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## Executive Committee of the High Commissioner's Programme

### Sixty-fourth session

Geneva, 30 September-4 October 2013

Item 5 of the provisional agenda

**Consideration of reports on the work of the Standing Committee**

## **Report of the fifty-eighth meeting of the Standing Committee (17-18 September 2013)\***

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\* Late submission due to the holding of the fifty-eighth meeting of the Standing Committee on 17-18 September 2013

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## **I. Introduction**

1. The Chairperson of the Executive Committee, Her Excellency Ambassador Alicia Arango Olmos (Colombia), chaired the meeting.

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

2. The agenda for the meeting (EC/64/SC/CRP.20) was adopted.

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

3. The report of the fifty-seventh meeting of the Standing Committee (EC/64/SC/CRP.19) was adopted.

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

4. The Deputy High Commissioner introduced the agenda item. Referring to the ongoing Syria crisis, he briefed the Committee on the High-Level Segment on Solidarity and Burden-Sharing with Countries Hosting Syrian Refugees, scheduled to take place during the sixty-fourth session of the Executive Committee. He added that, while attention is focused on the Syria situation, UNHCR must ensure that the world does not neglect other emergencies, such as those in the Democratic Republic of the Congo, the Central Africa Republic and Mali, as well as protracted refugee situations.

5. Against this backdrop, UNHCR was presenting to the Executive Committee the largest budget in organizational history. Recalling concerns expressed in the past by States about the budget increasing from year to year, the Deputy High Commissioner noted that reductions had also been made where appropriate. He explained that this agenda item would include not only the presentation of the budget, but also discussion of the oversight structure UNHCR had put in place to ensure that increased funding was most effectively utilized.

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

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

6. The Controller and Director of the Division of Financial and Administrative Management presented the *Report of the Board of Auditors to the General Assembly on the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees for the period ended December 2012* (A/AC.96/1124; see also A/68/5/Add.5), along with *Key issues and measures taken in response to the report of the Board of Auditors* (A/AC.96/1124/Add.1). She also provided an update on the benefits of implementing the International Public Sector Accounting Standards (IPSAS).

7. Delegations commended UNHCR on the implementation of IPSAS and the successful completion of its first IPSAS-compliant reports. Acknowledging these major achievements, many delegations encouraged UNHCR to now identify ways in which IPSAS-based reporting could help improve operations and empower the organization to make evidence-based decisions. States welcomed the next opportunity to hear about the benefits of IPSAS implementation.

8. While progress was noted on many recommendations of the Board of Auditors, UNHCR was encouraged to fully implement and bring to a close many of the remaining open recommendations from 2011 and previous years. Particular areas of concern in which Member States hoped to see progress included inventory management, the enterprise risk-management (ERM) system, and implementing partner management and the corresponding anti-fraud strategy. Several delegations expressed concern that the organization's budget was growing rapidly without proportional resources being dedicated to internal oversight; they encouraged UNHCR to dedicate sufficient resources for these activities at headquarters and in the field.

9. In response, the Controller noted that IPSAS implementation was an organization-wide achievement and that it affected all operations and areas of reporting. She echoed the comments regarding the importance of adequate resources for financial management. She assured delegations that the Office was tackling the issue of capacity through additional resources in the field, training for existing staff, and an initiative to promote the retention of staff. She acknowledged the need for improved tools to manage human resources, namely an upgraded enterprise resource planning system. The Controller also recognized concerns raised by States in regard to inventory management. She agreed that IPSAS was a valuable tool, but not enough on its own to address all of the challenges posed by the complex inventory management across the organization. The Controller noted that it had been a difficult decision to enact the transition provision in regard to inventory, but ultimately it had been a risk-management decision and the Office aimed not to rely on the provision in 2014.

10. The Controller explained that the Board of Auditors had reviewed UNHCR's management of implementing partners during the preceding three years. The end of 2014 would mark the end of UNHCR's three-year project to address many of the Board's concerns. The project sought to strengthen the following areas: implementing partner selection and retention; project design, including monitoring and reporting expectations; project closure; and lessons learned. UNHCR was finalizing its framework for engagement with implementing partners, including fraud risk assessment. It was training and assisting implementing partners in relation to IPSAS, prioritizing accountability and transparency.

