



General Assembly

Distr.: General
14 September 2020
English
Original: English and French

**Executive Committee of the
High Commissioner's Programme**
Seventy-first session
Geneva, 5-9 October 2020
Item 6 of the provisional agenda
**Consideration and adoption of the
biennial programme budget 2020-2021 (revised)**

Biennial programme budget 2020-2021 (revised) of the Office of the United Nations High Commissioner for Refugees

Addendum

Report of the Advisory Committee on Administrative and Budgetary Questions¹

* As per the decision contained in paragraph 19 of A/71/12/Add.1, this document is not subject to the standard submission pattern for official documents and is excluded from simultaneous distribution.



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I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the revised biennial programme budget 2020-2021 of the Office of the United Nations High Commissioner for Refugees (A/AC.96/1202). During its consideration of the report, the Committee was provided with additional information and clarification concluding with written responses received on 02 August 2020.
2. The Advisory Committee will consider the financial report and audited financial statements for the year ended 31 December 2019 and the report of the Board of Auditors on the voluntary funds administered by the United Nations High Commissioner for Refugees during its fall session. The Committee will include its observations on any issues specific to UNHCR in its related report, which will be presented to the General Assembly in the fourth quarter of 2020.
3. According to the report of the High Commissioner the budget requirements for 2020 and 2021, as at 15 June 2020, are as follows: (a) for 2020, the original budget of \$8,667,681,000 would increase by \$463,667,424 (or 5 per cent) to an amount of \$9,131,348,000; and (b) for 2021, the original budget of \$8,615,835,000 would remain unchanged, as approved by the Executive Committee at its seventieth session. The updated 2020 financial requirements presented in table I.12 would be met through transfers from reserves and other budget reallocations and are mainly to ensure that the coronavirus disease (COVID-19) response can be sustained, as described under the relevant headings of the budget document (see also paras. 5 – 6 below).
4. The proposed resources for 2021 for the regular budget contribution for section 25, International protection, durable solutions and assistance to refugees, amount to \$40,098,900 (before recosting) and reflect no change as compared to the appropriation for 2020 (see A/75/6 (Sect. 25), tables 25.3 and 25.6). The General Assembly will consider the related report of the Advisory Committee in the main part of its 75th session

II. Comments and recommendations of the Advisory Committee

Impact of the coronavirus disease (COVID-19)

5. The report of the High Commissioner indicates that the increase of \$463,700,000 (rounded) in the original budget for 2020 is the result of two supplementary budgets, established by the High Commissioner within his delegated authority, to address the unforeseen needs associated with the COVID-19 pandemic (\$404,000,000), as well as the refugee and displacement crisis in the central Sahel region (\$59,700,000). The report also indicates that the COVID-19 pandemic has exacerbated humanitarian needs and has put immense pressure on the humanitarian system, and that UNHCR is scaling up its response to mitigate the impact on persons of concern, with related measures most likely to extend into 2021. Furthermore, UNHCR was able to “stay and deliver” during the COVID-19 containment measures with a focus on business continuity and contingency planning and on support to its workforce, with lessons learned being applied (see also para. 10 below). UNHCR also states that the COVID-19 pandemic has demonstrated the need for more streamlined business processes and systems; better information flow for improved coordination; and delegated authorities (see paras. 40 and 45 of the budget report).
6. Upon enquiry, the Advisory Committee was informed that the aforementioned “stay and deliver” approach has included health support measures to protect staff with underlying medical conditions, such as telework and telemedicine. Furthermore, the Committee was also informed that UNHCR has assessed local healthcare capacity and filled gaps, when possible, and has also procured and issued personal protective equipment. UNHCR also contributes to the United Nations System-Wide Task Force on COVID-19 medical evacuations. In addition, UNHCR has strengthened psychosocial capacity through a network of peer advisors and regional staff counsellors and additional external mental health support. The Committee was furthermore informed that it is too early to assess the implications of the COVID-19 pandemic but that UNHCR is examining lessons learned,

and incorporating these into organizational thinking and practices, including with respect to flexible work, virtual duty stations, and future leadership skills. **The Advisory Committee trusts that the High Commissioner will inform the Executive Committee on the latest impact of, and UNHCR's response to, the COVID-19 pandemic, and trusts that this will include information on the efforts and needs assessments, and information on the anticipated impact on the operations and revenue of UNHCR. The Committee trusts that UNHCR will also provide information in future budget reports on UNHCR's utilization of resources as a result of the COVID-19 pandemic.**

