Euro	84 194	(7 654)	8 419
Bangladeshi taka	19 387	(1 762)	1 939
Hong Kong dollar	19 297	(1 754)	1 930
West African CFA franc	13 651	(1 241)	1 365
Other currencies	331 416	(30 129)	33 142

Holding currency	*Position at 31 December 2024*	*Strengthening of United States dollar by 10 per cent*	*Weakening of United States dollar by 10 per cent*
Total cash and cash equivalents and (net) investments	**2 271 266**	**(42 541)**	**46 795**

Table 3.1.5
Credit ratings of cash and cash equivalents and investments
(Thousands of United States dollars)

	Credit ratings[a]	*31 December 2024*	*31 December 2023*
Short-term deposits	Prime-1	818 504	1 207 444
Cash – other		1 041 569	805 419
Of which:	Prime-1	758 024	605 917
	Prime-2	30 597	27 244
	Prime-3	35 832	39 088
	Unrated/unknown	217 116	133 170
Money market funds	Prime-1	5 875	5 470
Total cash and cash equivalents		**1 865 948**	**2 018 333**
Short-term and long-term investment assets			
Short-term investments in funds		158 143	-
Of which:	Prime-1	21 117	-
	Prime-2	35 929	-
	Prime-3	35 118	-
	Unrated/unknown	65 979	-
Long-term investments in funds	Prime-1	256 919	-
Total investment assets in funds		415 062	-
Other investment liabilities		(9 744)	-
Total (net) investments		**405 318**	**-**
Total cash and cash equivalents and (net) investments		**2 271 266**	**2 018 333**

[a] Ratings are based on the Standard and Poor's rating definitions.

143. Credit risk for cash and cash equivalents is mitigated by the fact that balances are held with a significant number of counterparties.

Table 3.1.6

Investments

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Investment funds	256 919	-
Derivatives	7 253	-
Debt securities	147 159	-
Other investment balances	3 731	-
Total investment assets	**415 062**	**-**
Of which:		-
Short-term	158 143	-
Long-term	256 919	-

144. UNHCR maintains an internally managed portfolio of short-term bank deposits and money market funds which are presented in the financial statements as cash and cash equivalents, and portfolios of identified investments in financial instruments managed by external investment managers.

145. Short-term and long-term investments relating to funds held to finance the after-service health insurance and other post-employment entitlements are invested in investment funds and high-quality fixed-income securities (government-, agency-, and corporate bonds) and derivative instruments (swaps, futures and collaterals) as defined in the approved investment policy.

146. Receivables from investments include accrued revenue on investments and receivables from investments that were sold before 31 December 2024 and settled after that date.

147. The performance of the investment portfolios is evaluated on a fair value basis.

148. UNHCR's funds are invested with the following objectives:

a) Preservation of capital. The goal of capital preservation is the principal objective of the investment policy.

b) Maintenance of sufficient liquidity to meet all payments of liabilities on time; and

c) Optimization of income return available for investment over the investment horizon, commensurate with the above requirements on preservation of capital and liquidity.

149. The quality, security and liquidity of the investments are always given priority over the rate of return on the investments.

150. Investments contains debt instruments that do not qualify for measurement at either amortized cost or FVNA/E.

<u>Short-term investments:</u>

151. Financial assets in the externally managed portfolios designated as at fair value through surplus or deficit are classified as short-term investments where the investment time horizon objective of these portfolios is less than or equal to one year or the business model is *held for trading*.

152. Unlike the internally managed portfolio of short-term investments and cash and cash equivalents, the return objective of long-term invested funds is to earn returns in excess of those of their benchmarks.

Long-term investments:

153. Passive investment portfolios are classified as long-term investments in accordance with the investment time horizon objective of the portfolio and the duration of its benchmark (8.5 years), which are both greater than one year. Most of these investments are invested in an externally managed global bond fund.

154. Financial assets mandatorily measured at 'fair value through surplus and deficit' include amount to $415.1 million.

Table 3.1.7
Other investment liabilities
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Derivatives	5 642	-
Other investment liabilities	4 102	-
Total other financial liabilities	**9 744**	**-**

155. Derivative financial instruments in a liability position arise from derivative transactions such as exchange forward contracts and interest rate swaps, including:

a) derivative contracts transacted by the portfolio managers to adjust the currency and the interest rate exposure and positions of the portfolios; and

b) forward foreign exchange contracts transacted by UNHCR to hedge the foreign exchange risk of future expenditure.

156. Other investment liabilities relate to other financial liabilities from investments, including assets purchased before 31 December 2024 and settled after that date.

Table 3.1.8

Maturity analysis of investment portfolio
(Thousands of United States dollars)

	Up to 12 months	*Over 1-to 5 years*	*Greater than 5 years*	*No maturity or maturity not determined*	***Totals***
As at 31 December 2024					
Derivatives - assets	7 246	7			**7 253**
Investment fund			50 000	206 919	**256 919**
Bonds	7 747	44 310	95 102		**147 159**
Other investment balances			3 013	718	**3 731**
Derivatives - liabilities	(5 642)				**(5 642)**
Other investment liabilities			(3 880)	(222)	**(4 102)**
Total (net) investments	**9 351**	**44 317**	**144 235**	**207 415**	**405 318**

157. A maturity analysis of investment holdings helps demonstrate the management of liquidity risks by ensuring that the value of its assets consistently exceeds the associated obligations. UNHCR's investment fund includes obligations related to derivatives and foreign exchange transactions. However, the asset holdings within the portfolio provide adequate coverage for these liabilities. As some of the portfolios are actively managed by external investment managers, the maturity of these items

and cash flows in the portfolio may change when the investment manager purchases or sells such instruments as UNHCR does not expect to hold such items until maturity.

Table 3.1.9

Fair value hierarchy

(Thousands of United States dollars)

	Level 1	*Level 2*	*Level 3*	***31 December 2024*** ***Total***
Short-term investments	-	156 117	2 027	**158 143**
Long-term investment	206 919	-	50 000	**256 919**
Financial liabilities	-	(9 744)	-	**(9 744)**
Total (net) investments	**206 919**	**146 373**	**52 027**	**405 318**

158. The fair value hierarchy represents the categorization of market pricing to indicate the relative ease with which the value of investments held by UNHCR can be realized.

159. Financial instruments held by UNHCR with quoted prices in active markets are classified as Level 1. Derivative instruments which are transacted over the counter are classified as Level 2 because their fair value is observable – either directly as a price, or indirectly after being derived from prices. These consist of bonds, foreign currency hedging forward contracts and derivative contracts in the externally managed portfolios. Level 3 includes inputs that are not observable, and the value is determined using market-standard valuation techniques.

3.2 Contributions receivable

160. The following tables summarize the composition of contributions receivable by donor class (table 3.2.1) and year due (table 3.2.2).

Table 3.2.1

Analysis of net contributions receivable by donor class

(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Current contributions receivable		
Governments	938 198	847 265
United Nations system organizations and funds	81 138	84 015
Other intergovernmental organizations	107 777	194 926
Private donors	111 332	131 438
Current contributions receivable before allowance	**1 238 445**	**1 257 643**
Allowance for doubtful accounts	(23 127)	(9 930)
Total current contributions receivable	**1 215 319**	**1 247 714**
Non-current contributions receivable		
Governments	257 534	593 704

	31 December 2024	31 December 2023
Current contributions receivable		
United Nations system organizations and funds	5 829	10 340
Other intergovernmental organizations	58 365	41 460
Private donors	12 698	20 127
Total non-current contributions receivable before discounting	**334 426**	**665 631**
Discounting of non-current receivables (IPSAS 41)	(18 880)	(42 935)
Total non-current contributions receivable	**315 546**	**622 696**
Net contributions receivable	**1 530 865**	**1 870 409**

Table 3.2.2
Summary of contributions receivable by year due
(Thousands of United States dollars)

Year due	*31 December 2024*	*Percentage*	*Year due*	*31 December 2023*	*Percentage*
2023 and before	10 451	0.7	2022 and before	53 969	2.9
2024	119 283	7.8	2023	197 774	10.6
2025	1 085 585	70.9	2024	995 970	53.2
Total current contributions receivable	**1 215 319**	**79.4**		**1 247 714**	**66.7**
2026	240 627	15.7	2025	479 821	25.6
2027	87 119	5.7	2026	156 280	8.4
2028	6 075	0.4	2027	29 530	1.6
2029	605	0.0	2028	–	–
Non-current contributions receivable before discounting	**334 426**	**21.8**		**665 631**	**35.6**
Discounting of non-current receivables	(18 880)	(1.2)		(42 935)	(2.3)
Total non-current contributions receivable	**315 546**	**20.6**		**622 696**	**33.3**
Total contributions receivable	**1 530 865**	**100.0**		**1 870 409**	**100.0**

161. Contributions receivable are treated as financial assets for the purposes of IPSAS 41, and non-current contributions receivable are measured at amortized cost by discounting their nominal value from the estimated date of future cash receipts using the International Monetary Fund (IMF) special drawing right interest (SDRi) rate. Contributions receivable are measured at amortized cost notwithstanding the fact that earmarking requirements of donors have not yet been satisfied, and the date of receipt of the funds may be dependent on the timing of the future satisfaction of the earmarking requirements.

162. The movement of the allowance for doubtful accounts during 2024 was as follows:

Table 3.2.3

Change in allowance for doubtful contributions receivable

(Thousands of United States dollars)

	31 December 2023	*Write-offs*	*Increase*	*(Decrease)*	*31 December 2024*
Allowance for doubtful accounts	9 930	-	13 576	(379)	23 127

163. Contributions receivable are presented net of allowances for those receivables which are past due and for which there is objective evidence that the amounts due are impaired. The impaired receivables primarily represent disputed claims, subsequent agreement amendments, as well as underspending against earmarked funding, and are not indicative of credit risk.

Table 3.2.4
Ageing of net contributions receivable

(Thousands of United States dollars)

Contributions receivable	*Gross nominal amount*	*Allowances (impairment)*	*Net nominal amount*
Not overdue as at 31 December 2024	1 420 408	(397)	1 420 011
Less than 12 months overdue	121 650	(2 366)	119 283
More than 12 months overdue	30 813	(20 363)	10 451
Contributions receivable before discounting	**1 572 871**	**(23 127)**	**1 549 745**
Discounting of non-current receivables	-	-	(18 880)
Total contributions receivable			**1 530 865**

Table 3.2.5
Total contributions receivable by currency

(Thousands of United States dollars)

Contributions receivable by currency	*31 December 2024*	*Strengthening of United States dollar by 10 per cent*	*Weakening of United States dollar by 10 per cent*
United States dollar	606 650	–	–
Euro	442 165	(40 197)	44 216
Danish krone	170 818	(15 529)	17 082
Swedish krona	80 931	(7 357)	8 093
Other currencies	249 182	(22 653)	24 918
Total contributions receivable before discounting	**1 549 745**	**(85 736)**	**94 309**
Discounting of non-current receivables	(18 880)	-	-
Total contributions receivable	**1 530 865**	**(85 736)**	**94 309**

164. Contributions receivable are denominated largely in United States dollars, euros, Danish krone and Swedish krona. Table 3.2.5 indicates the impact on surplus/(deficit) owing to changes in the dollar-equivalent value of contributions if the dollar strengthens or weakens by 10 per cent, on an asymmetric basis, holding all

other variables constant, compared with the exchange rates in effect as at 31 December 2024.

