

UNHCR Update on Programme Budget Biennialization



Informal Consultative Meeting

Presentation by the Controller

Tuesday 19th June 2007

Biennialization : Background



Aug/Sept
2004

JIU recommended modifying budget cycle from annual to biennial and ACABQ endorsed

October
2004

ExCom refers to Standing Committee for a decision by 56th session

March
2005

UNHCR presented a preliminary discussion paper to the Standing Committee (CRP.7 of 16 Feb 2005)

June
2005

UNHCR presented a note to an informal consultative meeting with a tentative preference for a move to a biennial programme budget cycle

September
2005

UNHCR proposed, and Standing Committee approved, move to a biennial cycle and a relevant revision of Financial Rules by mid-2007

Advantages were seen as:

conformity/harmonization with other UN agencies, a longer-term planning horizon facilitating RBM, and less work in terms of the budget preparation process

Disadvantages were seen as:

ever-changing operational/emergency nature of UNHCR's work and that funding would not be more predictable (donor governments commit for one year)

More Recent Developments: Impact of IPSAS



- In June 2006, IPSAS (International Public Sector Accounting Standards) were adopted by GA for implementation by 2010
- Impact:
 - IPSAS requires annual audited accounts and their reconciliation with annual budgets
 - UNHCR, unlike many UN agencies, already has annual audited accounts and annual budgets
 - UNHCR is in a uniquely advantageous position to comply with essential IPSAS requirements
- In the above light, UNHCR reflected internally on the necessity of moving to a Biennial cycle
- However, the benefits of a two year budget cycle for longer term planning, and lighter budget governance by the ACABQ remained relevant and desirable

Approach to Implementation of Biennialization



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- Given the imperative of retaining UNHCR's existing IPSAS compatibility with annual audited accounts in line with an Annual Programme Budget:
 - Aim is to adopt a *fixed* biennial budget cycle that retains the transparency of two distinct annual programme budgets

Biennial Budget Submission and Approval Cycle



Two dimensions: ACABQ and ExCom

2007	Biennium 2008/2009		Biennium 2010/2011		2012/13
	2008	2009	2010	2011	2012

ACABQ	Reviews the initial 2008 and 2009 budgets		Reviews the initial 2010 and 2011 budgets		Reviews the initial 2012 and 2013 budgets	

ExCom	Approves the revised 2007 and the initial 2008 and 2009 budgets	Approves the revised 2008 and 2009 budget	Approves the revised 2009 and initial 2010 and 2011 budgets	Approves the revised 2010 and 2011 budget	Approves the revised 2011 and initial 2012 and 2013 budgets	

Summary of Advantages



- Biennial budget will require submission to ACABQ once every two years, in alignment with the two year cycle pertaining to other agencies and removing the current need for submission of the annual programme budget each year (*streamlined ACABQ budgetary oversight*)
- Compliance with essential IPSAS requirements through retention of annual programme budgets and accounts (*avoids complications that would otherwise arise with the reconciliation of biennial budgets with annual audited accounts*)
- Institutionalization of a two year planning timeframe (*better facilitates RBM*)
- Harmonization with other UN agencies (*improves comparability among UN agencies*)
- May facilitate and promote longer term contributions from donors (*more predictability of income*)



Conclusion

- Longer-term planning and budgeting will enhance UNHCR's operational effectiveness
- Streamlined budgetary oversight, better facilitation of results-based management and uncomplicated IPSAS compliance, will permit management resources to be more focused on programme quality and substance, prioritization and results

Next

- UNHCR Financial Rules will be revised as necessary to cover Biennialization (a CRP will be submitted to the June Standing Committee)