Financial situation and outlook

7. Upon enquiry, the Advisory Committee was informed by UNHCR that the funding outlook for 2021 is uncertain as the development assistance and humanitarian aid provided by several major donors is linked to their gross national product, which is either expected to or has already contracted in many countries as a result of the economic impact of COVID-19. The Committee was also informed that the outlook for 2021 would become clearer in the fourth quarter of 2020 when donor countries' budgets are being finalized and presented for approval. Furthermore, based on the funding situation and updated information on available funds for 2021, UNHCR will adjust its allocations accordingly in an effort to maintain continuity and minimize the impact on its operations. The Committee was also informed that UNHCR is in active discussions with major donors and has increased its private sector fundraising efforts. **The Advisory Committee welcomes the resource mobilization and fundraising efforts and encourages UNHCR to continue to strengthen those efforts, including by exploring innovative approaches, and to broaden its donor base further, with a view to achieving sufficient, predictable and sustained funding.**

Efficiencies

8. Upon enquiry, the Advisory Committee was informed that the budget reduction of \$19.4 million for 2021 with respect to emergency-related projects, under Global Programmes (see table 3, Annex I of the budget report) is the result of supply chain and procurement business process improvements, which have been factored into resource planning. Efficiencies were gained, for example, as a result of UNHCR's proactive management and procurement of supplies in response to the COVID-19 pandemic and the deployment of procurement processes which started in early March, and are presently continuing. **The Advisory Committee welcomes these efforts and looks forward to further details on efficiencies in the context of the next budget report (see also paras. 13 – 14 below).**

Results-based management and risk management

9. As indicated in paragraph 39 of the report, significant progress was made on the results-based management (RBM) renewal project, with a new approach to planning, budgeting, monitoring and reporting which allows for flexibility for country operations, ensures better global aggregation and reporting on programme results, and is aimed at integrating simplified and streamlined processes for programme implementation.

10. Furthermore, as described in paragraphs 43 to 45 of the budget report, the risk network has been further consolidated with the recruitment of Risk Management and Compliance Advisors for all regional bureaux, aimed at complementing UNHCR's existing country- and headquarters- based expertise, and with the planned development of risk management training packages for staff at all levels. Furthermore, a closer integration between the risk management framework and the new RBM framework is underway. In addition, UNHCR's transformation is being accelerated to a certain extent by COVID-19, as the pandemic has demonstrated the need for streamlined business processes and systems, better information flow and exchange to enable coordination and delegated authorities. The Advisory Committee recalls the recommendations of the Board of Auditors that UNHCR further enhance the corporate risk registers and review regional risk registers to ensure that they aggregate risks from the operations in the region to allow for coherent risk management in the regional context (see A/74/5/Add. 6, chap. II, paras. 85-88). **The**

Advisory Committee welcomes these efforts and looks forward to updated information in the context of the next budget report. The Committee also looks forward to discussing the matter of risk management in further depth in the context of its consideration of the aforementioned report of the Board of Auditors (see para. 2 above).

