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EXECUTIVE COMMITTEE OF THE  
HIGH COMMISSIONER'S PROGRAMME

Fifty-fourth session

REPORT OF THE TWENTY-EIGHTH MEETING OF THE STANDING COMMITTEE

(25 September 2003)

I. INTRODUCTION

1. The meeting was opened by the Chairman of the Executive Committee, His Excellency, Ambassador Fisseha Yimer (Ethiopia), who welcomed all who were present.

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

2. The agenda for the meeting (EC/53/SC/CRP.13/Rev.1) was adopted.

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

3. The draft report of the Standing Committee's twenty-seventh meeting held on 24-26 June 2003, contained in document EC/53/SC/CRP.12, was adopted.

IV. PROGRAMME AND FUNDING

A. Update on programme and funding

4. Opening this agenda item, the Director of Communication and Information drew attention to updated information on the situation in 2003 as contained in document EC/53/SC/CRP.14. He observed that balancing UNHCR's budget with the resources available from the donor community remained a challenging task; however measures taken earlier in the year, to initiate operations at a level that could be sustained throughout the year, had served to shield refugees,

hosting countries and implementing partners from some of the uncertainties they had faced in 2002. He recalled that further adjustments had had to be made in view of salary increases and currency fluctuations, but these had mainly affected administrative and Headquarters budgets. He noted that UNHCR had continued to work hard to broaden the donor base but much more needed to be done. He also expressed gratitude for the fact that overall response from donors had increased over past years, as confirmed in 2003. The organization nevertheless faced a shortfall of \$56 million for the current year, and he appealed for help in bridging this gap.

5. In the course of the discussion under this item, several delegations expressed satisfaction that the funding situation was less serious this year than last, in view of the cuts made earlier in the year. One delegation noted with regret, however, that while the situation was better, the level of assistance remained inadequate.

6. Some delegations asked for more information on funds still available under the Operation Reserve as the figures available (EC/53/SC/CRP.14 Annex I) did not show this. Some also expressed concern that the limited level of the Reserve could pose problems in case of new emergencies. One delegation also asked why the Operational Reserve had not been used to meet the relatively small appeals grouped as the All Africa Special Appeal, launched earlier in the summer. Other enquiries included questions relating to data on obligation levels, and on undefined contributions, as contained in Annex I.

7. One delegation recorded appreciation for the important contribution made by developing countries hosting refugees, through sensitivity to the refugees' protection needs and the countries' contributions to finding durable solutions.

8. In their responses, the Controller and Director of the Division of Financial and Supply Management and the Head of Budget Section confirmed that continued careful management of funds would be needed for the remainder of the year, in order to manage the anticipated shortfall. The Operational Reserve currently stood at only \$10 million, which explained why it had been decided to issue the All Africa Special Appeal rather than use the Reserve. It was also pointed out that Annex I of the update included figures for current obligations for the first time. The new financial system to be put in place in 2004 would provide more up-to-date reporting on obligation levels and expenditures, and allow better monitoring of implementation rates in the course of the year. It was also explained that "undefined" pledges referred to contributions that had been announced, without an indication of the specific programme to which they were destined.

9. In closing, the Director of the Division of Communication and Information confirmed that UNHCR expected to reach the end of the year without further cuts in programmes, provided some additional contributions were forthcoming, with any earmarking limited to the regional or sub-regional level.

B. UNHCR's Annual Programme Budget for 2004

10. In her introduction to this sub-item, the Deputy High Commissioner drew the attention of the Standing Committee to the proposed UNHCR Annual Programme Budget for 2004 (A/AC.96/979) and the Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the proposed Budget (A/AC.96/979/Add. 1). A Corrigendum to the budget document had also been distributed (A/AC.96/979/Corr.1).

11. She focused on three issues: the proposal for an additional sub-category in the Operational Reserve, to be introduced on a trial basis in the course of 2004, to provide obligational authority to cover the receipt of new contributions to undertake additional, unprogrammed activities (A/AC.96/979, paras.28-31); UNHCR's share of the UN Regular Budget (paras. 41-42); and UNHCR's Post and Staffing levels (paras. 53-72).

