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EXECUTIVE COMMITTEE OF THE
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UNHCR ANNUAL PROGRAMME BUDGET
2005

Addendum 2

Report of the Advisory Committee on Administrative and Budgetary Questions

I. GENERAL

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the United Nations High Commissioner for Refugees entitled “UNHCR Annual Programme Budget 2005” (A/AC.96/992 and Corr.1) and “Proposal to establish an Assistant High Commissioner (Protection) post in UNHCR” (A/AC.96/992/Add.1). The Committee also had before it the following documents:

(a) “Operational Reserve category II: observations on the pilot project” (EC/54/SC/CRP.18);

(b) “UNHCR’s information and communications technology (ICT) strategy” (EC/54/SC/CRP.19);

(c) Report of the Joint Inspection Unit entitled “Review of management and administration in the Office of the United Nations High Commissioner for Refugees” (JIU/REP/2004/4);

(d) Report of the Board of Auditors on the financial statements of the voluntary funds administered by the United Nations High Commissioner (A/59/5/Add.5).

During its consideration of the reports, the Advisory Committee met with representatives of the High Commissioner and of the Secretary-General, and held a video-conference with inspectors from the Joint Inspection Unit.

2. The estimated budgetary requirement for 2005 amounts to \$981,647,000, broken down as follows:

- Programmes (\$554,237,100);
- Programme support, both field and headquarters (\$230,933,100);
- Management and administration, including the United Nations regular budget contribution of \$28,754,500 (\$76,972,700);
- Operational reserve:
 - Category I (\$62,504,100);
 - Category II (\$50,000,000);
- Provision for Junior Professional Officers (\$7,000,000).

The estimated remaining balances of the Supplementary Programmes introduced in 2004 are absorbed in the proposed budget for 2005. Supplementary Programmes are defined, under article 1.6(g) of UNHCR Financial Rules, as those activities that arise after the approval of the Annual Programme Budget and before the approval of the next Annual Programme Budget, which cannot be fully met from the Operational Reserve. They are funded through contributions in reply to special appeals (see A/AC.96/992, para. 24).

II. PRESENTATION

3. The Advisory Committee notes the efforts made to improve the presentation of the budget and to move toward a results-based formulation. However, much remains to be done in this area, and UNHCR lags seriously behind other funds and programmes in implementing the results-based model. On the positive side, the Committee welcomes the introduction, in response to the recommendation of the Committee, of the uniform terminology used in the United Nations system for results-based budgeting (see A/AC.96/979/Add.1, para.3). The Committee notes, however, that the United Nations logical framework still remains to be fully applied, in particular in presenting indicators of achievement that are measurable. For example, indicator of achievement 1.1.1, which reads “An increase in the number of accessions to the 1951 Convention relating to the Status of Refugees and/or its 1967 Protocol and other relevant legal instruments”, gives neither the number of current accessions, nor a number of new accessions which would indicate achievement. Furthermore, it strikes the Committee that the proposed budget makes no mention of the external factors that might affect the achievement of objectives. These would seem particularly important for an entity such as UNHCR, whose workload is determined, in significant measure, by unpredictable emergency events.

4. The Advisory Committee understands that the task of training personnel in the field in results-based principles is a large undertaking that should be accompanied by appropriate information technology tools. The Committee was informed that the Management Systems Renewal Project (MSRP) would be deployed progressively to the field offices beginning at the end of 2004. The Committee trusts that this will mean significant progress in results-based budgeting in UNHCR in the coming year. In this connection, the Committee recommends that UNHCR establish a facilitator function to support programme managers with day-to-day problems they may encounter in implementing results-based management.

5. The Advisory Committee must emphasize once again that efforts should be made to streamline the budget document and to make it accurate, transparent and reader- friendly. Repetitiveness should be avoided; for example, it is not necessary to provide a comprehensive list of all the UNHCR strategic objectives and then go on to list them again, together with their expected accomplishments and indicators of achievement. Staff changes, including post creations and abolitions, redeployments and conversions, which in the current format are very difficult to sort out, should all be clearly indicated (see also para. 7 below).

