

ACABQ REPORT ON UNHCR'S PROPOSED BUDGET STRUCTURE

ISSUES RAISED

1. The Standing Committee has before it the Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on UNHCR's Proposed Budget Structure (A/AC.96/900/Add.4). While welcoming and commending the budget prototype, the ACABQ noted that its comments, at this stage, are preliminary, and that it will return to the subject to make further recommendations, as necessary, in the context of the budget proposals for 2000 (*idem.*, par. 3).

2. It should be noted that the ACABQ, among other issues, returned to that of tied funding which it had raised in its earlier Report (A/AC.96/900/Add.3). It also recalled its recommendation that the Executive Committee provide policy guidelines to assist the High Commissioner when accepting additional supplementary activities (*idem.*, para. 4).

3. In regard to the proposed single Operational Reserve outlined in annex to EC/49/SC/CRP.5 (see Annex overleaf for terms of reference), the ACABQ noted that there were three possible ways to determine its level:

(i) that it be constituted at ten per cent of the approved Annual Programme budget level for the preceding year;

(ii) that it be constituted at ten per cent of the level of expenditure of the preceding year (excluding expenditure under the United Nations Regular Budget);

(iii) that it be constituted at ten per cent of the proposed programmed activities in the Annual Programme Budget being submitted for approval.

UNHCR favours the last option as it bears a more direct relationship with the budget for the programme year being submitted for approval; it also corresponds to existing practice.

Draft Decision

Structure of Annual Programme Budget

The Standing Committee,

Noting the Report of the ACABQ on UNHCR's proposed budget structure (A/AC.96/900/Add.4),

OP1 *Requests* UNHCR to proceed with the preparation of the Annual Programme Budget for the year 2000 according to the prototype submitted;

OP2 *Decides* to adopt a single Operational Reserve constituted at ten per cent of the proposed programmed activities in the Annual Programme Budget being submitted for approval.

Draft Provisions for an Operational Reserve
(see Article 6 of UNHCR Financial Rules)

6.4 The Operational Reserve is established to:

- (a) provide financial assistance to refugees, returnees and displaced persons in emergency situations for which there is no provision in the programmes approved by the Executive Committee;
- (b) provide such additional administrative expenditure resulting from those emergencies as cannot be met from the Annual Programme Budget, pending action by the Executive Committee;
- (c) fund planning of repatriation, especially in regard to the necessary measures to be taken on behalf of returnees in their country of origin;
- (d) fund preparations in the country of asylum for voluntary repatriations not otherwise provided for, and activities related to actual return;
- (e) provide supplementary funding for voluntary repatriations, including initial reintegration needs in the country of origin;
- (f) cover unexpected increases in the costs of projects financed from the current or previous years' Annual Programme Budget, or from an Operational Reserve allocation made in a current or previous year to cover an emergency;
- (g) meet the cost of modifications to current year projects under the Annual Programme Budget that may be necessary to achieve the approved project objectives;
- (h) increase existing allocations to meet needs resulting from a new influx of refugees belonging to a group already receiving assistance under the current Annual Programme Budget;
- (i) increase, as required, with the Executive Committee's approval, the International Field Staff Housing and Basic Amenities Fund.

6.5 An Operational Reserve shall be constituted at an amount equivalent to 10 per cent of [the approved Annual Programme Budget level for the preceding year] proposed programmed activities under the Annual Programme.

6.6 The High Commissioner may make allocations from the Operational Reserve for the purposes set out in Article 6.4 provided that the amount made available for any one programme shall not exceed \$ 10,000,000 in any one year.

6.7 An Operational Reserve allocation may be cancelled if sufficient funds to a related supplementary appeal (be it of UNHCR, an inter-agency appeal or a Consolidated Appeal) are later received; or if the funds, or part thereof, have not been obligated at the end of a given year.

6.8 The High Commissioner shall report to the Executive Committee at each annual session, and at each regular session of its Standing Committee, on the use made of the Operational Reserve.