Table 3.2.6
Total contributions receivable by credit risk exposure
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Government ratings[a]		
Aaa–Aa3	1 086 202	1 338 875
A1–A3	58 218	81 573
Baa1–Baa3	46 003	15 792
Ba1–B3	1 309	1 392
Caa1–Ca	4 000	2 000
Unrated	-	1 337
Total governments contributions receivable	**1 195 732**	**1 440 969**
Intergovernmental organizations	166 142	236 386
United Nations system organizations and funds	86 967	94 355
Private donors	124 030	151 564
Total contributions receivable before allowance	**1 572 871**	**1 923 274**
Allowance for doubtful accounts	(23 126)	(9 930)
Total contributions receivable before discounting	**1 549 745**	**1 913 344**
Discounting of non-current receivables	(18 880)	(42 935)
Total contributions receivable	**1 530 865**	**1 870 409**

[a] Moody's ratings.

165. Contributions receivable are recorded primarily based on pledges received and accepted from governments and intergovernmental organizations. Table 3.2.6 indicates the exposure by credit rating for net contributions receivable from governments. Comparable credit ratings applicable to other contributions receivable are not readily available. Credit risk on contributions receivable is mitigated by the fact that financial commitments resulting from contribution agreements are generally entered into only after related contributions funding has been received.

3.3 Inventories

166. The distribution or internal consumption of inventory is recorded as an expense in the statement of financial performance under distributions either to partners (note 6.1) or to beneficiaries (note 6.4), or – when consumed internally – under the relevant category of equipment and supplies (note 6.7). Inventories intended for long-term internal usage may also be transferred to property plant and equipment (note 3.5).

167. The following tables show the composition of the inventory balance at year-end (table 3.3.1) and the reconciliation of inventory changes during the year (table 3.3.2).

Table 3.3.1

Summary of inventory by type

(Thousands of United States dollars)

Inventory type	*31 December 2024*	*31 December 2023*
Medical and hygienic supplies and apparel	8 932	11 321
Household items	139 156	186 335
Tents	69 800	89 834
Construction materials and related equipment	10 165	12 078
Stock of vehicles pending distribution	29 297	31 988
Other supplies and equipment	73 947	111 852
In-transit and other	30 605	46 115
Subtotal	**361 902**	**489 523**
Less: inventory valuation allowance	(45 990)	(64 517)
Total inventory	**315 911**	**425 005**

168. At year-end, UNHCR held inventory items with a total value of $315.9 million net of valuation allowances. This is equivalent to approximately 10 months' distribution made in 2024 (approximately 12 months in 2023).

169. Prior to their disposal, assets previously in use and held for distribution to partners are recategorized from property, plant and equipment to inventory (see table 3.5.1).

Table 3.3.2
Movement in inventory

(Thousands of United States dollars)

Inventory reconciliation	*2024*	*2023*
Opening inventory as at 1 January	425 005	464 625
Cost of goods acquired [a]	322 908	397 830
Cost of goods distributed	(402 896)	(435 183)
Transfers (to)/from property, plant and equipment	(35 875)	23 504
Other adjustments [b]	(11 758)	20 158
Change in inventory valuation allowance	18 527	(45 929)
Closing inventory as at 31 December	**315 911**	**425 005**

[a] Includes in-kind contributions and consumables.
[b] Other adjustments primarily consists of valuation adjustment due to replacement cost analysis ($15.5 million) and miscellaneous inventory corrections ($3.7 million).

Table 3.3.3
Change in inventory valuation allowance
(Thousands of United States dollars)

	31 December 2023	*Increase*	*(Decrease)*	*31 December 2024*
Inventory valuation allowance	64 517	6 976	(25 504)	45 990

170. The inventory valuation allowance as at 31 December 2024 reflects impairments pending clarification of possible discrepancies in recorded quantities identified during physical verification ($10.1 million), value adjustments for inventory items beyond their shelf lives ($14.3 million) and an impairment of vehicles held in warehouses for more than 12 months pending deployment ($1.4 million). See note 6.5 and 6.11. UNHCR warehouses in the Sudan and Syria were subject to looting in 2023 and 2024 respectively. As a result, in 2024 an additional impairment allowance of $7.0 million has been recorded pending final verification of losses. It is expected that more than half of the final losses will be covered by insurance. See note 9.4, Contingent assets.

3.4 Prepayments and other current assets

Table 3.4
Summary of prepayments and other current assets
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Prepayments commercial, partners and other	369 781	424 131
United Nations entity receivables	89 446	47 149
Implementing partner receivables	13 777	5 228
Value added tax receivables	33 285	37 930
Staff advances	64 717	58 384
Other assets	23 099	11 188
Subtotal	**594 105**	**584 009**
Less: allowance for other current assets	(20 636)	(12 435)
Total prepayments and other current assets	**573 467**	**571 574**

171. Prepayments (e.g. under implementing partnership agreements, to financial service providers under cash assistance arrangements and to property owners for rent) are payments made in advance of provision of goods or commercial and partnership services for which the final claims of the suppliers and partners have yet to be processed.

172. In 2024, prepayments include $240.7 million (2023: $328.6 million) for activities of implementing partners to be performed for which reports to confirm these activities have not yet been processed (see note 6.1).

173. Implementing partner prepayments of $240.7 million include $87.1 million for 104 projects where the delivery of services is extended into 2025 (2023: $10.6 million for 17 extended projects) and $3.7 million of first instalments for 19 projects due for implementation in 2025 (2023: $3.1 million against two new projects).

174. Based on past experience, the amounts advanced as prepayments that – pending the processing of partner reports – are expected to be confirmed as implementing partner expenses in 2025 are recorded as accrued liabilities. Prepayments relating to 2024 partner activities are released as and when the annual partner report processing is completed. See notes 6.1. The accrued liabilities are released at the same time as the actual expenses reported are processed.

175. Prepayments to financial service providers of cash-based assistance not yet delivered to final beneficiaries, net of estimated deliveries not yet reported by financial service providers, amounted to $81.5 million (2023: $47.1 million). Other prepayments of $47.4 million (2023: $48.1 million) relate largely to commercial vendors.

176. Implementing partner receivables of $13.8 million (2023: $5.2 million) primarily represent amounts initially recorded as prepayments but subsequently recharacterized because the partner did not fully implement the agreement, and the remaining unconsumed balances are expected to be recovered in cash.

177. Staff advances of $64.7 million (2023: $58.4 million) consist primarily of education grants, rental subsidies, travel, medical expenses, salary and other staff entitlements.

178. The allowance for other current assets covers primarily value added tax receivables from a limited number of host countries where recovery is being actively pursued but has not been forthcoming ($11.8 million), the risk of non-recovery of amounts claimed from implementing partners ($5.4 million), and the risk of non-recovery of bank balances trapped in an illiquid bank ($3.1 million).

3.5 Property, plant and equipment

179. The main asset classes for property, plant and equipment comprise land and buildings, major alterations and improvements to properties, motor vehicles, generators and computers and telecommunications equipment.

180. Assets held at 31 December 2024 for distribution to partners were recategorized to inventory (see table 3.3.1).

Table 3.5.1

Property, plant and equipment, 2024

(Thousands of United States dollars)

	Land and buildings	*Major alterations and improvements*	*Motor vehicles*	*Generators*	*Computer and telecommunications equipment*	*Other equipment*	*Total*
Cost/valuation							
Opening balance at 1 January 2024	34 149	25 223	321 708	48 832	176 226	18 384	624 522
Additions – purchased	492	(1)	11 972	2 924	9 603	871	25 861
Additions – contributions in kind	170	–	–	–	–	–	170
Net transfers (to)/from inventory	108	–	23 930	467	10 992	378	35 875
Disposals [a]	(269)	(340)	(35 754)	(3 822)	(6 891)	(851)	(47 928)
Closing balance at 31 December 2024	**34 648**	**24 882**	**321 856**	**48 401**	**189 931**	**18 783**	**638 501**
Accumulated depreciation							
Opening balance at 1 January 2024	(30 028)	(10 858)	(171 602)	(38 344)	(168 131)	(15 363)	(434 326)
Transfers and recategorizations		(605)	1 207	(46)	(378)	595	773
Disposals [a]	269	340	25 725	3 512	6 622	717	37 185
Depreciation charge for the year	(2 413)	(2 366)	(30 733)	(4 477)	(22 560)	(1 479)	(64 028)
Impairment	–	–	(1 552)	–	–	–	(1 552)
Closing balance at 31 December 2024	**(32 172)**	**(13 489)**	**(176 955)**	**(39 355)**	**(184 447)**	**(15 529)**	**(461 948)**
Net book value							
Opening balance at 1 January 2024	4 121	14 365	150 106	10 488	8 095	3 021	190 196
Closing balance at 31 December 2024	**2 476**	**11 393**	**144 901**	**9 046**	**5 483**	**3 254**	**176 553**

[a]Disposals included assets transferred to partners with a net book value of $3.2 million.

Table 3.5.2

Property, plant and equipment, 2023

(Thousands of United States dollars)

	Land and buildings	*Major alterations and improvements*	*Motor vehicles*	*Generators*	*Computer and telecommunications equipment*	*Other equipment*	*Total*
Cost/valuation							
Opening balance at 1 January 2023	32 287	25 338	354 682	55 144	155 375	19 742	642 568
Additions – purchased	1 463	459	31 772	7 117	24 488	2 039	67 338
Additions – contributions in kind	564	–	–	–	5	–	569
Net transfers (to)/from inventory	–	–	(20 167)	(2 598)	(365)	(375)	(23 505)
Other adjustments	–	(574)	(1 576)	221	(71)	–	(2 000)
Disposals [a]	(165)	–	(43 003)	(11 052)	(3 206)	(3 021)	(60 447)
Closing balance at 31 December 2023	**34 149**	**25 223**	**321 708**	**48 832**	**176 226**	**18 384**	**624 522**
Accumulated depreciation							
Opening balance at 1 January 2023	(28 361)	(8 967)	(164 318)	(37 948)	(149 199)	(19 125)	(407 918)
Transfers and recategorizations	–	–	(2 096)	(984)	(1 218)	4 844	546
Disposals [a]	165	–	28 018	6 564	3 333	1 218	39 298
Depreciation charge for the year [b]	(1 832)	(1 891)	(29 155)	(5 605)	(20 888)	(2 230)	(61 601)
Impairment	–	–	(4 051)	(371)	(160)	(70)	(4 652)
Closing balance at 31 December 2023	**(30 028)**	**(10 858)**	**(171 602)**	**(38 344)**	**(168 131)**	**(15 363)**	**(434 326)**
Net book value							
Opening balance at 1 January 2023	3 926	16 371	190 364	17 196	6 176	617	234 650
Closing balance at 31 December 2023	**4 121**	**14 365**	**150 106**	**10 488**	**8 095**	**3 021**	**190 196**

[a] Disposals included assets transferred to partners with a net book value of $11.8 million.

[b] During 2023 and prior to commencement of depreciation, items with a total cost of $28.3 million that were initially accounted for as asset additions of the period in which they were delivered to UNHCR warehouse locations were recategorized as inventory pending external distribution or entry into use if distributed internally. Following the change in accounting treatment, items purchased and received at inventory locations are accounted for as inventory pending determination of their ultimate use, either as fixed assets or for distribution.

3.6 Intangible assets

Table 3.6.1
Movements in intangible assets, 2024
(Thousands of United States dollars)

	Intangible assets under development	*Licences, software and other*	*Total 2024*
Cost			
Opening balance 1 January 2024	–	24 720	24 720
Additions – purchased	388	–	388
Additions – contributions in kind	–	–	–
Disposals	–	(22 133)	(22 133)
Transfers into service	–	–	–
Closing balance 31 December 2024	**388**	**2 587**	**2 975**
Accumulated amortization			
Opening balance 1 January 2024	–	(23 511)	(23 511)
Disposals	–	22 121	22 121
Amortization charge for the year	–	(966)	(966)
Closing balance 31 December 2024	**–**	**(2 356)**	**(2 356)**
Net book value			
Opening balance 1 January 2024	–	1 209	1 209
Closing balance 31 December 2024	**388**	**231**	**619**

Table 3.6.2
Movements in intangible assets, 2023
(Thousands of United States dollars)

	Intangible assets under development	*Licences, software and other*	*Total 2023*
Cost			
Opening balance 1 January 2023	–	65 975	65 975
Additions – purchased	–	–	–
Additions – contributions in kind	–	–	–
Disposals	–	(41 255)	(41 255)
Transfers into service	–	–	–
Closing balance 31 December 2023		**24 720**	**24 720**
Accumulated amortization			
Opening balance 1 January 2023	–	(41 879)	(41 879)
Disposals	–	36 443	36 443
Amortization charge for the year	–	(18 075)	(18 075)
Closing balance 31 December 2023	**–**	**(23 511)**	**(23 511)**
Net book value			
Opening balance 1 January 2023	–	24 096	24 096
Closing balance 31 December 2023	**–**	**1 209**	**1 209**

181. Licences, software and other primarily represents software licences acquired and development costs incurred for software already in use. The cost of acquired licences and software is amortized over the licence or rights period or three years, whichever is shorter. The cost of internally developed software is amortized over five years from the date of deployment. Significant disposals in 2023 and 2024 represent the retirement of on-premise software solutions as they are replaced by uncapitalized software-as-a-service solutions. The 2024 disposals were substantially all relating to intangible assets that were fully depreciated or previously impaired.

3.7 Accounts payable and accruals

Table 3.7.1
Analysis of accounts payable and accruals
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Accounts payable		
Commercial and other suppliers	64 511	125 711
Implementing partners	-	23 868
United Nations entities	10 412	7 913
Total accounts payable	**74 923**	**157 492**
Accruals	410 934	444 299
Total accounts payable and accruals	**485 856**	**601 791**

182. Accounts payable to commercial and other suppliers relate primarily to amounts due for goods and services for which invoices have been received by UNHCR.

183. Accounts payable to implementing partners in 2023 represented payments due against agreements with those partners for delivered services.

184. Accruals of $410.9 million as at 31 December 2024 include $218.5 million of estimated expenses of implementing partners not yet reported and processed and therefore not yet offset against the related prepayments made to the partners of $240.7 million. See notes 3.4 and 6.1.

185. Substantially all the remaining accruals represent liabilities for the cost of goods and services that have been received or provided to UNHCR during the year and have not been invoiced by suppliers as at the reporting date.

Table 3.7.2
Currency position of accounts payable and accruals
(Thousands of United States dollars)

	Position at 31 December 2024	*Strengthening of United States dollar by 10 per cent*	*Weakening of United States dollar by 10 per cent*
United States dollar	379 172	–	–
Euro	16 243	(1 477)	1 624
Turkish Lira	13 924	(1 266)	1 392
Iraqi dinar	9 577	(871)	958
Bangladeshi taka	9 337	(849)	934

	Position at 31 December 2024	*Strengthening of United States dollar by 10 per cent*	*Weakening of United States dollar by 10 per cent*
Other currencies	57 602	(5 237)	5 760
Total accounts payable and accruals	**485 856**	**(9 699)**	**10 668**

186. Accounts payable and accruals are denominated primarily in United States dollars. Table 3.7.2 indicates the impact on surplus/(deficit) if the dollar strengthens or weakens by 10 per cent, on an asymmetric basis, holding all other variables constant, compared with the exchange rates in effect on 31 December 2024.

3.8 Deferred revenue

Table 3.8.1

Analysis of deferred revenue

(Thousands of United States dollars)

	2024	*2023*
Deferred revenue		
UN Fleet deferred revenue	1 880	901
Total deferred revenue	**1 880**	**901**

187. No contribution revenue has been assessed to be subject to stipulations that are conditions for the purposes of IPSAS 23. See Note 11 Events after the reporting date.

3.9 Employee benefits liabilities

Table 3.9.1

Analysis of employee benefits liabilities

(Thousands of United States dollars)

	2024	*2023*
Employee benefits liabilities		
After-service health insurance	1 340 109	916 438
Repatriation benefits	143 824	143 120
Annual leave	122 064	125 971
Salaries and other staff benefits	40 859	27 801
Service-related insurance	7 323	-
Other separation benefits	3 410	4 367
Total employee benefits liabilities	**1 657 589**	**1 217 696**
Composition		
Current	184 112	175 615
Non-current	1 473 477	1 042 081
Total employee benefits liabilities	**1 657 589**	**1 217 696**

188. Entitlements to after-service health insurance of retirees, and their eligible dependents and survivors are covered in the form of continued membership in the United Nations Staff Mutual Insurance Society (UNSMIS), a multi-employer insurance plan managed by the United Nations Office at Geneva, or through the Medical Insurance Plan (MIP). Internationally recruited staff and all Geneva based staff are covered by UNSMIS. Locally recruited staff members and retirees who served at designated duty stations away from Headquarters and their eligible dependants are covered under the MIP. While the MIP is self-administered, UNHCR does not exercise full control over UNSMIS: UNHCR is represented by a representative of staff and a representative of the organization at the UNSMIS Executive Committee. Benefits and premium rates are discussed by the Executive Committee, which makes a recommendation to the Director General of the United Nations Office at Geneva. The contribution and benefit levels of UNSMIS are determined without regard to the identity of the entity that employs active participants or previously employed inactive participants and their respective dependents and survivors. The UNSMIS fund is fully mutualized, meaning the claims of participants from all participating entities are funded collectively from the contributions of all individuals and entities in any given year. However, while the entitlements of inactive participants themselves remain unchanged, under the statues of UNSMIS, UNHCR assumes no obligation to cover other participating entities' obligations. Chapter VII Article 15 of UNSMIS's statutes address the possible winding up of UNSMIS. While in such event the executive committee shall arrange for an actuarial evaluation prior to liquidation to determine the Society's commitments and liabilities applicable to all participating entities, there is no specific reference to UNHCR having an automatic entitlement to a residual surplus nor any obligations to fund any additional commitments or liabilities other than the After Service Health Insurance liability (ASHI) for UNHCR retirees and future eligible retirees. The statutes of UNSMIS are silent about the terms of an entity's withdrawal from the plan. Sufficient information is available about claims costs for participants in the plan and the administration costs of UNSMIS to allow UNHCR to account for its own after-service obligations under the UNSMIS plan as a defined benefit liability under IPSAS 39: Employee benefits.

189. Annual leave liabilities are calculated for the unused annual leave balance. Separating staff are entitled to be paid for unused annual leave, up to a predetermined limit. Active staff may also carry forward their unused leave balance into the next calendar year, up to the same limit.

190. Salaries and other staff benefits include short-term employee benefits such as salary and wage increments arising from the revision of salary scales, home leave, education grants and other benefits.

Actuarial valuation of post-employment liabilities

191. Liabilities related to after-service health insurance and repatriation benefits are calculated by an independent actuary. A full valuation is generally carried out every second year and a roll forward valuation is performed for the interim period. In 2024 a full valuation was conducted. Actuarial assumptions are summarized as follows:

	Assumptions used in valuation of post-employment liabilities
Discount rate After-service health insurance	1.82 per cent (2023: 2.84 per cent) – Projected after-service health insurance cash outflows are discounted at spot rates for high-quality corporate bonds payable in each major currency appropriate for that maturity. The rate disclosed represents a weighted average of discount rates of three major currencies: the United States dollar, the euro and the Swiss franc. The underlying reference discount rates are consistent with those recommended by experts and agreed for

	Assumptions used in valuation of post-employment liabilities
	use by entities within the United Nations system. The average duration of the obligations is estimated at 27 years for the participants in the United Nations Staff Mutual Insurance Society scheme and at 27 years for participants in the Medical Insurance Plan.
Health-care cost inflation	1.71 per cent (2023: 1.76 per cent) – Weighted average of health-care cost trend rates estimated for United States dollar, euro and Swiss franc claims reimbursement. The underlying currency-specific inflation rate assumptions are consistent with those recommended by experts and agreed for use by entities within the United Nations system.
Health-care cost age factor at age 65	$5,573 (2023: $4,915) – The age factor at age 65 indicates the relative cost of health care for an average UNHCR retiree compared with each $1,000 of cost for a typical staff member in active service. Age factors applied for each age cohort are determined by levels of care consumed and cost differences experienced between the location and the period of active service and of retirement. The majority of after-service health insurance claim costs are expected to be incurred in Europe, primarily in Swiss francs and euros.
	The combination of health-care cost inflation assumptions and UNHCR-specific age factors lead to after-service health insurance liabilities that are appropriate to the characteristics of the relevant UNHCR population and to patterns of retirees' health-care claims.
Discount rate Repatriation and shipment	5.56 per cent (2023: 4.52 per cent) – The entitlements to repatriation benefits are determined in United States dollars. Each year's projected cash flow is discounted at a spot rate for high-quality corporate bonds payable in United States dollars appropriate for that maturity. The discount rate is the single equivalent rate that produces the same discounted present value. The average duration of the obligations is estimated at 8 years in respect of repatriation grants and at 9 years in respect of travel and shipping costs.
Expected rate of salary increase	2.3 per cent (2023: 2.10 per cent)