12. Many delegations expressed appreciation for the improved quality of the annual programme budget document, which was found to be more reader-friendly and transparent. They also noted that it had been provided to the Committee well in advance of its meeting, allowing more time to study its contents. Several delegations welcomed the addition of objectives and indicators for both operations and support budgets. One delegation requested the inclusion of more measurable indicators and baseline data to make the budget more results-oriented than was yet the case. This delegation, together with others, called for a review of arrangements for the Committee's involvement in the budget review as part of the discussions on its functioning, as foreseen in the UNHCR 2004 proposals.

13. The majority of delegates who spoke on the issue of the Operational Reserve, while noting the comments of the ACABQ, expressed a preference for the mechanism as proposed by the High Commissioner in the budget document. These delegations were not in favour of a proliferation of trust funds since these could undermine the Unified Budget. Although not all delegations were yet convinced of the usefulness of the proposed mechanism, they agreed to proceed with this, on a trial basis for one year. Several delegations requested that the Standing Committee be regularly informed in the course of 2004 of contributions received for such additional activities, and their nature. They underlined that these activities would need to be consistent with the mandate of the Office, and that a thorough review of the issue of additional contributions using this mechanism should take place before the approval of the annual budget for 2005.

14. Many delegations expressed strong support for an increased share of the United Nations Regular Budget for UNHCR. Some linked this issue to the Report of the Board of Auditors and the need for improved financial management, and for UNHCR to address, in a concerted manner, the key audit recommendations, especially those relating to staffing and the category of staff in between postings. This would make it possible for delegations to support incremental increases in the Regular Budget for UNHCR. Some also urged UNHCR to keep its administrative expenditure under continual review, with the objective of reducing it as a proportion of total expenditure.

15. Most delegations welcomed the comprehensive information on UNHCR's posts and staffing levels contained in the annual programme budget, finding it both transparent and accessible, and encouraging continued transparency. One delegation requested further information on the reduction of project staff; another asked for clarification on how reductions were made to staffing levels according to operational needs. One delegation noted that the only staff reductions within Europe were in the Balkans and asked for information on the results of the review of UNHCR's staffing in offices in Western Europe. Some raised the issue of resources for training, especially for protection, insisting that these resources should not be reduced.

16. Commenting on the basis of the budget to be presented, several delegations welcomed UNHCR's proposal as contained in the budget document (para. 21) to adapt its operational approach to one of an identification, in cooperation with all stakeholders, of the total needs of refugees, based on agreed minimum standards. This exercise would also entail consultation on how these needs could be met, in cooperation with other partners. Other delegations pointed out that the budget presented to the Executive Committee needed to be realistic in order to have a good chance of being funded.

17. Other issues raised by delegations included their support for the formalization of UNHCR's practice in relation to reimbursing support costs incurred at Headquarters for Supplementary Programmes to the Annual Programme Budget; the need to give greater visibility to those donors not earmarking contributions, as well as recognition of the contributions of smaller donors; the proposed budgetary appropriations for refugee women and children; and mechanisms to mitigate the effect of exchange rate variations.

18. Responding to observations made by delegations on the question of adopting a needs-based approach to budgeting, the Director of the Division of Communication and Information observed that this was a change from past practice that some country offices would find more difficult than others to carry out. Resources were likely to remain at a lower level than that of comprehensive needs, and UNHCR's budget would continue to take realistic expectations into account. The objective was to reach minimum standards of assistance that would require support from all stakeholders involved.

19. On the question of fluctuating staffing needs of the Office, the Deputy High Commissioner drew attention to the fact that the total workforce was made up of various components, to allow a degree of flexibility. As for the review of staffing in Europe, several options were under consideration and details would be available shortly. The Head of Budget Section explained that the conversion of some project staff to commercial contracts mainly involved guards and cleaners who were now employed by local companies. In answer to observations on a possible mechanism anticipating fluctuations in currency exchange rates, the Controller stressed that careful consideration was being given to this, as advised by ACABQ, and that UNHCR was applying a cautious and conservative fiscal policy.