Decentralization and regionalization

11. As indicated in paragraph 36 and annex V of the budget report, as at January 2020, UNHCR has implemented a new organizational structure with seven regional bureaux in regional locations, and revised roles, authorities and accountabilities for country offices, regional bureaux and headquarters, including new processes for decentralized decision-making. Furthermore, a new Division of Strategic Planning and Results was created to lead the work on programme, budget, partner management, and results-based management, while the existing Division of Resilience and Solutions is now also tasked with operationalizing the Global Compact on Refugees while continuing to discharge technical support functions. **The Advisory Committee recalls the recommendation of the Board of Auditors that UNHCR ensure well-coordinated accountabilities, authorities and reporting lines for managers in the newly created regional and headquarters structures and that the reporting lines, accountabilities and authorities should be integrated into the current structures of UNHCR and provide for the necessary coordination and monitoring at headquarters (A/74/5/Add.6, chap. II, para. 64). The Committee looks forward to discussing this matter further in the context of its consideration of the aforementioned report of the Board of Auditors (see para. 2 above).**

Data and digitalization

12. As described in paragraph 39 of the budget report, UNHCR has made key investments in the way it generates, analyses and uses data, including the launch of a new data transformation strategy in 2019, the establishment of the Global Data Service and the creation of Regional Data Platforms. A number of activities are planned for 2021, inter alia: (a) strengthening UNHCR's approach to digital identity to meet the identification needs of populations of concern; (b) committing to open data through data libraries; and (c) developing capacity and improving data literacy. **The Advisory Committee welcomes these efforts and looks forward to further updates thereon in the next budget report.**

Business Innovation Group (BIG)

13. The Advisory Committee recalls that, in his report on Repositioning the United Nations development system to deliver on the 2030 Agenda (A/72/684), the Secretary-General set out a number of targets to reform the United Nations Development System (UNDS), including through the Business Innovations Strategic Results Group (BIG) to deliver on the proposals envisioned to maximize programmatic gains through more efficient and effective back-office operations. The Committee also recalls that, in paragraph 14 of its resolution 72/279, the General Assembly emphasized the need to ensure full achievement of the efficiency gains envisioned in the aforementioned report of the Secretary-General in a timely manner and to redeploy those efficiency gains for development activities, including coordination. The Committee has provided related observations and recommendations thereon in its report on the Revised estimates relating to the resident coordinator system under section 1, Overall policymaking, direction and coordination (A/73/579).

14. As indicated in paragraph 41 of UNHCR's budget report, UNHCR continues to be fully engaged in the UNDS reform through the BIG. By June 2020, most workstreams had been completed and handed over to the United Nations Development Coordination Office for implementation, including the roll-out of common business operations at the country level through the business operations strategies and common back office model developed by the BIG and to be taken forward by the High-Level Committee on Management. Upon enquiry, the Advisory Committee was provided with the BIG report and was informed that the project work-streams which were developed are: Business Operations Strategy (BOS);

Common Back Offices (CBO); Global Shared Service Centres (GSSC); Common Premises; and Enabling Principles concerning Mutual Recognition, Client Satisfaction and Costing and Pricing. **The Advisory Committee looks forward to detailed information and a status update in the next budget report on UNHCR's areas of cooperation and harmonization with United Nations agencies, including on efficiencies and cost savings. Furthermore, the Committee trusts that any operational and/ or financial support provided by UNHCR to the resident coordinator system be presented in a transparent manner in the next budget report.**

Individual contractors

15. Upon enquiry, the Advisory Committee was informed that, as at the time of its consideration of the report, a total of 2,938 individual contractor agreements were in place of individuals hired through the United Nations Office for Project Services, and that 130 individual contractor agreements were in place of individuals who were hired directly by UNHCR. The Committee recalls the observations and recommendations of the Board of Auditors with respect to internal controls pertaining to contractors, including the Board's recommendation that UNHCR should justify that the hiring of individual contractors was necessary as no in-house capacity was available (see A/74/5/Add.6, paras. 303 to 318). **The Advisory Committee looks forward to discussing the matter of individual contractors further in the context of its consideration the aforementioned report of the Board of Auditors (see para. 2 above). Furthermore, the Committee trusts that an update on the number of individual contractors will be provided in the next budget report, and recommends that UNHCR will consider using the experience and lessons learned from UNICEF and other United Nations entities, in order to reduce the number of individual contractors and, on a case-by-case basis, regularize those posts which are of a continuous nature.**
