

**Executive Committee of the  
High Commissioner's Programme**

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**Standing Committee**  
52<sup>nd</sup> meeting

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**Draft report of the fifty-second meeting of the  
Standing Committee - (20 September 2011)**

## Contents

<i>Chapter</i>	<i>Paragraphs</i>	<i>Page</i>
I. Introduction .....	1	3
II. Adoption of the agenda .....	2	3
III. Adoption of the draft report of the fifty-first meeting of the Standing Committee .	3	3
IV. Management, financial control, administrative oversight and human resources.....	4-21	3
A. Finance and oversight .....	5-15	3
B. Management .....	16-18	5
C. Human resources .....	19-21	6
V. Programme budgets and funding.....	22-30	7
A. Update on budgets and funding for 2011 .....	22-23	6
B. UNHCR's resources mobilization strategy, including private sector fundingraising strategy.....	24-26	6
C. UNHCR's Biennial Programme Budget for 2012-2013 .....	27-30	7
VI. Coordination.....	31-32	7
VII. Any other business .....	33	7
<i>Annexes</i>		
I. Decision on overall programme budgets and funding in 2011.....		8
II. Decision on a proposed revision of the Financial Rules .....		9

## **I. Introduction**

1. The Chairperson of the Executive Committee, His Excellency Ambassador Hisham Badr (Egypt), opened the meeting.

## **II. Adoption of the agenda**

2. The agenda for the meeting (EC/62/SC/CRP.26/Rev.1) was adopted.

## **III Adoption of the draft report of the fifty-first meeting of the Standing Committee**

3. The report of the fifty-first meeting of the Standing Committee (EC/62/SC/CRP.25) was adopted, with a small amendment to paragraph 29.

## **IV. Management, financial control, administrative oversight and human resources**

4. The Deputy High Commissioner introduced the agenda item, noting that 2011 had been a challenging year for UNHCR in terms of emergencies with more than 600 emergency deployments as compared with 200 the year before. With financial assistance and support from host countries, the Office was able to meet the challenge and move to a new level of performance. This year, UNHCR expected to receive an unprecedented level of more than US\$2 billion in funding, which was a testament to the Office's ability to respond to emergencies, as well as to its resource mobilization efforts. He expressed deep appreciation to all Governments which had provided support to the Office in this regard.

### **A. Finance and oversight**

#### **(a) Report of the Board of Auditors**

5. Under finance and oversight, the Controller presented the Report of the Board of Auditors on the Accounts of the Voluntary Funds administered by UNHCR for 2010 (A/AC.96.1099 and A/66/5/Add.5); the Measures taken or proposed in response to the recommendations in the Report of the Board of Auditors on the accounts for 2010 (A/AC.96.1099/Add.1); and the Summary report on main risk areas raised in the Report of the Board of Auditors on the accounts for 2010 (EC/62/SC/CRP.28). She noted that the Board had issued 33 recommendations, all of which had been accepted by UNHCR and were in the process of being addressed. She also gave an overview of seven main risk areas highlighted by the Board, and a detailed explanation of action being taken.

6. Delegations welcomed the unmodified audit opinion and expressed confidence in the work being done by UNHCR to address the recommendations and risk areas identified by the Board. Among concerns raised by delegations was the need for a coordinated approach for protracted refugee situations, including the establishment of a senior-level focal point, who would be held accountable. Delegations expressed concern regarding the comments by the Board, including on: the limitations in the Office's ability to monitor implementing partners'

performance; gaps and weaknesses related to the Results-based management (RBM) approach and associated tools; the implementation of International Public Sector Accounting Standards (IPSAS); and weaknesses in controls over key areas such as the management of bank accounts, receivables, and assets, combined with limited financial management capacity in the Field. Several delegations expressed support for the Office's adoption of an Enterprise Risk Management approach and asked for a timeline for implementation.