## V. COORDINATION

20. In his introduction to the Update on Coordination Issues (EC/53/SC/INF.2), the Director of Communication and Information stressed that UNHCR was working to improve its collaboration with partners in the United Nations system and beyond, following the strategic approach outlined in the report on the UNHCR 2004 process. This approach seeks, inter alia: to overcome mandate gaps between the humanitarian and development worlds; to achieve synergies based on the competence and experience of UNHCR's partners; and to deliver a quicker, more orderly and more comprehensive approach to emergency response and durable solutions.

21. As UNHCR was asking for ExCom's endorsement of its application to become a co-sponsor of UNAIDS, the Director explained the process and the financial implications of co-sponsor status. He also highlighted some recent activities with regard to humanitarian financing studies, the migration and asylum nexus, and collaboration with NGO partners. He made reference, lastly, to the inclusion in the agenda of the meeting of the Standing Committee of the Framework for Durable Solutions for Refugees and Persons of Concern (EC/53/SC/INF.3).

22. A number of delegations took the floor in response to the Director's introduction. Several considered that UNHCR had achieved notable progress in the past year with respect to coordination, and expressed appreciation for the improved quality of the Update. Further advances in coordination were desirable, for example with respect to the Consolidated Appeal Process (CAP) and the Consolidation Humanitarian Appeal Process (CHAP). On the subject of internally displaced persons (IDPs), UNHCR's annual notification to the Emergency Relief Coordinator was a step in the right direction, but more was needed. Several stressed that there was no alternative to the collaborative approach on IDPs, while agreeing with UNHCR's view that the approach should be reinforced.

23. There was general support for UNHCR's intention to seek co-sponsorship in UNAIDS, thus helping to ensure the full inclusion of refugee and IDP populations in the global combat against HIV/AIDS. The Framework for Durable Solutions was favourably received, though one delegation stressed that Development through Local Integration (DLI), as a tool for local integration, was not an obligation, nor was it possible in all situations. Others emphasized that UNHCR should use the Framework to involve development actors in the search for solutions, rather than engaging directly in activities beyond its core mandate.

24. Several delegations welcomed the inclusion of NGOs in the Update, and stressed that UNHCR needed to work closely and consult with NGOs in all phases of operations, from needs-assessment and planning onwards. The High Commissioner's recent policy directive (IOM/FOM) was considered to be an important step in this regard.

25. Many delegations commented on the asylum-migration nexus and some called for more information and discussion on the work of the Geneva Migration Group (GMG) and of AGAMI. One delegation asked for an update on the MOU with World Food Programme (WFP), and on the situation in the five pilot countries which had been selected for initial implementation under the terms of the MOU.

26. In his reply, the Director thanked those present for their support. He cited recent meetings with UNHCR and OCHA on the CAP and CHAP to better streamline these processes, and hoped for continued progress in this area. He also undertook to ensure that briefings on AGAMI and GMG were made available, and to provide an update on the pilot countries outlined in the MOU with WFP.

27. The Chairman closed the item by stressing the importance of coordination, especially in the context of seeking durable solutions for refugees.

## VI. MANAGEMENT AND FINANCE

28. The Controller opened this item by introducing document A/AC.96/978: Follow-up on the actions taken to implement the recommendations of the Board of Auditors in its report for the year ended 31 December 2001. He explained that all but one of the recommendations relating to 2001 had already been, or were in the course of being implemented. One remaining issue relating to the Management Systems Renewal Project (MSRP) would be implemented in 2004.

29. He then commented briefly on document A/AC.96/977: Voluntary Funds Administered by the United Nations High Commissioner: Accounts for the year 2002, noting that last year the funding situation had been difficult to manage and that this year would also be tight. He drew attention to the efforts that had been made to accelerate action on human resources and management issues.

30. With reference to document A/AC.96/978/Add.1: Measures Taken or Proposed in Response to the Recommendations in the Report of the Board of Auditors, the Controller stated that almost all recommendations had been agreed to and many were already under implementation.

31. In their interventions, several delegations expressed serious concerns about issues raised in the Audit Reports, some of which had been recurrent for several years. They insisted in particular on the need for UNHCR to improve implementing partner selection, monitoring, accountability and reporting standards. Delegations also drew attention to a number of human resources management issues including the rotation policy and the high proportion of 'permanent' staff, the consequences of which had created a heavy burden of termination and retirement liabilities and the problem of considerable numbers of staff in between assignments (SIBAs). Despite recognition that the High Commissioner had made progress in addressing the latter issue, one delegation also pointed out the risk that a link could be drawn between shortcomings in human resources management and the recent occurrence of major crises such as those concerning sexual exploitation and resettlement processing. Several delegations cautioned that donors were looking for value for money in terms of efficiency, effectiveness and impact, and would compare the ability of different agencies to deliver on operational objectives.

32. There were several calls for the Office to improve its monitoring and reporting mechanisms. One delegation raised the question of the status of end-of-year outstanding pledges, querying whether they had been used the following year. Several delegations questioned how

soon positive benefits would be seen from the implementation of the Management Systems Renewal Project (MSRP), expressing concern that under-staffing in the finance areas of the Division of Financial and Supply Management might hamper efforts to deal with recurring issues, some of which had been outstanding for several years – notably the still unresolved problems related to non-expendable property. It was felt essential by several delegations that additional reporting on progress achieved with follow-up to the external audit recommendations should be provided to the Standing Committee.

33. In his response, the Controller confirmed his support for the proposal for more dialogue with the Standing Committee on these concerns. He then pointed out that outstanding donor pledges were continuously tracked by the Division of Financial and Supply Management (DFSM). The average period between pledge and cash receipt was three months, and UNHCR was trying to reduce this, in coordination with donors, in particular to minimize currency fluctuation risks. On the question of after-service/retirement liabilities, the Controller reminded the Committee that this was a United Nations system-wide problem, and that the Office would await the results of a UN study for guidance. He then went on to acknowledge the serious problems related to monitoring implementing partners and UNHCR's accountability in this respect. The Management Systems Renewal Project (MSRP) would make such monitoring easier and more effective. MSRP would also facilitate and improve the management of non-expendable property assets (which amounted to over US\$ 250 million) by allowing, notably, more timely and appropriate redeployment and comprehensive registration of assets.

34. The Director of Human Resources Management (DHRM) undertook to brief ExCom the following week on the introduction of a comprehensive set of new human resources policies. He recalled that the issuing of indefinite appointments had been frozen by the High Commissioner on 1 January 2003, and assured the Committee that in future, UNHCR would assess the availability of slots before granting indefinite appointments. DHRM was also taking action to counsel staff in between assignments (SIBA) and to convince managers to give priority to selecting SIBAs for vacant posts.

35. The Deputy High Commissioner also confirmed that MSRP would 'go live' at Headquarters on 4 January 2004, and would then be introduced in the field in the course of 2004, the final installations being scheduled for completion in 2005. She was convinced that this would contribute to addressing the finance and supply issues raised by the Board of Auditors. The Deputy High Commissioner reiterated that SIBAs were a natural result of UNHCR's rotation policy, whereby one third of all professional staff change their post each year. She felt it important to clarify that most SIBAs were without a post for relatively short periods (on average 6-9 months) and almost all were actively working during that time - either on mission or assigned to projects. She acknowledged that there had been some exceptional cases without assignments for long periods, but reassured the Committee that measures were being taken.

## VII. ANY OTHER BUSINESS

36. The Chairman reminded the Committee of some practical arrangements for the forthcoming session of the Executive Committee, from 29 September to 3 October 2003, including information on the special briefing session for ExCom members on the proceedings of the NGO 2003 pre-Excom session which would be held the following day.
37. He then gave the floor to the Deputy High Commissioner who informed the Committee of her decision to leave the organization at the end of 2003.
38. There being no other business, the Chairman declared the meeting closed.