After-service health insurance liability

Table 3.9.2
Comparison of gross and net after-service health insurance liability
(Thousands of United States dollars)

	2024	*2023*
Gross accrued liability	1 970 345	1 337 405
Offset from retiree contributions	(630 236)	(420 967)
Net liability as at 31 December	**1 340 109**	**916 438**

192. The accrued liability represents the already earned portion of the present value of benefits that has accrued from the staff member's date of entry on duty into qualifying service until the valuation date. The total period of qualifying

service may include non-continuous prior periods. An active staff member's benefit is fully accrued when that staff member has reached the date of full eligibility for after-service benefits. Liabilities are calculated using the projected unit credit method, whereby each participant's benefits under the plan are expensed as they accrue, taking into consideration the plan's benefit allocation formula. As retirees continue to make contributions to the scheme, the gross liability is reduced by the present value of expected post-retirement contributions by participants to reflect the net liability.

193. The following table presents a reconciliation of opening and closing balances of the after-service health insurance liability:

Table 3.9.3
Change in defined benefit obligation
(Thousands of United States dollars)

After-service health insurance	*2024*	*2023*
Defined benefit obligation at 1 January	916 438	833 927
Service cost for year	44 407	35 715
Interest cost for year	25 848	28 262
Benefits paid (net of participant contributions)	(16 338)	(8 904)
Actuarial (gain)/loss	369 754	27 438
Defined benefit obligation at 31 December	**1 340 109**	**916 438**

194. Service and interest costs are recognized as an expense in the statement of financial performance (statement II). The expense recognized in 2024 is $70.3 million ($64.0 million in 2023), as detailed in note 6.2.

195. Actuarial gains and losses are recognized as a direct charge or credit to reserves. The net actuarial loss of $369.8 million in 2024 is primarily attributable to changes in financial assumptions since 2023, in particular lower discount rates, especially for the Swiss franc liabilities ($262.7 million), the increase in health care cost per capita ($67.3 million), and the change in the long-term medical inflation rate ($16.9 million). The sensitivity analysis below illustrates how small percentage changes in key assumptions affect the expense and liability.

196. UNHCR sets aside funds in respect of after-service health insurance liabilities for past service (3 per cent of the net base salary of all Professional and General Service staff) and for current-year costs (service and interest). The total amount funded as at 31 December 2024 is $828.0 million ($706.6 million in 2023) (see also note 4.4). The amounts funded are not held by a trust that is legally separate from UNHCR and are thus not considered to be plan assets for the purpose of IPSAS 39.

Table 3.9.4
Unfunded defined benefit obligations
(Thousands of United States dollars)

After-service health insurance	*31 December 2024*	*31 December 2023*
Defined benefit obligations	**1 340 109**	**916 438**
Funded	(828 022)	(706 557)
Unfunded defined benefit obligations	**512 087**	**209 881**

197. Based on actuarial calculations, the contribution of UNHCR in 2025 for after-service health insurance is estimated at $122.0 million.

Sensitivity analysis

198. On the basis of the actuarial assumptions used, the effect of an increase or decrease of one percentage point in the assumed medical cost trend rate and the discount rate on: (a) the aggregate of the current service cost and interest cost for 2024; and (b) the accumulated post-employment benefit obligation as at 31 December 2024 are shown in table 3.9.5.

Table 3.9.5
Sensitivity analysis – after-service health insurance
(Thousands of United States dollars)

	Service cost and interest cost	*Accumulated post-employment benefit obligations*
Effect of change in key assumptions		
Discount rates:		
One percentage point increase	(30 641)	(304 769)
One percentage point decrease	46 467	436 641
Net periodic post-employment medical costs:		
One percentage point increase	45 814	430 547
One percentage point decrease	(30 865)	(306 975)
Age factor:		
One per cent increase per year after age 65	32 366	397 387
One per cent decrease per year after age 65	(30 353)	(286 122)

Repatriation benefits

199. In line with the Staff Regulations and Rules of the United Nations, staff members in the Professional category and other relevant staff members are entitled to repatriation grants and related relocation costs upon their separation from the organization, based on the number of years of service. The actuarially determined accrued liability for repatriation grant and related travel as at 31 December 2024 was $143.8 million ($143.1 million in 2023), as shown in table 3.9.6.

Table 3.9.6
Repatriation accrued liability by type
(Thousands of United States dollars)

	2024	*2023*
Repatriation grant	91 648	87 656
Travel and shipment	52 176	55 464
Liability as at 31 December	**143 824**	**143 120**

200. The accrued liability represents the already earned portion of the present value of repatriation benefits.

201. Table 3.9.7 presents a reconciliation of opening and closing balances of the repatriation liability.

Table 3.9.7
Repatriation liability roll forward
(Thousands of United States dollars)

Repatriation grant and travel	*2024*	*2023*
Net obligation at 1 January	143 120	131 577
Service cost for the year	6 174	6 230
Interest cost for the year	6 142	6 359
Benefits paid	(11 887)	(6 049)
Actuarial (gain)/loss	276	5 002
Total obligation at 31 December	**143 824**	**143 120**

202. The aggregate of the current-year service and interest costs is recognized as an expense in the statement of financial performance (statement II). For 2024, the expense recognized was $12.3 million ($12.6 million in 2023). The sensitivity analysis below illustrates how small percentage changes in key assumptions affect the expense and the liability.

203. Actuarial gains and losses are recognized as a direct charge or credit to reserves. The net actuarial loss of $0.3 million in 2024 is attributable to changes in financial assumptions (actuarial gain of $9.2 million), primarily changes in the discount rate, offset by experience adjustments related to new entrants (actuarial loss of $9.4 million).

Table 3.9.8
Funding status of repatriation liability
(Thousands of United States dollars)

Repatriation grant and travel	*31 December 2024*	*31 December 2023*
Total obligations	**143 824**	**143 120**
Funded	(56 050)	(40 734)
Unfunded obligations	**87 774**	**102 386**

204. Based on actuarial calculations, the contribution by UNHCR in 2025 for repatriation benefits is estimated at $15.8 million.

Sensitivity analysis

205. On the basis of the actuarial assumptions used, the effect of an increase or decrease of one percentage point in the salary inflation and the discount rate on: (a) the aggregate of the current service cost and interest cost for 2024; and (b) the accumulated post-employment benefit obligation as at 31 December 2024 is shown in table 3.9.9.

Table 3.9.9
Sensitivity analysis – repatriation grant and travel
(Thousands of United States dollars)

	Aggregated service cost and interest cost	*Accumulated post-employment benefit obligations*
Salary inflation:		
One percentage point increase	977	7 243
One percentage point decrease	(851)	(6 443)
Discount rates:		
One percentage point increase	(974)	(9 641)
One percentage point decrease	1 133	11 036

Service-related insurance cover (Appendix D)

206. In 2024, an amount of $7.3 million (2023: $0.0 million) is set aside to cover entitlements of staff and certain contractors under Appendix D to the Staff Regulations and Rules to compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. Prior to 2024, the risk under Appendix D was assumed by the United Nations secretariat in return for a premium equal to 1% of annual net salary cost. In 2024, UNHCR began to self-insure this risk. The amount set aside represents 1% of net salary since the conversion to the self-insurance approach. Once the amount set aside reaches an appropriate threshold, the rate of accrual will be monitored and adjusted as required to reflect historical and expected claims experience.

3.10 Other current liabilities

207. Other current liabilities include various payroll withholdings for third parties and contributions received by UNHCR before the agreements with donors were finalized. Upon finalization of the agreements, the amounts involved are recognized as revenue.

Table 3.10
Other current liabilities
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Other payables	48 145	54 425
Contributions pending agreement	2 254	801
Total other current liabilities	**50 399**	**55 226**

208. Other payables of $48.1 million as at 31 December 2024 include cash received and expected to be passed through to other implementers of United Nations joint programmes ($20.9 million), unapplied cash receipts ($4.8 million) and other miscellaneous payable balances ($22.5 million).

3.11 Provisions

Table 3.11
Provisions
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Type of provision		
Provisions for refunds of contributions	657	91
Legal claims	843	719
Other provisions	94	94
Total provisions	**1 594**	**903**
Of which:		
Current	1 500	810
Non-current	94	94
Total provisions	**1 594**	**903**

209. Provisions for legal claims represent cases where payment is probable, and the amount of the settlement claim can be reliably estimated. UNHCR is in ongoing commercial disputes with a small number of suppliers regarding the quantities delivered and prices charged. These disputes are subject to negotiation and may ultimately be settled through arbitration, with uncertain outcome. The estimated additional cost to settle the agreements in arbitration is included as a legal provision.

Note 4

Fund balances and reserves

4.1 Accumulated fund balances and reserves

Table 4.1
Accumulated fund balances and reserves
(Thousands of United States dollars)

	31 December 2023	*Surplus/ (deficit)*	*Transfer in/(out)*	*31 December 2024*
Annual Programme Fund				
Annual Programme Fund net of Reserves	3 048 318	(261 018)	(30 800)	2 756 501
Operational reserve	10 000	–	–	10 000
Total Annual Programme Fund	**3 058 318**	**(261 018)**	**(30 800)**	**2 766 501**
United Nations Regular Budget Fund	47 175	–	–	47 175
Junior Professional Officers Fund	10 579	3 260	–	13 839
Total accumulated fund balances and reserves	**3 116 073**	**(257 758)**	**(30 800)**	**2 827 515**

210. Fund balances represent the unexpended portion of contributions recorded as revenue that are intended to be utilized in future operational requirements of the organization.

211. The operational reserve is utilized to provide assistance to refugees, returnees and displaced and stateless persons for which there is no provision in the programmes approved by the Executive Committee. The reserve is maintained at not less than $10.0 million by replenishments from the Working Capital Fund for Voluntary Contributions.

4.2 Working Capital Fund for Voluntary Contributions

212. The Working Capital Fund for Voluntary Contributions is maintained by savings from prior-year programmes, voluntary contributions and other income. It is utilized to guarantee commitments and payments pending receipt of pledged contributions and in respect of revenue-producing activities of UNHCR.

Table 4.2
Working Capital Fund for Voluntary Contributions
(Thousands of United States dollars)

	31 December 2023	*Surplus/ (deficit)*	*Transfer in/(out)*	*31 December 2024*
Working Capital Fund for Voluntary Contributions	100 000	–	–	100 000

4.3 Medical Insurance Plan

Table 4.3
Changes in Medical Insurance Plan
(Thousands of United States dollars)

	31 December 2023	*Surplus/ (deficit)*	*Transfer in/(out)*	*31 December 2024*
Medical Insurance Plan	73 593	12 389	–	85 982

213. The Medical Insurance Plan was established by the General Assembly at its forty-first session in accordance with United Nations staff regulation 6.2. The Plan is maintained by premiums from staff and proportional contributions from UNHCR and if applicable, allocated interest revenue. Due to the level of funding relative to claims, no interest revenue was allocated to the Medical Insurance Plan in 2024. Expenses include claims processed during the year and associated administrative expenses. Coverage under the Plan is limited to General Service staff members and National Professional Officers and eligible retirees originally recruited to designated duty stations away from headquarters.

4.4 Staff Benefits Fund

Table 4.4.1
Changes in Staff Benefits Fund
(Thousands of United States dollars)

	31 December 2023	*Surplus/ (deficit)*	*Actuarial gain/(loss)*	*Transfer in/(out)*	*31 December 2024*
Staff Benefits Fund	(312 267)	51 636	(370 030)	30 800	(599 861)

Table 4.4.2
Analysis of Staff Benefits Fund
(Thousands of United States dollars)

	31 December 2024			*31 December 2023*		
	Liabilities	*Funding*	*Net fund balance*	*Liabilities*	*Funding*	*Net fund balance*
After-service health insurance	(1 340 109)	828 022	(512 087)	(916 438)	706 557	(209 881)
Repatriation	(143 824)	56 050	(87 774)	(143 120)	40 734	(102 386)
Annual leave	(122 064)	122 064	-	(125 971)	125 971	-
Service-related insurance	(7 323)	7 323	-	-	-	-
Other separation benefits	(3 410)	3 410	-	(4 367)	4 367	-
Total	**(1 616 730)**	**1 016 869**	**(599 861)**	**(1 189 896)**	**877 629**	**(312 267)**

214. The Staff Benefits Fund was established to record transactions relating to end-of-service and post-retirement benefits. The financial rules for voluntary funds administered by the High Commissioner require that assets and financial liabilities associated with accrued end-of-service and post-retirement benefits shall be recorded in the Staff Benefits Fund (A/AC.96/503/Rev.12, rule 414.3). Therefore, the deficit of funding compared with the related liabilities of $599.9 million (2023: $312.3 million) is presented as the net balance (deficit) of the Staff Benefits Fund on the face of the statement of financial position. UNHCR management considers that this presentation represents a necessary departure from the requirements of paragraph 95 of IPSAS 1: Presentation of financial statements, as permitted under exceptional circumstances in paragraph 31 of IPSAS 1. The

full information required to comply with the presentation requirements of paragraphs 32 and 95 of IPSAS 1 by separately identifying the funding of $1,016.9 million (2023: $877.6 million) and the related liabilities of $1,616.7 million (2023: $1,189.9 million) is disclosed in table 4.4.2. Although the net fund balance represents the deficit of the funding compared with the related liabilities, the funding is not legally protected ("ring-fenced") to cover the related liabilities.

215. UNHCR charges the current-year cost of the actuarially valued after-service health insurance and repatriation post-retirement benefits (service and interest), as well as the catch-up amounts for the two components of post-retirement benefits, to the annual budget for staff costs. The catch-up amount for after-service health insurance is calculated as 3 per cent of the net base salary of all Professional and relevant General Service staff and the catch-up for the repatriation liability is a fixed amount of $3.0 million. The amount of actuarially valued post-retirement benefit liabilities, which consist of after-service health insurance and repatriation obligations that are funded as at 31 December 2024, is $884.1 million ($747.3 million in 2023) (see also note 3.9 above).

4.5 Self-Financing Activities Fund

216. The Self-Financing Activities Fund was established effective 1 January 2021 as a self-financing fund to manage UNHCR vehicle fleet activities, which were previously managed within the Annual Programme Fund. The Self-Financing Activities Fund is maintained by revenue from inter-fund charges for vehicle rental and insurance, and income from vehicle auction sales and external vehicle fleet revenue of United Nations Fleet. Expenses include staff costs, equipment and related supplies, depreciation on vehicles, insurance and other miscellaneous costs.

Table 4.5
Self-Financing Activities Fund
(Thousands of United States dollars)

	31 December 2023	*Surplus/ (deficit)*	*Transfer in/(out)*	*31 December 2024*
Self-Financing Activities Fund	222 810	34 918	-	257 728

217. UN Fleet became operational effective 1 January 2023 within the self-financing activities fund to manage vehicle fleet activities for United Nations system entities. The initial funding is provided 50 per cent by UNHCR and 50 per cent by the World Food Programme (WFP). The surplus of $34.9 million includes a net deficit of $1.3 million for the UNHCR share of the results of UN Fleet for 2024.

218. All of the funds and reserves referred to above were established by the Executive Committee or by the High Commissioner with the concurrence of the Executive Committee.

Note 5
Revenue

5.1 Voluntary contributions

Table 5.1.1
Analysis of voluntary contributions
(Thousands of United States dollars)

	2024	*2023*
Monetary contributions		
Government	3 500 368	3 345 541
Other intergovernmental organizations	269 361	249 435
Private donors	546 441	647 454
United Nations system organizations and funds	119 560	183 757
Subtotal monetary contributions	**4 435 730**	**4 426 187**
Refunds to donors and other reductions in prior-year revenue	(1 232)	(331)
Discounting of non-current receivables (IPSAS 41)	(8 978)	(18 540)
Net monetary contributions	**4 425 520**	**4 407 316**
In-kind contributions		
Government	24 664	28 600
Other intergovernmental organizations	783	213
Private donors	73 411	97 520
United Nations system organizations and funds	11	959
Subtotal in-kind contributions	**98 869**	**127 292**
Reductions in prior-year revenue	(801)	(36)
Net in-kind contributions	**98 068**	**127 256**
Total voluntary contributions	**4 523 588**	**4 534 572**

219. Monetary contributions revenue is adjusted for refunds made to donors and reductions in prior-year revenue arising primarily from underspending against earmarked funding or changes in estimates. In-kind contributions revenue is adjusted for accounting errors and short-shipped deliveries.

220. In-kind contributions represent donations of goods and, where material, selected services received that directly support operations. In-kind contributions generally include inventory items to be distributed to beneficiaries and the use of premises and personnel. In-kind contributions in 2024 comprised $67.2 million for goods ($88.8 million in 2023), primarily clothing and footwear, and $31.6 million for services ($38.5 million in 2023).

221. The total monetary contributions of $4,425.5 million recorded in 2024 are further analysed below. Monetary contributions before adjustments are identified by year funded and by type of earmarking:

Table 5.1.2
Monetary contributions recognized by year to which funding relates
(Thousands of United States dollars)

Year funded	*2024*	*Year funded*	*2023*
2024 and earlier	**3 285 913**	**2023 and earlier**	**3 259 998**
Future years		**Future years**	
2025	983 581	2024	912 629
2026	106 437	2025	160 799
2027	48 703	2026	63 107
2028	9 027	2027	29 654
2029	2 068	2028	–

Year funded	*2024*	*Year funded*	*2023*
Subtotal, future years	**1 149 817**		**1 166 189**
Total monetary contributions (before adjustments)	**4 435 730**		**4 426 187**
Refunds to donors and other reductions in prior-year revenue	(1 232)		(331)
Discounting of non-current receivables (IPSAS 41)	(8 978)		(18 540)
Net monetary contributions	**4 425 520**		**4 407 316**

222. Revenue from earmarked voluntary contributions confirmed in writing is recognized as non-exchange transactions in accordance with IPSAS 23: Revenue from non-exchange transactions.

Table 5.1.3
Monetary contributions by type of earmarking
(Thousands of United States dollars)

	2024	*2023*
Unearmarked	563 945	588 437
Softly earmarked	634 410	694 284
Earmarked	2 227 068	2 264 572
Tightly earmarked	1 010 308	878 894
Total monetary contributions (before adjustments)	**4 435 730**	**4 426 187**
Refunds to donors and other reductions in prior-year revenue	(1 232)	(331)
Discounting of non-current receivables (IPSAS 41)	(8 978)	(18 540)
Net monetary contributions	**4 425 520**	**4 407 316**

223. Unearmarked contributions are fully flexible in how they can be used. Softly earmarked contributions are specified at a regional level or any combination of one or more of situation, population group, marker, impact or outcome area. Earmarked contributions are those that are directed to a specific country operation. Tightly earmarked contributions are earmarked at the country and/or operation level, with additional specifications or attributes for any combination of one or more of situation, population group, marker, impact or outcome area and usage may be restricted to one or more countries. As most contributions pending an earmarking decision by the donor are ultimately restricted to a specific country, these contributions are reflected as earmarked.

5.2 United Nations regular budget

Table 5.2
United Nations regular budget
(Thousands of United States dollars)

	2024	*2023*
United Nations regular budget	50 497	49 597

224. The regular budget is allotted annually by the United Nations to UNHCR and covers staff and other management costs as determined under article 20 of the

statute of the Office. Revenue recognized in 2024 is based on the date of receipt of allotment advice letters and primarily includes the initial allotment for 2025 ($50.5 million).

5.3 Interest revenue

Table 5.3
Interest revenue
(Thousands of United States dollars)

	2024	*2023*
Cash and cash equivalents	80 028	71 608
Receivables amortization	33 033	22 375
Total interest revenue	**113 061**	**93 983**

225. The increase in market interest rates during 2024 was the primary reason for the higher interest revenue from cash and cash equivalents reported in the year of $80.0 million compared with the interest revenue of $71.6 million recorded in 2023.

5.4 Other revenue

Table 5.4
Other revenue
(Thousands of United States dollars)

	2024	*2023*
Gain on sale of assets	25 366	11 702
Use of guest-house accommodation	3 920	4 304
Use of office space and parking	543	710
UN Fleet revenue	1 028	194
Miscellaneous revenue	17 827	12 254
Total other revenue	**48 684**	**29 164**

Note 6
Expenses

6.1 Implementing partnership expense

226. The total implementing partners’ expense incurred during the financial period amounted to $1,173.3 million (2023: $1,392.5 million).

Table 6.1
Implementing partnership expense
(Thousands of United States dollars)

	Total expenses	
	2024	*2023*
Expenses reported by implementing partners [a]	946 444	1 089 566
Report pending receipt or processing [b]	212 321	291 092
Distributions of goods to partner and other direct costs	14 505	11 811
Total expense	**1 173 270**	**1 392 469**

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[a] Including partner expenses incurred in the current year against agreements of previous periods.
[b] Costs not yet confirmed by receipt and processing of partner reports are accounted for as accrued expenses. Following processing of reports, confirmed expenses are offset against prepayments and accruals are released. At the time of reporting, $212.3 million of partnership expenses are still under review. Substantively all the $291.1 million previously reported for 2023 as reports pending receipt of processing have been subsequently processed.

227. The amount of $1,173.3 million reported as implementing partner expenses (2023: $1,392.5 million) includes $212.3 million paid to implementing partners in 2024 in respect of which reporting is pending receipt from partners or processing by UNHCR. The estimated refunds to UNHCR for underspending are recorded within implementing partner receivables and advances (see note 3.4).

228. The total amount of funds recovered from implementing partners in 2024 for unjustified expenses was $0.6 million ($0.6 million in 2023). These were determined through UNHCR review of audit reports of activities implemented by partners.

6.2 Salaries and employee benefits

Table 6.2
Salaries and employee benefits
(Thousands of United States dollars)

	2024	*2023*
Salary	816 638	835 332
Staff allowances and entitlements	228 511	227 543
Pension	185 440	185 323
After-service health insurance	70 255	63 977
Temporary assistance	148 776	106 759
Medical insurance – current	32 010	29 526
Termination	38 845	6 178
Reimbursement of income tax	5 742	5 081
Evacuation	2 829	8 523
Annual leave	(3 896)	5 231
Other personnel costs	12 884	25 471
Total salaries and employee benefits	**1 538 034**	**1 498 942**

229. Annual leave of ($3.9) million represents the decrease in annual leave entitlements accrued by staff during the period (2023: increase of $5.2 million).

6.3 Cash assistance to beneficiaries

230. Cash assistance is a means of delivering protection, assistance and services providing recipients with choice in meeting their needs.

Table 6.3
Cash assistance to beneficiaries
(Thousands of United States dollars)

	2024	2023
Direct cash assistance	549 762	730 824
Financial Service Provider Charges	8 782	11 436
Total cash assistance to beneficiaries	**558 544**	**742 260**

231. Cash assistance of $558.5 million (2023: $742.3 million) excludes any cash assistance provided through partners, which is included in implementing partnership expense in note 6.1.

6.4 Contractual services

Table 6.4
Contractual services
(Thousands of United States dollars)

	2024	2023
Affiliated workforce and individual contractors	145 464	178 622
Advertising, marketing and public information	89 525	97 986
Construction contracts	66 586	79 951
Transport, cargo handling and warehouse management	17 928	2 013
Software and data management services	12 800	51 984
Direct services for beneficiaries	59 731	28 483
Professional services	103 152	48 804
Individual consultants	24 113	12 180
Translation, printing and publication	5 918	8 759
Other services	13 895	100 552
Total contractual services	**539 111**	**609 333**

232. Affiliate workforce comprises individuals who have a working relationship with UNHCR, including United Nations Volunteers, individual consultants, individual contractors under arrangements with affiliate partner organizations, fellows and those deployed.

233. Direct services for beneficiaries includes the provision of medical care, transportation, accommodation, and other services where UNHCR contracts with service providers on behalf of displaced people in lieu of cash assistance to beneficiaries.

234. Software and data management services includes costs of service providers incurred in the implementation of cloud-based software-as-a-service solutions which do not meet the criteria for treatment as intangible assets. Distinct subscription costs identified for periods prior to the deployment of software as a service are deferred, accounted for as prepayments, and amortized over the remaining minimum subscription period.

235. Professional services in 2024 reflect increased use of temporary human resource management services provided to country operations.

236. Other services in 2023 included accrued contractual service costs for various specialized services of a technical, analytical and operational nature provided through contractual arrangements, as well as uninvoiced accrued costs not apportioned to specific subcategories of contractual services as it was impractical to do so. The reversal of these 2023 accruals in 2024 offsets other services reported in 2024.

6.5 Supplies and consumables for beneficiaries

Table 6.5
Supplies and consumables for beneficiaries
(Thousands of United States dollars)

	2024	*2023*
Distributed from inventory		
Medical and hygienic supplies and apparel	18 365	123 820
Household items	149 859	149 733
Construction materials and related equipment	28 362	84 335
Tents	30 470	41 528
Basic food	9 468	3 964
Other supplies and equipment	67 425	(5 356)
Total distributed to beneficiaries	**303 950**	**398 025**
Other changes in inventory (not yet distributed)	15 459	(15 837)
Total supplies and consumables for beneficiaries	**319 409**	**382 188**

237. Other changes in inventory (not yet distributed) in 2024 primarily represent adjustments to reduce the value of inventory to its replacement cost if this is lower than cost. The 2023 comparative amount primarily reflected reductions in the level of allowances for inventories beyond their shelf lives and for in-transit inventory items where delivery is overdue. The 2024 allowances did not change significantly compared to those of 2023.

6.6 Operating expenses

Table 6.6
Operating expenses
(Thousands of United States dollars)

	2024	*2023*
Rental and maintenance of premises	98 922	92 512
Security	55 653	56 853
Fuel and lubricants	37 062	37 990
Communications	30 582	33 497
Utilities	14 284	12 101
Guest houses	7 756	12 172
Rental and maintenance of vehicles and equipment	11 105	12 050
Insurance	3 927	6 434
Other operating expenses	51 070	23 019
Total operating expenses	**310 360**	**286 626**

238. Other operating expenses includes local transport, miscellaneous supplies and materials for various operational needs.

6.7 Equipment and supplies expense

Table 6.7
Equipment and supplies expense
(Thousands of United States dollars)

	2024	2023
Equipment and related supplies	55 647	72 538
Software and licences	45 140	31 712
General office supplies	7 914	12 786
Furniture and fixtures	5 384	10 160
Property, plant and equipment transferred	891	3
Buildings (non-capitalizable)	5 079	768
Vehicles and workshop supplies	(842)	5 780
Alterations and improvements	(2 739)	363
Total equipment and supplies	**116 474**	**134 111**

6.8 Travel expenses

239. Travel expenses decreased to $81.0 million in 2024 from $92.2 million in 2023 reflecting both reduced travel and lower average costs per travel event.

6.9 Other expenses

Table 6.9
Other expenses
(Thousands of United States dollars)

	2024	2023
Seminars and workshops	20 383	20 418
Bad debt expense	1	462
Training	5 984	7 485
Miscellaneous expenses	9 723	6 600
Other accrued expenses	(1 768)	2 610
Total other expenses	**34 323**	**37 575**

240. In 2023, other accrued expenses represented primarily miscellaneous costs for services received during 2023 but not invoiced and paid until 2024. The accrued 2023 amounts are reversed in 2024. Similar accrued expenses for uninvoiced services received in 2024 are reflected in the expense lines to which the accruals relate.

6.10 Depreciation, amortization and impairment

Table 6.10
Depreciation, amortization and impairment
(Thousands of United States dollars)

	2024	2023
Depreciation of property, plant and equipment	64 027	61 600
Impairment of property, plant and equipment	1 552	4 652
Amortization of intangible assets	966	18 075
Total depreciation and amortization	**66 546**	**84 327**

6.11 Other non-operational expenses

Table 6.11

Other non-operational expenses

(Thousands of United States dollars)

	2024	*2023*
Bank charges	9 109	10 401
Provisions and write-offs	(86)	49 296
Total non-operational expenses	**9 024**	**59 697**

241. Provisions and write-offs in 2024 represent an increase in allowance for doubtful accounts ($13.2 million), implementation partner receivables ($3.0 million) and bank balances ($3.1 million) and a decrease in inventory valuation allowance ($16.2 million) and VAT allowance ($3.3 million). See notes 3.2, 3.3 and 3.43.

6.12 Fair value change of financial instruments measured at fair value through surplus and deficit

Table 6.12

Fair value change of financial instruments measured at fair value through surplus and deficit

(Thousands of United States dollars)

	2024	*2023*
Net fair value gains/(losses) on debt instruments measured at FVSD	20 039	-
Total fair value change of financial instruments	**20 039**	**-**

242. During the 2024 financial year, the $20.0 million loss on investments results from changes in the fair value of financial instruments due to changes in the market value of externally managed investments and fluctuations in foreign exchange rates.

6.13 Foreign exchange gains and losses

Table 6.13.1

Foreign exchange gains and losses

(Thousands of United States dollars)

	Realized (gain)/loss	*Unrealized (gain)/loss*	*Total 2024*	*Realized (gain)/loss*	*Unrealized (gain)/loss*	*Total 2023*
Accounts payable	58 686	4 821	63 507	19 106	(3 536)	15 570
Contributions receivable	31 355	42 353	73 707	4 851	(46 210)	(41 358)
Cash and investments	1 867	(6 937)	(5 070)	(40 438)	36 050	(4 389)
Other	(13 152)	9 466	(3 686)	18 496	(10 628)	7 868
Total foreign exchange (gains) and losses	**78 755**	**49 703**	**128 458**	**2 015**	**(24 324)**	**(22 309)**

Table 6.13.2

Realized foreign exchange gains and losses

(Thousands of United States dollars)

	Realized (gain)	*Realized loss*	*Total 2024*	*Realized (gain)*	*Realized loss*	*Total 2023*
Accounts payable	(38 797)	97 483	58 686	(6 563)	25 669	19 106
Contributions receivable	(30 313)	61 668	31 355	(11 177)	16 028	4 851
Cash and investments	–	1 867	1 867	(40 438)	–	(40 438)
Other	(16 126)	2 974	(13 152)	(11 007)	29 503	18 496
Total realized foreign exchange (gains) and losses	**(85 236)**	**163 991**	**78 755**	**(69 185)**	**71 200**	**2 015**

Table 6.13.3
Unrealized foreign exchange gains and losses
(Thousands of United States dollars)

	Unrealized (gain)	*Unrealized loss*	*Total 2024*	*Unrealized (gain)*	*Unrealized loss*	*Total 2023*
Accounts payable	–	4 821	4 821	(5 165)	1 629	(3 536)
Contributions receivable	–	42 353	42 353	(112 958)	66 748	(46 210)
Cash and investments	(6 937)	–	(6 937)	–	36 050	36 050
Other	–	9 466	9 466	(10 628)	–	(10 628)
Total unrealized foreign exchange (gains) and losses	**(6 937)**	**56 640**	**49 703**	**(128 751)**	**104 427**	**(24 324)**

243. In 2024, the net unrealized exchange losses of $49.7 million resulted primarily from the impact of the strengthening of the United States dollar against those currencies in which UNHCR held contributions receivable balances as at 31 December 2024.

Note 7
Statement of comparison of budget and actual amounts

244. As required by IPSAS 24: Presentation of budget information in financial statements, reconciliation is provided between the actual amounts on a comparable basis, as presented in statement V, and the actual amounts, as shown in the financial accounts, identifying separately any basis, timing and entity differences, which are as follows:

(a) **Basis differences**: the budget of UNHCR is formulated on a modified cash basis and the financial statements are prepared on an accrual basis, thereby giving rise to basis differences;

(b) **Timing differences** occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for UNHCR for the purpose of comparison between budgets and actual amounts;

(c) **Entity differences** occur when the budget does not include programmes or entities that are part of the main entity for which the financial statements are prepared. In UNHCR, the budget does not include activities relating to the Working Capital Fund for Voluntary Contributions, the Medical Insurance Plan and the Self-Financing Activities Fund;

(d) **Presentation differences** are due to differences in the format and classification schemes adopted for presentation of the statement of financial performance (statement II) and the statement of comparison of budget and actual amounts (statement V). The UNHCR budget in statement V is presented on an operational and geographical basis, while expenses are presented by nature of expense in the statement of financial performance (statement II).

245. A reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts (statement V) and the actual amounts in the statement of financial performance (statement II) for the year ended 31 December 2024 is presented below.

Table 7.1
Statement of comparison of budget expenditure and actual amounts
(Thousands of United States dollars)

	2024
Actual amount on a comparable basis (statement V)[a]	**4 932 551**
Basis differences	
Commitments and accruals	(213 294)
Employee benefit timing differences	(24 183)
Inventory timing differences	40 557
Fixed asset capitalization and depreciation	29 592
Provisions for liabilities	200
Other	137 134
Total basis differences	**(29 994)**
Entity differences	
Staff Benefits Fund	11 797
Medical Insurance Plan	(12 374)
Working Capital Fund for Voluntary Contributions	-
Self-Financing Activities Fund	(7 337)
Total entity differences	**(7 912)**
Total expenses	**4 894 644**

[a] The breakdown of the actual amount on a comparable basis is provided in Chapter IV Table IV.3.

246. Explanations of material differences between the original budget and the final budget and the actual amounts are presented in section D of chapter IV above.

Table 7.2
Reconciliation of balance of available funds with operating cash flow
(Thousands of United States dollars)

	Operating	*Investing*	*Financing*	*Total 2024*
Balance of available funds	**245 066**			**245 066**
Basis differences	110 384	(60 932)	-	49 452
Entity differences	(98 944)	(354 895)	-	(453 839)
Net increase/(decrease) in cash and cash equivalents from the statement of cash flow	**256 505**	**(415 827)**	**-**	**(159 322)**

Note 8
Segment reporting

8.1 Schedule of assets and liabilities by segment as at 31 December 2024

Table 8.1.1
Schedule of assets and liabilities by geographic segment as at 31 December 2024

(Thousands of United States dollars)

	West and Central Africa	*East Africa, Horn of Africa and Great Lakes Region*	*Southern Africa*	*Middle East and North Africa*	*Asia and the Pacific*	*Europe*	*The Americas*	*Headquarters/ global programmes/ other*	*31 December 2024*
Assets									
Current assets									
Cash and cash equivalents	22 701	44 896	21 190	72 508	101 798	73 068	38 866	1 490 921	1 865 948
Investments	–	–	–	–	–	–	–	158 143	158 143
Contributions receivable – current	–	–	–	–	–	–	–	1 215 319	1 215 319
Inventories	30 650	70 916	4 760	61 246	24 390	61 417	2 412	60 120	315 911
Prepayment and other current assets	–	–	–	–	–	–	–	573 467	573 467
Total current assets	**53 351**	**115 812**	**25 950**	**133 754**	**126 189**	**134 485**	**41 278**	**3 497 972**	**4 128 789**
Non-current assets									
Investments	–	–	–	–	–	–	–	256 919	256 919
Contributions receivable – non-current	–	–	–	–	–	–	–	315 546	315 546
Property, plant and equipment	–	–	–	–	–	–	–	176 553	176 553
Intangible assets	–	–	–	–	–	–	–	619	619
Total non-current assets	**–**		**–**	**–**	**–**	**–**	**–**	**749 637**	**749 637**
Total assets	**53 351**	**115 812**	**25 950**	**133 754**	**126 189**	**134 485**	**41 278**	**4 247 609**	**4 878 426**
Liabilities									
Current liabilities									
Accounts payable and accruals	–	–	–	–	–	–	–	485 856	485 856
Deferred revenue	–	–	–	–	–	–	–	1 880	1 880
Employee benefits – current	–	–	–	–	–	–	–	184 112	184 112
Other current liabilities	–	–	–	–	–	–	–	50 399	50 399
Provisions	–	–	–	–	–	–	–	1 500	1 500

	West and Central Africa	*East Africa, Horn of Africa and Great Lakes Region*	*Southern Africa*	*Middle East and North Africa*	*Asia and the Pacific*	*Europe*	*The Americas*	*Headquarters/ global programmes/ other*	*31 December 2024*
Other financial liabilities	–	–	–	–	–	–	–	9 744	9 744
Total current liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**733 492**	**733 492**
Non-current liabilities									
Employee benefits – non-current	–	–	–	–	–	–	–	1 473 477	1 473 477
Provisions	–	–	–	–	–	–	–	94	94
Total non-current liabilities	–	–	–	–	–	–	–	**1 473 571**	**1 473 571**
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2 207 062**	**2 207 062**
Net assets	**53 351**	**115 812**	**25 950**	**133 754**	**126 189**	**134 485**	**41 278**	**2 040 546**	**2 671 364**

Table 8.1.2
Schedule of assets and liabilities by geographic segment as at 31 December 2023
(Thousands of United States dollars)

	West and Central Africa	*East Africa, Horn of Africa and Great Lakes Region*	*Southern Africa*	*Middle East and North Africa*	*Asia and the Pacific*	*Europe*	*The Americas*	*Headquarters/ global programmes/ other*	*31 December 2023*
Assets									
Current assets									
Cash and cash equivalents	24 719	79 841	22 520	61 532	62 188	71 982	44 557	1 650 993	2 018 333
Contributions receivable – current	–	–	–	–	–	–	–	1 247 714	1 247 714
Inventories	37 558	71 918	5 552	59 032	34 658	76 406	5 106	134 775	425 005
Prepayments and other current assets [a]	–	–	–	–	–	–	–	571 574	571 574
Total current assets	**62 277**	**151 760**	**28 072**	**120 564**	**96 846**	**148 388**	**49 664**	**3 605 056**	**4 262 626**
Non-current assets									
Contributions receivable – non-current	–	–	–	–	–	–	–	622 696	622 696
Property, plant and equipment [a]	–	–	–	–	–	–	–	190 196	190 196
Intangible assets	–	–	–	–	–	–	–	1 209	1 209
Total non-current assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**814 101**	**814 101**
Total assets	**62 277**	**151 760**	**28 072**	**120 564**	**96 846**	**148 389**	**49 664**	**4 419 157**	**5 076 727**
Liabilities									
Current liabilities									
Accounts payable and accruals [a]	–	–	–	–	–	–	–	601 791	601 791
Deferred revenue	–	–	–	–	–	–	–	901	901
Employee benefits – current	–	–	–	–	–	–	–	175 615	175 615
Other current liabilities	–	–	–	–	–	–	–	55 226	55 226
Provisions	–	–	–	–	–	–	–	810	810
Total current liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**834 343**	**834 343**
Non-current liabilities									
Employee benefits – non-current	–	–	–	–	–	–	–	1 042 081	1 042 081

	West and Central Africa	*East Africa, Horn of Africa and Great Lakes Region*	*Southern Africa*	*Middle East and North Africa*	*Asia and the Pacific*	*Europe*	*The Americas*	*Headquarters/ global programmes/ other*	*31 December 2023*
Provisions	–	–	–	–	–	–	–	94	94
Total non-current liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1 042 175**	**1 042 175**
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1 876 518**	**1 876 518**
Net assets	**62 277**	**151 760**	**28 072**	**120 564**	**96 846**	**148 389**	**49 664**	**2 542 639**	**3 200 209**

8.2 Schedule of revenue and expenses by segment for the year ended 31 December 2024

Table 8.2.1

Schedule of revenue and expenses by geographic segment as at 31 December 2024

(Thousands of United States dollars)

	West and Central Africa	*East Africa, Horn of Africa and Great Lakes Region*	*Southern Africa*	*Middle East and North Africa*	*Asia and the Pacific*	*Europe*	*The Americas*	*Headquarters/ global programmes/ other*	*31 December 2024*
Revenue									
Voluntary contributions	427 763	822 658	142 720	955 928	341 585	669 211	309 481	854 240	4 523 588
United Nations regular budget	–	–	–	–	–	–	–	50 497	50 497
Interest revenue	–	–	–	–	–	–	–	113 061	113 061
Other revenue	1 278	5 163	856	1 333	1 963	396	532	37 163	48 684
Total revenue	**429 041**	**827 822**	**143 576**	**957 262**	**343 548**	**669 606**	**310 013**	**1 054 961**	**4 735 830**
Expenses									
Implementing partnership expenses	275 939	459 562	73 880	362 304	245 129	281 206	162 176	(686 926)	1 173 270
Salaries and employee benefits	155 593	281 131	88 437	231 890	161 919	180 236	136 772	302 057	1 538 034
Cash assistance to beneficiaries	12 142	23 331	1 753	280 039	40 246	214 865	25 359	(39 192)	558 544
Contractual services	17 546	66 512	10 940	102 987	49 229	90 983	52 896	148 017	539 111
Supplies and consumables for beneficiaries	29 259	85 219	6 231	53 492	49 481	40 602	9 929	45 197	319 409
Operating expenses	49 865	95 364	18 233	62 403	31 914	28 087	20 228	4 266	310 360
Equipment and supplies	10 594	23 394	4 517	15 482	13 954	8 561	9 038	30 933	116 474
Travel expenses	10 036	14 417	5 319	8 070	6 615	10 205	8 882	17 510	81 054
Other expenses	1 609	7 746	1 589	2 391	2 068	7 040	3 986	7 893	34 323
Depreciation, amortization and impairment	–	–	–	–	–	–	–	66 546	66 546
Other non-operational expenses	–	–	–	–	–	–	–	9 024	9 024
Net changes in fair value on other financial instruments (gains)/losses	–	–	–	–	–	–	–	20 039	20 039
Foreign exchange (gains)/losses	–	–	–	–	–	–	–	128 458	128 458
Total expenses before foreign exchange	**562 584**	**1 056 676**	**210 899**	**1 119 059**	**600 554**	**861 784**	**429 267**	**53 821**	**4 894 644**
Surplus/(deficit) for the year	**(133 543)**	**(228 854)**	**(67 323)**	**(161 797)**	**(257 005)**	**(192 178)**	**(119 254)**	**1 001 141**	**(158 814)**

Table 8.2.2

Schedule of revenue and expenses by geographic segment as at 31 December 2023

(Thousands of United States dollars)

	West and Central Africa	*East Africa, Horn of Africa and Great Lakes Region*	*Southern Africa*	*Middle East and North Africa*	*Asia and the Pacific*	*Europe*	*The Americas*	*Headquarters / global progra mmes/ other*	*31 December 2023*
Revenue									
Voluntary contributions	307 793	703 940	113 586	844 087	417 242	624 907	304 567	1 218 450	4 534 572
United Nations regular budget	–	–	–	–	–	–	–	49 597	49 597
Interest revenue	–	–	–	–	–	–	–	93 983	93 983
Other revenue	1 309	3 557	349	1 362	1 206	212	311	20 858	29 164
Total revenue	**309 102**	**707 497**	**113 935**	**845 449**	**418 448**	**625 119**	**304 878**	**1 382 888**	**4 707 316**
Expenses									
Implementing partnership expenses	144 748	337 060	60 086	311 668	205 679	214 138	119 091	–	1 392 469
Salaries and employee benefits	147 287	294 540	84 177	227 095	157 753	170 760	120 052	297 278	1 498 942
Cash assistance to beneficiaries	11 151	19 647	4 911	239 729	70 823	364 923	19 025	12 050	742 260
Contractual services	33 453	75 519	15 079	102 500	53 770	106 987	47 835	174 189	609 333
Supplies and consumables for beneficiaries	22 234	92 599	8 827	56 108	67 083	114 869	12 179	8 289	382 188
Operating expenses	43 181	87 449	15 108	57 822	30 737	35 043	18 723	(1 437)	286 626
Equipment and supplies	10 733	21 987	3 655	19 110	15 918	14 751	10 294	37 662	134 111
Travel expenses	12 652	16 242	5 800	9 572	7 972	12 283	9 246	18 435	92 203
Other expenses	1 767	2 867	953	2 404	2 318	13 756	2 687	10 823	37 575
Depreciation, amortization and impairment	–	–	–	–	–	–	–	84 327	84 327
Other non-operational expenses	–	–	–	–	–	–	–	59 697	59 697
Foreign exchange (gains)/losses	–	–	–	–	–	–	–	(22 309)	(22 309)
Total expenses before foreign exchange	**427 206**	**947 910**	**198 596**	**1 026 008**	**612 053**	**1 047 510**	**359 132**	**679 004**	**5 297 422**
Surplus/(deficit) for the year	**(118 104)**	**(240 413)**	**(84 661)**	**(180 559)**	**(193 605)**	**(422 391)**	**(54 254)**	**703 884**	**(590 106)**

247. Voluntary contributions by region in tables 8.2.1 and 8.2.2 correspond to the earmarking reflected in contribution agreements. Voluntary contributions not earmarked to a specific region are allocated to headquarters/global programmes/other for the purposes of presentation in these tables but are allocated for global spending.

248. Inter-fund charges and revenue in respect of the Self-Financing Activities Fund amounted to $41.8 million in 2024. They are included under the headquarters/global programmes/other column in tables 8.2.1 and 8.2.2.

Note 9
Commitments and contingencies

9.1 Leases

Table 9.1
Obligations for operating leases
(Thousands of United States dollars)

	2024
Under 1 year	24 141
1–5 years	20 482
Beyond 5 years	2 008
Total obligations for operating leases	**46 631**

249. Obligations for operating leases include obligations that may be cancelled under special circumstances owing to the existence of diplomatic clauses in the lease agreements. Given that the diplomatic clauses are generally not expected to be utilized, the obligations disclosed reflect the expected minimum term of the lease under normal circumstances. Operating leases include $6.8 million of lease obligations without a diplomatic clause.

250. As at 31 December 2024, UNHCR did not have any finance leases.

9.2 Commitments

251. As at 31 December 2024, UNHCR had commitments for the acquisition of goods and services, as well as capital commitments contracted but not delivered, as follows:

Table 9.2
Open commitments
(Thousands of United States dollars)

	2024	*2023*
Assets and supplies	230 838	162 382
Services	180 119	181 527
Operating expenses	63 625	48 060
Consultants	18 858	17 729
Other commitments	5 738	14 283
Total open commitments	**499 177**	**423 981**

252. Multi-year commitments through 2026 of $28.2 million to secure information technology services are reflected in table 9.2.

253. In 2024, no purchase orders were issued against partnership agreements expected to be implemented in 2025 or later.

9.3 Legal or contingent liabilities

254. Voluntary contribution revenue includes revenue that, under the terms of the contribution agreement, must be spent within a specified period and for an agreed purpose ("earmarked"). Where UNHCR has clearly not fully spent an earmarked contribution by the agreed deadline and a refund is expected, such shortfalls are accounted for as a reduction in revenue and disclosed in table 5.1.1.

255. As at 31 December 2024, there were 23 outstanding cases relating to various claims from staff members or former staff members pending United Nations Dispute Tribunal judgments against UNHCR, with a total potential financial compensation amounting to approximately $1.3 million.

256. There are 59 unresolved third-party claims against UNHCR. The main third-party claims relate to ongoing disputes with a small number of suppliers and implementing partners. These disputes are subject to negotiation, and some may be settled through arbitration, with uncertain outcome. While the best estimate of additional costs to settle the agreements in arbitration have been accounted for as accruals and legal provisions and disclosed in note 3.10 and 3.11, there are additional third-party claims with maximum expected settlement values of approximately $6.5 million.

9.4 Contingent assets

257. As a result of political upheavals in the Sudan, during 2023 UNHCR experienced looting and other theft of significant fixed assets and inventory. While the final amount is subject to negotiation, insurance claims related to the losses of inventory are expected to result in the recovery of a minimum of approximately $8.5 million of insurance proceeds. The related fixed assets and inventory have been impaired pending final determination of the level of losses suffered net of insurance claims.

Note 10
Related party disclosures

258. The key management personnel of UNHCR are the High Commissioner, the Deputy High Commissioner, the two Assistant High Commissioners and the Controller, as they have the authority and responsibility for planning, directing and controlling the activities of UNHCR.

Table 10
Related party disclosures
(Thousands of United States dollars)

	Number of posts filled	*Compensation and post adjustments*	*Entitlements*	*Pension and health plans*	*Total remuneration*	*Outstanding advances against entitlements*
Key management personnel, 2024	5	1 332	161	343	1 836	106

259. The table above summarizes aggregate remuneration paid to five key management personnel, which includes net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs and employer pension and current health insurance contributions.

260. Key management personnel also qualify for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified. They are also ordinary participants in the Pension Fund.

261. UNHCR relies on implementing partnerships and national fundraising partners for its operational activities. The transactions with these parties are at arm’s length.

Note 11
Events after the reporting date

262. The reporting date for the Office of the United Nations High Commissioner for Refugees is 31 December of each year.

263. On January 20, 2025, a government donor announced a temporary suspension of foreign aid to reevaluate its international funding priorities. As the announcement has no direct impact on the situation as at 31 December 2024, this event after the reporting date is considered as a non-adjusting event under IPSAS 14, and no adjustments have been made to the 2024 financial statements.

264. Approximately $203.1 million of the $248.2 million in voluntary contributions receivables due directly from the government donor recognized on the Statement of Financial Position relate to directly funded activities to be carried out in 2025 or later. The directly funded receivables relating to 2025 activities represent 13.3 per cent of total contributions receivable (Note 3.). The following table summarizes the position:

Table 11
Events after the reporting date
(Thousands of United States dollars)

	2024	*Percentage*
Net contributions receivable	1 530 865	100.0
Government donor receivable as at 31 December 2024	248 200	16.2
Other receivables (indirect funding though other donors)	1 794	0.1
Of which:		
Relating to 2024 activities	45 100	2.9
Relating to 2025 activities	204 894	13.4
Collected since 31 December 2024 for 2024 activities	45 100	2.9
Collected since 31 December 2024 for 2025 activities	203 758	3.3
Not collected since 31 December 2024, as at 31 March 2025	1 136	0.1

265. The $248.2 million of uncollected contributions receivable from the government donor and an additional $1.8 million of funding from the same government which has been allocated indirectly through intermediary agencies has been recognized as revenue in the Statement of Financial Performance.

266. At the date of authorization of these financial statements, the total impact of the temporary suspension of foreign aid and any related mitigating measures remains uncertain. The maximum impact on receivables recorded in 2024 is expected to be limited to $4.5 million, representing the portion of the total relevant receivable balances that remain outstanding as at 31 March 2025 and that relate to activities to

be carried out after the reporting date. The maximum impact includes potential refund requirement for receivables already collected. Any other financial impact will be assessed and reported in subsequent periods.

267. To mitigate immediate operational risks, UNHCR has temporarily placed certain activities on hold that were directly affected by the suspension.

268. On 16 June 2025, UNHCR’s leadership announced the completion of a review of its activities, expenditure, staffing and structures in response to decline in humanitarian funding compared to 2024. The measures announced will reduce the overall scale of operations and include the expected closure or downsizing of offices worldwide, a reduction of nearly 50 per cent in senior positions at its Geneva headquarters and regional bureaux, and the discontinuance of approximately 3,500 staff positions, representing global reduction in staffing costs of around 30 per cent. At the date of issuance of these financial statements, the overall financial impact of these measures is still being assessed and cannot be reliably estimated.

269. UNHCR is actively engaging with the government donor’s representatives to seek waivers and alternative funding solutions to ensure the continuity of the programmes. As of the date of approval of these financial statements, none of the receivables reported as at 31 December 2024 relate to programmes that have been formally terminated or fully suspended.

270. Further discussion on the impact of this subsequent event on UNHCR's financial position and financial performance, if relevant, will be reflected in the UNHCR Financial Report.

271. At the date of issuance of these financial statements, other than as referred to above, no material events, favourable or unfavourable, have occurred that would have impacted the present statements.

272. The financial statements were approved on 31 March 2025 and submitted to the Board of Auditors for opinion. No one other than UNHCR has the authority to amend these financial statements.