III. BIENNIALIZATION OF THE UNHCR BUDGET CYCLE

6. The Advisory Committee concurs with the recommendation of the Joint Inspection Unit that UNHCR should consider modifying its programme budget cycle from annual to biennial in alignment with the United Nations regular budget (JIU/REP/2004/4, recommendation 3). Upon enquiry, the Committee was informed that UNHCR was studying the issue, but that concerns regarding biennialization included loss of flexibility in responding to emergencies and possible resistance by donors who have annual budgets. The Committee is not convinced by these arguments. It is the view of the Committee that UNHCR must move toward longer-term planning and strategic goals, particularly with its change, as of this year, from a five-year

mandate to an open-ended mandate (General Assembly resolution 58/153). The Committee also believes that the accompanying reduction in reporting requirements could result in a more effective use of resources. Furthermore, the Committee points out that, as most of the United Nations system is on a biennial budget, donors are quite accustomed to making contributions on that basis. Finally, the Committee notes that other funds and programmes are undergoing or have undergone the switch from annual to biennial budget. The Committee urges expeditious consultation with those entities.

IV. ORGANIZATIONAL RESTRUCTURING AND STAFFING MATTERS

7. In response to concerns expressed by both the Advisory Committee and the Board of Auditors, the High Commissioner is proposing the regularization of staff working under temporary assistance, as well as consultants, through conversion to established posts. According to the budget document, the number of posts would be increased to 5,449 as of 1 January 2005, as compared to 4,394 on 1 January 2004, or a net increase of 1,055 (but see para. 5 above). Unfortunately, nowhere in the document is a clear picture given of which posts are being converted, nor is it possible to extrapolate the dollar amounts involved in the conversions. Furthermore, no justifications are given as to the need for the posts. Upon request, the Committee was provided with a table showing proposed post creations, discontinuations and conversions for headquarters by functional area (see annex). The Committee was informed that the corresponding information for the field was not available, as the lack of information technology support in the field made it necessary for the conversions to be done manually.

8. The Committee notes that both the Joint Inspection Unit and the Board of Auditors have commented on matters relating to staffing in the field. The JIU recommends that in order to further rationalize UNHCR representation at field level, the High Commissioner should build on previous internal reviews made on office size and staffing parameters and translate them into a management tool which correlates refugees' caseload and operational budget with office size and staff structure (JIU/REP/2004/4, recommendation 12). The Board recommends that UNHCR closely monitor the management of its premises in the field and endeavour to further comply with the Secretary-General's "United Nations House" initiative (A/59/5/Add.5, para. 131).

9. In the absence of full information and justification for the creation of the new posts, the Advisory Committee is not in a position to render an opinion on the merit of the proposal. Moreover, the Committee was informed that a headquarters review process was currently under way at UNHCR, in which a core team is working with consultants to examine, among other things, the UNHCR headquarters structure. The Committee urges caution in making major staff changes in advance of the completion of that review. Furthermore, in the context of the headquarters review process, the Committee recommends that the opportunity be taken to reevaluate the levels of posts with a view to creating more entry level posts in order to attract younger skilled personnel.

10. The budget also includes a proposal to establish an Assistant High Commissioner post at the Assistant Secretary-General level to provide policy direction to the protection work of the Office and to perform advocacy functions (see A/AC.96/992, paras. 81-84, and A/AC.96/992/Add.1). Under this proposal, UNHCR would have a Deputy High Commissioner and two Assistant High Commissioners, one in charge of operations and the other in charge of protection. The Advisory Committee notes that the financial implications of the establishment of the post are estimated at \$300,000 (A/AC.96/992/Add.1). An exchange of views was held on the matter, in which the recommendation of the Joint Inspection Unit that a second Deputy High Commissioner post be established by converting the existing Assistant High Commissioner post (see JIU/REP/2004/4, recommendation 1) was also discussed. Were the JIU recommendation to be implemented, the top management structure of UNHCR would consist of the High Commissioner, a Deputy High Commissioner for administration and management and a Deputy High Commissioner for programme and operations. The Committee understands that the JIU recommendation would not entail any financial implications since the change in title would not change remuneration.

11. In principle, the Advisory Committee favours the proposal of the High Commissioner for the establishment of the additional Assistant High Commissioner post. However, the Committee believes that its comments enumerated in paragraphs 12 and 13 below need to be taken cognizance of.

12. First and foremost, the Advisory Committee believes UNHCR should await the careful consideration of the results of its own headquarters review process before establishing another top management post in the Office. Furthermore, even a cursory look at the organigramme provided in annex III of the budget document indicates a significant imbalance in the proposed workloads of the two Assistant High Commissioners.

13. The Advisory Committee notes, for example, that the Assistant High Commissioner for Protection is to have 56 staff under him, whereas the Assistant High Commissioner for Operations is to have 258. The Committee is not entirely persuaded by the arguments put forward by representatives of UNHCR that the advocacy role to be performed by the Assistant High Commissioner for Protection, as well as the high level of the posts under him and the complexity of the legal issues relating to asylum, balance out his workload with that of the Assistant High Commissioner for Operations as it is presently configured. In restructuring, it appears to the Committee, for example, that the Evaluation and Policy Unit, which under the current proposal would report to the Assistant High Commissioner for Operations, could be placed under the responsibility of the Assistant High Commissioner for Protection. Similarly, some functions of the Legal Affairs Section, which currently reports to the Deputy High Commissioner, could potentially be moved to protection. The Committee encourages the High Commissioner to remain open to such restructuring possibilities. Finally, the Committee points out that as a core mandate of UNHCR, protection forms part of every activity that the Office undertakes. Due consideration should be given to any potential impact such a separation of functions might have on activities.

14. On another staffing matter, both the Advisory Committee and the Board of Auditors have expressed concern in the past concerning the management of “staff-in-between-assignments”. The Committee was informed that despite efforts to deal with the problem, UNHCR continues to have approximately the same number of staff-in-between-assignments as it did a year ago, though very few have been without assignment for an extended period and most are given temporary assignments pending their next appointment to a post. The Committee understands that the High Commissioner has assigned high priority to addressing this issue and that a systemic solution is being pursued through the implementation of a workforce management strategy. Lastly, the Committee welcomes the information that the category of “project” staff will be phased out completely by the end of 2004.

V. OPERATIONAL RESERVE

15. The proposals of the High Commissioner for 2005 include the continuation of the operational reserve with two components. The first would be set at the level of \$62.5 million and would continue to be to cover unforeseen situations, as defined under financial rule 6.5. The second category, set at \$50 million, would be to accommodate additional contributions for expanded or new activities that are considered as falling within the mandate of the Office, but which have not been included in the annual programme budget because of resource considerations.

16. The Advisory Committee recalls the concerns it voiced to the establishment of the second category of the operational reserve in 2004 (see A/AC.96/979/Add.1, paras. 11 and 12); however, it notes that following consideration of the issue the Executive Committee decided to approve the second category on a trial basis for 2004 and decided that a thorough review of the issue would be taken during the course of the year (see A/AC.96/992, annex I, para. 6). The Advisory Committee was informed that the implementation of the pilot project had shown some positive results in that it had accommodated additional contributions to cover unmet needs without diverting contributions from the annual programme budget. However, the High Commissioner believes that more time is needed to properly assess and evaluate the results. He therefore proposes that the trial period be extended for a further 12 months, with the object of presenting a final recommendation, including the views of the Advisory Committee, to the Executive Committee in 2005 (see A/AC.96/992, paras 26-28 and EC/54/SC/CRP.18, paras. 11 and 12). The Advisory Committee has no objection to that course of action.

VI. INFORMATION TECHNOLOGY

17. The Advisory Committee recalls the concern it expressed in its report on the annual budget for 2004 that UNHCR does not yet appear to have a well-planned information strategy for the short and long term, including specification of time frames and schedules of delivery (A/AC.96/979/Add.1, para. 22). Both the Joint Inspection Unit and the Board of Auditors indicate that the problem persists (see A/59/5/Add.5, paras 132-142 and JIU/REP/2004/4, paras. 21-24). In its report, JIU notes further that within UNHCR there are a number of separate information systems run by various entities, which has led to “compartmentalization and self-centred approaches”. The Unit recommends, among other things, the structural consolidation of

ICT functions into a centralized organizational entity and the appointment of a senior official as Chief Information Officer (JIU/REP/2004/4, recommendation 7). These steps have been taken, with the establishment of the Division of Information Systems and Technology headed by the Chief Information Officer.

18. An outline of the ICT strategy is set out in a conference room paper (EC/54/SC/CRP.19). The Advisory Committee notes with interest that it is planned to deploy the Management Systems Renewal Project (MSRP) and the new refugee registration system, ProGres, progressively to the field offices during 2005. With regard to MSRP, the Committee notes that one issue that will have to be addressed is the fact that it does not contain a module to support results-based management. The Committee was informed that ProGres is more than just a registration system; it is also a profiling programme, which should aid in planning and managing local structures.

19. The Advisory Committee was informed that UNHCR planned to present a comprehensive ICT strategy to the Standing Committee in September 2005 (*ibid.*, para. 14). The Committee points out the urgency of this matter, since even the most basic planning procedures, such as linking refugee caseload to costs to the organization, cannot be adequately carried out without proper systems in place. The Committee points, for example, to the inability of UNHCR to provide details on the post conversions it wishes to make from temporary assistance in the field (see para. 7 above).

20. The Board of Auditors notes that, like other major United Nations entities, UNHCR has developed its information and communications system in relative isolation (A/59/5/Add.5, para. 135). The Advisory Committee concurs with the Board in encouraging UNHCR to improve coordination with other United Nations system entities.

VII. OVERSIGHT ACTIVITIES

21. The Advisory Committee was informed of a number of initiatives to enhance oversight in UNHCR. These included:

- Appointment of a Special Advisor to the High Commissioner on Gender Issues (P-5) (proposed in the annual budget);
- Creation of a Senior Ethics and Diversity Officer post (P-4) (proposed in the annual budget);
- Additional staffing for the Office of the Inspector General and the Legal Affairs Section;
- Revision of the terms of reference of the Oversight Committee.

The Committee encourages UNHCR to continue this work and supports the recommendations of Joint Inspection Unit on oversight activities at UNHCR, in particular recommendation 10 concerning the Office of the Inspector General. The Unit recommends that: (a) the Inspector General position should be a non-career position serving a five-year non-renewable term at the D-2 level; (b) the Inspector General should submit individual reports to the High Commissioner,

but at the request of the Inspector General any such report should be submitted to the Executive Committee together with the High Commissioner's comments thereon; and (c) Clarification should be sought on the functional relationship between the Inspector General's Office and the Office of Internal Oversight Services with respect to the investigation function. As regards the latter, the Advisory Committee recommends that UNHCR postpone increasing the investigative capacity of the Office of the Inspector General pending that clarification.

VIII. SECURITY

22. The High Commissioner has established a Steering Committee on Security Policy and Policy Implementation. At the request of the Steering Committee, a Working Group was established to review and make recommendations to strengthen the UNHCR policy and approach to security management. The report of the Working Group will be shared with the Standing Committee at its 31st meeting.

23. The budget proposal for 2005 includes provision of \$28.9 million for security (A/AC.96/992, paras. 89-95 and table III.7). That amount does not include additional estimated budget needs of \$17.5 million needed to implement the recommendations of the above-mentioned working group, which include some \$9.2 million for the field, \$3.4 million for headquarters and \$4.9 million for security staff and training.

24. An amount of \$5.5 million has been submitted for funding under phase II security requirements from the United Nations regular budget for headquarters needs. Measures to improve the security of the perimeter of the UNHCR headquarters building in Geneva have been under discussion with the Swiss authorities. The cost of those improvements, estimated at \$440,000, is expected to be met by the Government of Switzerland.

25. The Advisory Committee has consistently stressed the need for an integrated and coordinated approach to security arrangements that would involve all organizations of the United Nations system. In its report on the matter (A/58/758), the Committee indicated that resource requests for such purpose should not be based on a piecemeal approach, but preceded by a comprehensive and complete review of security arrangements. The Committee is of the opinion that security arrangements for UNHCR and the related resource requirements should be kept under review with a view to ensuring that they are in harmony with such overall plan as may be adopted by the General Assembly subsequent to its consideration of the forthcoming report of the Secretary-General.

UNHCR Headquarters - 2005 Post Creations and Discontinuations
Analysis by functional area

	2004 Creations during 2004	2005 Creations & SB Mainstreaming	2005 Conversions	2005 Discontinuations	TOTAL HQs Net Creations
Protection & related areas					
Protection		2	1		3
Registration (Project Profile)			8		8
RSD					-
Training		2	1		3
Protection Support		1	1		2
Subtotal	-	5	11	-	16
Durable Solutions					
Resettlement		1		-3	(2)
Reintegration	-	1			1
Subtotal	-	2	-	(3)	(1)
Information Technology					
EDMS (electronic records)		3			3
ITTS		2	31		33
MSRP		1			1
DIST	1				1
Subtotal	1	6	31	-	38
Oversight & Accountability					
Inspector's Office & Legal Section		4	1		5
Performance		2	2		4
Subtotal	-	6	3	-	9
Emergency & Security					
Emergency and Preparedness		2			2
Field Safety Section		4			4
Subtotal	-	6	-	-	6
Bureaux - Field Support					
Bureaux	2		8	-3	7
Programme Coordination		1	1		2
Technical Support			2		2
HIV/AIDs - SGBV			1		1
Gender/Age programmes	1				1
Community Services		1	1		2
Subtotal	3	2	13	(3)	15
Management & Administration					
External Affairs		1	4		5
Financial Control		3	1		4
Organization and methods	3			-3	-
Supply Services (outposted)			1		1
Overall	3	1	3		7
Human Resources	6	2	2		10
Joint Medical Service	-	12	0		12
Payroll Section		1	19		20
Payroll (Treasury)			2		2
	12	20	32	(3)	61
Grand Total	16	47	90	(9)	144