7. On the issue of protracted refugee situations, the Deputy High Commissioner informed the Committee that internal discussions had been initiated to assess the right approach to implementing the recommendation of the Board. With respect to risk management, the Office was preparing a report on UNHCR's strategy in this regard, which should be ready for consideration by management by the end of the year. Regarding financial management, the Controller recognized the need to strengthen skills at the field level, noting that the increase in the budget over the last few years had not been matched with adequate support to the Field. In terms of IPSAS, she reiterated that UNHCR was committed to remaining on schedule for full implementation by 1 January 2012. The organization was also making progress on RBM, but the alignment of RBM/*Focus* with IPSAS and the MSRP system was a complex process.

**(b) Internal Audit**

8. The Chief of the Geneva Audit Service of the Office of Internal Oversight Services (OIOS), presented the Report on Internal Audit (A/AC.96/1101/Corr.1), noting that oversight and control of implementing partners, and asset management, remained concerns. The implementation rate of recommendations was above 50 per cent, which OIOS considered satisfactory. At the same time, he drew attention to a number of older recommendations which remained to be addressed and which were outlined in the Report.

9. One delegation asked how OIOS planned on working with the Independent Audit and Oversight Committee. The Chief of the Geneva Audit Service of OIOS responded that collaboration with this new structure had not yet been discussed.

**(c) Independent Audit and Oversight Committee**

10. The Committee heard an oral briefing on the establishment of the Independent Audit and Oversight Committee (IAOC). The Chairman of the Executive Committee reported to delegations that he had been fully consulted by UNHCR on the processes for the selection of the recruitment agency and for the appointment of members of the IAOC. Regarding the latter, thanks to broad geographical outreach, more than 300 applications, representing 90 different nationalities, had been received.

11. The Deputy High Commissioner's Special Adviser on Oversight provided a timetable for the appointment process. In terms of the recruitment agency, the technical and cost implications had been reviewed and a consensus had been reached. A contract would be concluded shortly and it was expected that the agency would be able to submit the names of the 10 best candidates by the end of October. Consultations between UNHCR and the Executive Committee regarding the short-listed candidates would take place during November and it was hoped that the selection of the members would be completed by the end of that month. The intention was for the first meeting of the IAOC to take place before the end of the year.

12. One delegation asked what UNHCR's own internal oversight body was doing in the meantime. The Deputy High Commissioner responded that the Committee had last met in the spring and that a decision had not yet been made on whether it was necessary for it to meet again before the establishment of the IAOC.

**(d) Financial rules**

13. The Controller presented the Proposed revision of the Financial Rules (EC/62/SC/CRP.27 and Corr.1 and EC/62/SC/CRP.27/Add.1), which included a draft decision for consideration. She noted that the proposed amendments had been reviewed by the United Nations Board of Auditors and by the Office of Internal Oversight Services (OIOS), and that their comments had been incorporated. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) had also reviewed the revised Financial Rules and their comments were reflected in E/62/SC/CRP.27/Add.1.

14. Several delegations queried why the reference to OIOS under Article 12 – Audit had been removed and replaced by a more general reference to internal auditors, despite the ACABQ indicating that this was not deemed to be necessary. The Deputy High Commissioner explained that OIOS was contracted as an internal auditor, despite being external to UNHCR. OIOS also used to perform this function for a number of United Nations organizations. Removing the reference prevented the Office from having to revise the financial rules again in the future, should an internal audit unit come into being within UNHCR. He clarified that this did not affect the current relationship UNHCR had with OIOS, and that the ACABQ was not opposed to the change.

15. The decision on a proposed revision of the Financial Rules was adopted (Annex II).

**B. Management**

16. The Deputy High Commissioner provided an update on UNHCR's structural and management change process (EC/62/SC/CRP.29). He highlighted in particular the Office's aim of accelerating procedures for emergencies and reducing planning and reporting requirements. He also provided an overview of the interface being developed to allow access to operational planning data through *Global Focus External*.