11. Responding to a comment made on the timeliness of report distribution, the Controller reminded delegations that the Office did its best to deliver reports to the Executive Committee in a timely manner, but that some reports, such as the Board of Auditors report, were not produced by UNHCR and the Office could only share them when they were publicly available.

**(ii) Internal Audit**

12. The Officer-in-Charge of the Geneva Audit Service of the United Nations Office of Internal Oversight Services (OIOS) presented the *Report on Internal Audit in the Office of the United Nations High Commissioner for Refugees*

(A/AC.96/1126) and highlighted the recent development that the reports of the OIOS were now being made publically available 30 days after their issuance. He focused on the audit results identified in the reporting period that UNHCR was in the process of implementing, including in the areas of private sector fundraising, global stock management, oversight and management of implementing partners, emergency procedures, procurement, and the recovery of value-added tax.

13. One delegation responded to the presentation made by OIOS, expressing appreciation for its work and requesting additional information regarding the status of the initiative to bring the internal audit function in-house, the resources it would require, and the timeline for implementation.

14. The Deputy High Commissioner expressed UNHCR's agreement with the recommendation to create a robust and independent internal audit function and a centralized internal oversight unit. OIOS and the Inspector General's Office of UNHCR already work closely together and their functions were inter-related; the objective would be to combine these functions. The Office looked forward to the resolution of the legal questions pending in order to move ahead.

15. In reference to the OIOS presentation as well as the previous presentation on the Board of Auditors report, the Deputy High Commissioner commented on the importance of monitoring and holding accountable implementing partners, especially in light of the significant increase in resources dedicated to their activities. He agreed fully with the need to enhance this area of work.

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

16. The outgoing Chairperson of the Independent Audit and Oversight Committee (IAOC) presented the IAOC report for 2012-2013 (EC/64/SC/CRP.21), covering the period under his chairmanship. He provided the Committee with updates on all areas of the IAOC's work including internal oversight activities; internal control framework and accountability; enterprise risk management; financial statements and reporting; external audit; and the ethics function. The Deputy High Commissioner complimented the value of the IAOC's work, demonstrated by the wide range of issues it covered. He noted that UNHCR agreed with the recommendations made by the IAOC, especially in the cases of overlap with the Board of Auditors' recommendations.

17. Delegations were encouraged by the work of the IAOC and expressed significant support for a unified internal oversight service. To many States, the substantial congruence between the Board of Auditors and the IAOC recommendations was seen as a positive sign and an indication of the effectiveness of the latter's work. However, a number of States expressed concern about overlaps and requested additional information on this.

18. While acknowledging the potential benefits of unifying internal oversight within a single service, some States expressed concern about how it would be implemented. This included: dedicating appropriate resources for implementation, both financial and human; ensuring the independence and integrity of audit staff; finding existing staff with the correct competencies, and addressing the impact of the rotation system on the retention of this expertise; maintaining transparency in reporting; establishing a timeline for implementation; and addressing the legal implications of internalizing the audit function.

19. The outgoing Chairperson thanked the Committee for its support. He agreed with the need for a careful planning process for the transition to an internal oversight function, noting that the role of the IAOC was to review and consider the work of

relevant oversight bodies, identify duplication, and advise on how best to ensure appropriate oversight functions. In response to comments on the independence of the members of the internal audit unit, if they were in fact sourced internally within UNHCR, he explained that the members would be held accountable to the international professional practice framework, which guided the ethical and independent undertaking of the role. An external independent audit was mandatory every five years in order to ensure adherence. On the issue of competency, the IAOC had suggested that the unit be comprised of expert posts, which fall outside of UNHCR's mandatory rotation policy.

20. The Deputy High Commissioner responded on behalf of UNHCR, stating that it was too early in the process of bringing the audit function in-house to have the details of recruitment and appointment of staff established. He acknowledged that the issue of rotation was rightly raised and would be taken into account. He also took note of the concerns regarding the need for adequate resources for the endeavour. He agreed to take into consideration a suggestion for more formal interactions of the Executive Committee with external auditors.

## **B. Human resources**

21. The Director of the Division of Human Resources Management (DHRM) presented the update on *Human resources issues, including staff security* (EC/64/SC/CRP.22), together with the Chief of the Field Safety Section in the Division of Emergency, Security and Supply (DESS). The Director emphasized that UNHCR was only able to deliver on its mandate as a result of its dedicated workforce, who were willing to work in some of the most difficult and dangerous situations, often separated from their families. She outlined a number of measures being taken to ensure that the Office recruited a talented and diverse workforce, that staff were motivated and empowered with skills, and that a culture of security and wellbeing was institutionalized within the organization.

22. The topic of human resources management attracted a lot of interest from the Committee. There was broad support for the initiatives being undertaken by UNHCR to improve its human resource management and the welfare of its workforce, with many Member States concurring that staff were the organization's most important asset. Numerous delegations said they were struck by the high proportion of UNHCR staff reported to be working in difficult, dangerous and non-family duty stations. The Office was urged to continue to ameliorate the conditions of staff working in such places, which would help improve retention and performance. One delegation pointed out that this high proportion of deep-field staff was a distinctive feature of the organization and encouraged Member States familiar with the conditions in which UNHCR staff work to take this into account when decisions were taken affecting the conditions of service of staff in the United Nations common system.

23. Several Committee members emphasized the importance of ensuring gender and geographical equity in staffing, particularly in the context of the new entry-level humanitarian professional programme. Several delegations noted the impending retirement of many experienced senior staff and urged UNHCR to take measures to offset this loss and develop a cadre of future leaders. There was strong support for measures taken to improve internal communication, which helped build trust, and UNHCR was encouraged to continue with this initiative. There were numerous questions, including on the treatment of national staff in relation to benefits and security measures. On staff security more generally, the Committee expressed

concern about the insecurity staff were exposed to in the field, and one Member State pointed out that UNHCR faced a double protection challenge – one related to people under its care and the other to its staff.

24. The Director expressed appreciation for the Committee's support and for its acknowledgement of the huge practical challenges that the organization faced in human resources management. Responding to a question about the outposting of a number of human resources management functions to the Global Service Centre in Budapest, she indicated that this had not generated any negative consequences; rather, it had presented significant benefits. Regarding the United Nations common system, the Director noted that the human resources network was composed of agencies which were very different operationally – many with no field presence and others with some field presence but not as extensive as UNHCR's – and explained the challenges this presented. She welcomed the support of Member States in this regard. The Director spoke about the performance management system, including plans to streamline it, and investments made in training staff through e-learning programmes. She emphasized the importance of removing distinctions among staff, including the affiliate workforce, and noted some examples of measures taken to ensure they received equitable treatment. The Chief of the Field Safety Section explained the difficulties faced by national staff in some emergency situations and spoke about some of the legal challenges involved with staff evacuation.

25. Given numerous queries on the subject, the Deputy Director of DHRM provided more detail on UNHCR's new entry-level humanitarian programme, noting that the aim was to bring in new talent. She indicated that attention was being given to the issue of diversity and geographical balance and that there had been a global outreach campaign, including the use of social media, which also targeted underrepresented nationalities. She also clarified that the objective was not to recruit for specific posts, but rather for the organization to meet longer-term institutional needs. The Director added that the exceptional circumstances UNHCR currently faced as a result of emergencies had posed significant challenges in terms of sourcing staff, and she assured the Committee that UNHCR was working to improve the recruitment and postings processes to allow for greater efficiency in emergencies.

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

### **(i) Update on budgets and funding for 2013**

26. The Controller and Director of the Division of Financial and Administrative Management presented an update on the 2013 budget (EC/64/SC/CRP.23), noting that the initial figure of US\$ 3.9 billion approved by the Executive Committee in October 2012 had been revised to more than US\$ 5.3 billion as of mid-September. The upward adjustment resulted from the establishment of supplementary budgets to cover unforeseen needs. She indicated that UNHCR's annual budget had increased by 38 per cent in total requirements over the past four years, up from \$3.29 billion in 2010, which was reflective of the many new emergency situations facing UNHCR. The Controller pointed out that UNHCR's annual implementation rate (or expenditure) was significantly higher than that of other agencies in the United Nations system, and that it was consistently above 90 per cent when compared to funds available. As at 31 July 2013, estimated expenditure was \$1.4 billion.

27. The Director of the Division of External Relations provided an update on the current funding situation, highlighting the considerable gap that remained toward the

funding of the revised needs. The projected funds available for 2013 were estimated at \$2.9 billion, leaving a gap of \$2.4 billion. This meant that 45 per cent of the identified needs of persons of concern would not be met. The Director expressed appreciation for the support of donor governments and stressed that flexible and early pledges were key to responding to emergencies. He also took the opportunity to brief the Committee on private sector fundraising activities.

28. Concern was expressed by the Committee on the gap between the budget and income. Questions were asked about the carry-over from 2013 to 2014, and whether support functions were adjusted adequately to cope with the growth rate of 10 per cent in expenditure in recent years.

29. The Controller noted that the Office continued to focus on keeping programme support and headquarters expenditures low, and that proportionally, UNHCR was adjusting the resources it allocated to the field. In terms of the carry-over, she indicated that the amount to be carried over from 2013 to 2014 was not yet known and would only be reported on next year; from 2012 to 2013, the carry-over of \$236 million helped ensure that there was no gap in the response to emergencies. She gave examples of the level of carry-over for some big operations for 2013 and stressed the importance that UNHCR, being voluntarily funded, had sufficient funds to operate in the opening quarter of the financial period. On the funding side, the Director of the Division of External Relations took the opportunity to acknowledge the unprecedented levels of funding received from a number of countries and expressed appreciation for the continued support of Member States. He also thanked countries hosting refugees for their generous contributions to refugee protection and assistance.

30. The draft decision on overall budgets and funding for 2013, contained in annex VII of EC/64/SC/CRP.23, was adopted.

**(ii) UNHCR's biennial programme budget for 2014-2015**

31. The Controller presented the *Biennial programme budget for 2014-2015* (A/AC.96/1125), noting that UNHCR had not yet received the Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), which was an addendum to the budget document (to be issued in due course as A/AC.96/1125/Add.1). She recalled the informal consultations with the Executive Committee held earlier this year on the budget presentation, which had helped significantly improve the document. She noted that many of the suggestions made by Member States had been incorporated. She also recalled that efforts had been made to strengthen UNHCR's programmatic reporting – notably through the Global Report – which now included analysis on achievements and impact, as well as unmet needs.

32. A number of delegations commented positively on the improved presentation of the budget and expressed appreciation for the Controller's enhanced dialogue with Member States on this issue. UNHCR was urged to ensure complementarity between the budget document and the Global Report, so as to allow for comparison. Some delegations expressed concern about the growing gap between the budget and available funding, which one delegation suggested was becoming unbridgeable. While supportive of needs-based budgeting, UNHCR was asked about the sustainability of such growth. The Committee called for more transparency into the needs assessments and basis for projections. While understanding that there were limitations to the length of the budget document, several delegations suggested that additional information could be provided through other means.



33. Additional questions addressed prioritization, including whether instructions on prioritization were being disseminated to the field, and how reprioritization was done throughout the year in response to changes in needs and funding. UNHCR was encouraged to prioritize based on need and vulnerability and to be transparent within the organization, with partners and with Member States about how these decisions were made. UNHCR was urged by one Member State to focus on its core mandate of refugees and sustained efforts towards voluntary repatriation; another stressed that, while dealing with the numerous emergencies, the Office should not lose sight of protracted crises.

34. One delegation welcomed the continuation of protection and assistance programmes for Sahrawi refugees in the Tindouf camps in Algeria and appealed for humanitarian assistance commensurate with the needs of these refugees. Another delegation insisted on the fundamental nature of the registration of populations in the Tindouf camps and reiterated its request for authorizing UNHCR to undertake a census of these populations in order to reinforce their protection.

35. In response to queries about the delay in receipt of the Report of the ACABQ, the Controller noted that the Chairperson of the Executive Committee had made a special appeal this year to the Chairperson of the ACABQ to request that it be provided in time for the meeting. She noted that the report had not yet been received and reassured delegations that the Secretariat would forward the document to the Committee upon its receipt. The Controller also assured the Committee that UNHCR would continue the dialogue and work to improve transparency and provide the additional information requested by Member States. The Deputy Director of the Division of Financial and Administrative Management responded to the questions about prioritization, noting that planning instructions sent to the field included policy guidance on specific areas of strategic focus for the coming period and that the global strategic priorities remained an integral part of the process.

## VI. Coordination

36. The Director of the Division of External Relations presented the *Update on coordination issues: strategic partnerships* (EC/64/SC/CRP.24), emphasizing that coordination and partnerships were more important than ever to UNHCR's work.

37. There was a lengthy discussion on this agenda item, with numerous delegations taking the floor to express support for UNHCR's efforts to strengthen partnerships and improve coordination in its operations, noting the critical value of partnerships with non-governmental organizations (NGOs) and other United Nations organizations. