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Fifty-third session

REPORT OF THE TWENTY-FIFTH MEETING OF THE STANDING COMMITTEE (26 September 2002)

I. INTRODUCTION

1. The meeting was opened by the Chairman of the Executive Committee, His Excellency, Ambassador Johan Molander (Sweden), who welcomed all who were present.

II. ADOPTION OF THE AGENDA OF THE TWENTY-FIFTH MEETING

2. The agenda for the meeting (EC/52/SC/CRP.14) was adopted.

III. ADOPTION OF THE DRAFT REPORT OF THE TWENTY-FOURTH MEETING

3. The draft report of the Standing Committee's twenty-fourth meeting held on 24-26 June 2002, contained in document EC/52/SC/CRP.13, was adopted.

IV. PROGRAMME AND FUNDING

A. Update on programme and funding

4. Introducing the update on programme and funding projections for 2002 (EC/52/SC/CRP.15), the Director of the Division of Communication and Information (DCI) apologized for any inconvenience caused by the late distribution of this document, but observed that the information it contained was the latest possible. He expressed gratitude for the generous response of the donor community to UNHCR's programmes, noting that more funds were available for UNHCR's operations worldwide than had been the case at the same time last year. He remarked, however, that UNHCR faced a serious funding shortfall. Some US\$ 757.8 million in new funding was needed to cover the programmes under the 2002 budget, and only \$ 560.8 million had been received

so far, with expectations of a further \$ 66.2 million before the end of the year. He drew attention to the fact that firm pledges were now a matter of urgency in order to ensure that funds were available to cover agreements signed earlier in the year with partners. He pointed out that UNHCR had already been obliged to cut some \$ 100 million from its annual programme budget for 2002, with severe impacts on programmes. In this context, he drew attention to an informal paper being made available to the Committee concerning the impact of these cuts. He recalled that, as the needs for humanitarian assistance increased worldwide and the resources to respond adequately were limited, UNHCR was in the process of seeking to identify complementary sources of funding in governmental and private sectors for its activities in the area of durable solutions.

5. In their interventions, delegations shared UNHCR's concerns over the shortfall and its impact on delivering adequate protection and assistance to refugees. Two delegations drew particular attention to the fact that the lack of resources not only had an adverse impact on refugees, but also on the host countries and urged the international community to contribute generously to UNHCR's work.

6. Recalling the need for a strong multilateral approach, one delegation urged UNHCR to prioritize and maximize its resources, asking for more detailed information on the effects of the reductions at the country and sub-regional level together with an analysis of how the cuts would impact the refugees. This delegation also enquired whether offices had received guidance on prioritization. It also called for more attention to be given to the Africa region. Another delegation noted the unexpectedly high rate of return to Afghanistan and called for a strong focus on the rehabilitation and reconstruction process in order for these returns to be sustainable.

7. Some delegations noted that the funding shortfall for the rest of the year was less than at the same time last year, but re-emphasized the importance of prioritizing. One delegation also welcomed UNHCR's initiative in searching for complementary sources of funding. Another delegation enquired about the value-added of UNHCR's offices in countries of Western Europe in view of the recurrent funding shortfall.

8. Several delegations expressed appreciation for the statistical information on population movements included in the update as part of UNHCR's efforts to document host countries' contributions. One delegation also noted with appreciation the renewed discussion with UNDP and the World Bank undertaken by the High Commissioner aimed at closing the gap between humanitarian aid and development assistance and looked forward to receiving more information, especially on how they related to country operations.

9. In her response to delegations, the Deputy High Commissioner emphasized that utmost efforts had been made when identifying cuts in programmes to safeguard the well-being of the refugees. She confirmed that the number of staff in the field had not been reduced and that cuts had focused on expenses such as travel, temporary assistance, consultancies and telecommunications equipment. She also informed the Committee that an assessment of UNHCR's representation in developed countries, mainly in Western Europe and North America, was currently underway and the result of this assessment would be shared early in 2003. Closing this sub-item, the Director of DCI reiterated

that the shortfall still facing UNHCR was in addition to the cuts he had already mentioned. He stressed the urgent need to receive firm funding commitments as promptly as possible, in order to minimize the adverse effects of a lack of resources on both refugees and their host communities.

B. Mid-Year Progress Report 2002

10. Presenting the Mid-Year Progress Report to the Committee, the Director of DCI gave an explanation of the objectives and structure of the Report, which covered the period from 1 January to 30 June 2002. He explained that it sought to identify progress achieved against the main objectives, policies and financial needs as outlined in the Global Appeal 2002, as well as new developments that had occurred since the issue of the Appeal. He recalled that UNHCR welcomed all suggestions for further improvement of the Report.

11. Several delegations congratulated UNHCR, in particular its Donor Relations and Resource Management Service, for a well-prepared Report, noting an improvement in its content and quality. One delegation observed that the Report provided an excellent overview of UNHCR's activities and now gave a better description of its policy priorities and the challenges faced by the Office. This delegation also suggested that, in view of the large amount of time and effort placed on producing the document, individual donors might reduce their demands on UNHCR for additional reporting, and rely solely on the global reports for information on UNHCR's programmes and activities.

12. While commending the Report, one delegation suggested that it should be made available much earlier in the year in order to allow adequate time to examine its contents. This delegation also requested that the Report be made available in an electronic format. Two delegations made observations on information and statements contained in specific chapters, drawing attention to additional elements of relevance.

13. In his response, the Director of DCI thanked delegations for their encouraging and constructive comments. He observed that an earlier publication of the Report would limit the period covered, and confirmed that it would be made available shortly on UNHCR's website, as was standard practice. He also announced that follow-up discussion would take place on specific comments and enquiries made by some delegations.

C. UNHCR Annual Programme Budget for 2003

14. The Deputy High Commissioner introduced to the Committee UNHCR's Annual Programme Budget for the year 2003 (A/AC.96/964) and Addendum 1, the related Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ). She drew attention to efforts to streamline the budget document and to make it more results-oriented by presenting global objectives on UNHCR's programmes. She explained that these objectives were the result of an organization-wide exercise undertaken in the light of the broad goals set for the Office by the High Commissioner for 2003. The Deputy High Commissioner stated that the budget presentation was work in progress, and looked forward to the comments of delegations; she also drew attention to the comments of the ACABQ on the presentation of the objectives and indicators of progress.

15. Many delegations commented favourably on the format, size and content of the budget document and the inclusion of the global objectives, as a welcome move towards a more results-based management approach. Some observed, however, that there was still a need to state the organization's priorities across regions and, in the case of a shortfall in budgetary resources, which priorities were to be safeguarded. Several delegations regretted the move away from identifying the category of Special Operations (mainly for IDPs), as had been done in 2002, since this had been at least one form of priority-setting. Several delegations referred to the comments of the ACABQ on the need to include information in the budgetary tables, especially those relating to posts, that would enable ready comparison with the previous financial year. Some delegations also supported the ACABQ's call for greater specificity in the objectives, noting that the indicators could be more qualitative. They underlined the need to ensure appropriate linkages between the objectives/indicators in the budget with other documentation (Global Appeal, Global Report and Mid-Year Report) and resource allocation mechanisms. Some also called attention to the importance of improved data information systems to support the move towards results-based budgeting, observing that the budgeting process needed to be complemented by integrated planning and implementation; results-based budgeting was not an end in itself.

16. Several interventions focused on the non-inclusion in the 2003 Annual Programme Budget of a full picture of activities in favour of Afghans in Afghanistan and in other countries. Some delegations made reference to the comments of the ACABQ on the proposed continuation, on an exceptional basis, of this Supplementary Programme, expressing understanding for the High Commissioner's decision, given the fluid and evolving nature of this programme which involved many other actors. One delegation, however, drew attention to the negative consequences on the Annual Programme Budget of keeping Afghan operations under a separate programme. This delegation observed that this resulted in incomplete staffing and financial tables, which also could not be compared with those of the previous year. Other delegations supported the view that excluding the Supplementary Programme for Afghanistan could result in undermining the principle of the unified budget.

17. Regarding the level of the proposed budget, one delegation regretted that UNHCR was opting for a resource-based budget, rather than a needs-based one; this made it all the more necessary to present a global picture of those needs not being addressed. Another delegation, however, welcomed the realistic presentation, which reflected the likely level of resources. This delegation expressed concern, however, that the mainstreaming of gender had not been given the priority it deserved.

18. Other interventions touched on a range of specific budgetary issues, including the need for greater clarity with respect to variations in post levels in and between regions and also with Headquarters; the need to apply United Nations rules in recording all programme support costs; the need for a budget line for protection activities; the importance of a realistic policy on earmarking; as well as the need for caution with respect to accessing development funds.

19. In responding to comments and questions raised by delegations, the Deputy High Commissioner pointed out that the very structure and content of the

budget was itself a reflection of the Office's priorities; Special Operations had been found to have little practical usefulness in the context of other broad patterns of earmarking (in addition to those for IDPs). On the issue of earmarking, the Director of DCI noted that this was a reality accepted by the Office, but asked that it be limited to regional/sub-regional levels, and that it be avoided, wherever possible, in the latter part of the programme year.

V. COORDINATION

20. The Head of the Secretariat and Inter-Organization Service (SIOS) presented an update on coordination issues, as contained in document EC/52/SC/INF.2, supplementing this information with a summary of issues that had developed since the issuance of the paper. He welcomed the recent report of the Secretary-General on the United Nations reform process, which included important new proposals on improving inter-agency coordination (especially in the field), and said that UNHCR would be fully engaged in the implementation phase. He informed the Committee of the High Commissioner's recent initiative to optimize coordination with other agencies on IDPs through the Under-Secretary-General for Humanitarian Affairs. With respect to the dialogue within the Inter-Agency Standing Committee (IASC) Working Group on the revision of the terms of reference of the Humanitarian Coordinator, he emphasized UNHCR's wish to see an increase in the effectiveness and authority of this function.

21. Referring to new developments in the follow-up to the Partnerships initiative, the Head of SIOS drew particular attention to the recent revision of the Memorandum of Understanding (MOU) with the World Food Programme, following which the two agencies were about to agree on the pilot countries for implementation of the new arrangements. Discussions had started with UNICEF on a review of the 1996 MOU; key areas of this MOU had been targeted for enhanced collaboration. He reported on the recent meeting of focal points of UNHCR, UNDP, and the World Bank on the "4Rs" (repatriation, reintegration, rehabilitation and reconstruction) and "DLI" (development through local integration) concepts; priority focus would be given initially to Sri Lanka, Eritrea, Sierra Leone, while discussions continued on Angola and Afghanistan. He also provided information on the progress of the internal working group looking at the Common Country Assessment and United Nations Development Assistance Framework (CCA/UNDAF) and UNHCR's increasing involvement in that process.

22. In a statement to the Committee, the Diplomatic Advisor of the Division of International Organizations of the International Committee of the Red Cross (ICRC) spoke of the existing close collaboration between ICRC and UNHCR. She stressed the importance of complementarity of humanitarian action, and noted ICRC's close involvement with the IASC, the Consolidated Appeals Process (CAP), the Senior Inter-agency IDP network, and the United Nations Internal Displacement Unit, as well as with UNHCR. The annual high-level meeting between UNHCR and ICRC as well as the active participation of ICRC in the UNHCR Global Consultations on International Protection also represented key opportunities for sharing views on areas of common concern between the two agencies. The Diplomatic Advisor of ICRC stressed that both agencies invested a large amount of time and resources in coordination, which needed to be accompanied by adequate training of their staff. She also pointed out that coordination among humanitarian actors included the need for governments to play a key role in the prevention and resolution of armed conflict while at the same time ensuring respect for international humanitarian law.

23. Many delegations welcomed the information provided under this agenda item and UNHCR's increased activities with regard to partnerships. Some also indicated, however, that they would like to see the inclusion of a more UNHCR-specific, strategic analysis of coordination issues. ILO intervened to acknowledge the coordination activities with UNHCR, and the IASC Secretariat gave further information on the resolution of the 2002 ECOSOC Humanitarian Segment as well as on developments within the IASC. Two delegations requested information on the coordination mechanisms in place in Afghanistan and how these were working. Delegations voiced appreciation for UNHCR's contribution to the important work that was taking place in the IASC Task Force on the Prevention of Sexual Exploitation as well as in the inter-agency deliberations to improve staff security. One delegation drew attention to UNHCR's lead role in the coordination of refugee assistance. UNHCR's anticipated collaboration with UNDP and the World Bank on 4Rs and DLI initiatives was cited by several delegations as a positive step; nevertheless, one delegation noted the need to consult with host countries with regard to DLI initiatives.

24. In his response, the Head of SIOS acknowledged the wishes expressed for information that was both broader and more analytical, and undertook to consult the Committee's Bureau on the focus and nature of future reporting. He recalled that the update on coordination had been designed to highlight such activities in particular within the United Nations system over the previous six-month period, but could not necessarily cover all of UNHCR's ongoing involvement with other agencies and partners. Moreover, recent partnership initiatives within UNHCR had provided a broad analysis of coordination activities with key partners, and information on these activities could be made available to delegations as appropriate.

VI. MANAGEMENT, FINANCE, OVERSIGHT AND HUMAN RESOURCES

25. The Deputy High Commissioner gave a brief introduction to this agenda item, drawing attention to a number of positive developments in UNHCR's efforts to achieve its objective of more efficient organizational performance. These included: a move to more results-based reporting as illustrated by the new indicator tables in the 2003 Annual Programme Budget document; the drawing on lessons-learned from the operations management system; follow-up to audit recommendations; and continuing efforts to enhance the Oversight Committee's work via, *inter alia*, the use of data-bases and compliance reporting.

26. The new Controller and Director of the Division of Financial and Supply Management commented initially on follow-up to the External Audit recommendations contained in the document: *Measures taken or proposed in response to the recommendations of the Board of Auditors for the year ended 31 December 2001* (A/AC.96/963 Add.1). He pointed out that the 2001 Financial Statements had been duly certified, and that UNHCR had made significant progress on the issue of verifying expenditure by implementing partners in the field, a problem to which the auditors had drawn special attention with respect to previous financial statements. The amount of unverified expenditure had been reduced from \$ 43 million in 2000 to \$ 7.5 million in 2001; work was still ongoing to continue improving both this situation and, more generally, the in-house mechanisms for enhancing UNHCR's fiscal accountability and transparency.

27. With reference to document A/AC.96/962 *Voluntary Funds Administered by the United Nations High Commissioner: Accounts for the year 2001*, the Controller warned against any optimistic interpretation of the position of its Reserve and Fund Balances. He underlined that the Reserve and Fund Balance of the Annual Programme Budget had deteriorated from \$ 53.6 million in 2000 to \$ 43.7 million in 2001, and that unless the current shortfall was covered by additional contributions before the end of 2002, UNHCR's Reserve Balance would be barely sufficient to cover one week's running costs. He appealed to delegations to help avoid such an emergency.

28. In their interventions, several delegations recognized that UNHCR had made significant progress in dealing with the problem of unverified implementing partner expenditure. One delegation requested more details on implementing partner selection and monitoring of expenditure. Another believed that there was a need to strengthen the refugee registration system and offered assistance in the form of expertise. Commitment to providing extra-budgetary support to UNHCR by making experts available was also expressed by another delegation.

29. In his response, the Controller provided pertinent details of UNHCR's relations with implementing partners, and undertook to provide further details requested on other issues to interested delegations. The Deputy High Commissioner also indicated that more information for delegations would be forthcoming on implementing partner audit performance and on developments in the registration system through Project Profile.

VII. ANY OTHER BUSINESS

30. The Secretary provided practical details of arrangements for the forthcoming session of the Executive Committee, from 30 September to 4 October 2002, including information on side events.

31. There being no other business, the Chairman declared the meeting closed.