17. While welcoming the progress achieved to date on results-based management (RBM), delegations had a number of questions, including: how UNHCR planned to develop the capacity of its implementing partners; how time-consuming implementation of the RBM approach would be in the Field; and whether the Office could provide an informal briefing on RBM for interested Members. UNHCR was asked to provide more detailed reporting on the change process in future, including figures, so that delegations could better assess what was being achieved concretely, as well as the budgetary implications of the reforms. UNHCR was also asked about: the link between the Global Strategic Priorities and the budget preparations process; the restructuring of the Division of Information Systems and Telecommunications (DIST); and the likely availability of a report on the regionalization process.

18. Regarding RBM, the Deputy High Commissioner commented on the need to find a balance between reducing reporting and producing adequate information for donors and other stakeholders, and confirmed that RBM was indeed being incorporated in training for implementing partners. He acknowledged that RBM

was more qualitative than quantitative, as it was difficult to measure protection in quantitative terms. He explained the linkage between the Global Strategic Priorities and results-based budgeting and agreed to hold a more detailed briefing on the subject. The Deputy High Commissioner also indicated that he hoped to have the stocktaking review on the regionalization process ready by the end of the year, after which it would be shared with the Executive Committee.

### **C. Human resources**

19. The Director of the Division of Human Resources Management presented the report on strategic directions for human resources management in UNHCR including staff safety (EC/62/SC/CRP.31), outlining a timeline of past, present, and future milestones in human resources reform. The Senior Liaison Officer of the Field Safety Section of the Division of Emergency, Security and Supply added comments, underlining in particular the Office's progress in enforcing gender equity.

20. Delegations commended the organization's ongoing efforts to deliver protection and assistance in the Field despite deteriorating security situations, as well as its achievements in relation to gender equity. Concerns raised included: ensuring that qualified staff are placed in the right positions; the impact of frequent staff turnover on the continuity of field operations; how security costs are disaggregated in the overall budget; and ways of monitoring security incidents.

21. Upon questions regarding the new rapid deployment model used in the Horn of Africa, the Director informed delegations that the Office was currently working on lessons-learned which will be shared in due time.

## **V. Programme budgets and funding**

### **A. Update on budgets and funding for 2011**

22. The Controller and the Director of the Division of External Relations introduced the update on budgets and funding in 2011 (EC/62/SC/CRP.32), highlighting the importance of unearmarked or broadly earmarked funding to enable the Office to ensure sufficient resource allocation to activities in ongoing operations.

23. Following a small modification to paragraph 2, the draft decision on overall budgets and funding in 2011 was adopted (Annex I).

### **B. UNHCR's resource mobilization strategy, including private sector fundraising strategy**

24. The Director of the Division of External Relations presented the report on UNHCR's resource mobilization strategy, including private-sector fundraising strategy (EC/62/SC/CRP.30), commenting on the five pillars which form the strategy's base and providing examples of new funding opportunities.

25. Delegations expressed concerns regarding the growing funding gap and encouraged UNHCR to find new ways of funding beyond traditional donors, including by exploring cooperation with development agencies. One delegation cited some noteworthy examples of collaboration between UNHCR and the private sector,

and encouraged the Office to share information on lessons-learned and best practices in the area of private sector fundraising. There was a call for an update on progress with the Transitional Solutions Initiative in countries such as Sudan, Colombia, Nepal, and the United Republic of Tanzania.

26. The Director acknowledged the delegations' comments on various issues, and announced that a side event on the Transitional Solutions Initiative would be held during the upcoming Executive Committee session which would provide more information on that topic.

### **C. UNHCR's Biennial Programme Budget for 2012-2013**

27. The Controller introduced the proposed 2012-2013 biennial programme budget (A/AC.96/1100), an advance copy of which had already been presented to delegations at an informal consultative meeting on 1 September. The budget had also been discussed by the Advisory Committee on Administrative and Budgetary Questions, and the Committee's comments had been made available to the Standing Committee as EC/62/SC/CRP.34.

28. Delegations commented on the steady increase in funding needs, and there was a call for a detailed analysis of the Global Needs Assessment (GNA) process. Concerns were expressed over the adequacy of funding allocations to cover the needs of refugees in Africa in the coming biennium. Another delegation encouraged UNHCR to engage in reforms that other United Nations agencies were already implementing.

29. The Deputy High Commissioner explained that the GNA had fluctuated within a certain range over the past couple of years. While UNHCR had assessed a higher amount of needs, it had to be careful to ensure that the organization had the capacity to implement the budgeted programmes and activities. He commented that it was a fairly restrained budget compared to the Office's mandate, and that the gap would probably not be closed in the next few years.

30. In response to the concerns over funding for Africa, the Controller explained that the 2011 budget level reflected the cost of many emergencies, and with the anticipated resolution of these, the initial 2012 budget level was set lower.

## **VI. Coordination**

31. The Director of the Division of External Relations updated the Committee on coordination issues and strategic partnerships (EC/62/SC/CRP.33), highlighting the importance of inter-agency cooperation in the face of major humanitarian crises.

32. Delegations again welcomed the Transitional Solutions Initiative and UNHCR's engagement in this area and encouraged UNHCR to pursue this in particular in urban settings. One delegation underlined the need for significant strengthening of United Nations coordination and field capacity, including the appointment of skilled, experienced, independent and dedicated full-time cluster leads by the lead agencies.

## **VII. Any other business**

33. Following some announcements regarding the 62nd plenary session of the Executive Committee, the Chairperson declared the meeting closed.

## Annex I

### Decision on overall budgets and funding for 2011

*The Standing Committee,*

*Recalling* the Executive Committee's decision at its sixty-first session on administrative, financial and programme matters (A/AC.96/1095, para.14) as well as its discussions under the programme budgets and funding item at the forty-ninth meeting of the Standing Committee,

*Reaffirming* the importance of international burden and responsibility-sharing in reducing the burden on countries hosting refugees, especially developing ones,

1. *Recalls* that the Executive Committee, at its sixty-first session, approved programmes and budgets for Regional Programmes, Global Programmes and Headquarters under UNHCR's 2010-2011 Revised Biennial Programme Budget amounting to \$3,069.5 million in 2011, including the United Nations Regular Budget contribution towards headquarters costs, an Operational Reserve (representing 10 per cent of programmed activities under Pillars I and II) of \$219.3 million, and an amount of \$20 million for the "New or additional activities – mandate-related" Reserve; and *notes* that these provisions, together with those of \$12.0 million for Junior Professional Officers in 2011, brought total requirements for 2011 to \$3,320.8 million;
2. *Notes* that the 2011 supplementary budgets amount to \$531 million as of 31 July 2011 for programmes benefiting refugees and internally displaced persons;
3. *Takes note* of an increase to UNHCR's 2011 Annual Budget amounting to \$531 million, thereby bringing the revised 2011 Annual Budget to a level of \$3,851.8 million;
4. *Recognizes* that emergencies and unforeseen activities unfolding in 2011 may result in the need for additional or expanded supplementary budgets and that additional resources, over and above those for existing budgets, would be needed to meet such needs;
5. *Notes* that projected income for the year 2011 reveals a shortfall of \$1,623.7 million; and
6. *Urges* Member States to continue to respond generously, in a spirit of solidarity and in a timely manner, to the High Commissioner's appeal for resources to meet in full the approved 2011 Annual Budget.

## Annex II

### Decision on a proposed revision of the Financial Rules

*The Standing Committee,*

*Having considered* the proposed revision of the *Financial rules for voluntary funds administered by the High Commissioner for Refugees (A/AC.96/503/Rev.9)*, as set out in Annex I of conference room paper EC/62/SC/CRP.27 and Corr.1,

*Takes note* that comments from the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the proposed revisions (EC/62/SC/CRP.34) will be incorporated in the proposed revised Financial Rules prior to the sixty-second session of the Executive Committee; and

*Requests* the High Commissioner to submit a final draft of the revised Financial Rules (A/AC.96/503/Rev.10) to the sixty-second session of the Executive Committee for endorsement, and for subsequent promulgation by the High Commissioner with effect from 1 January 2012.

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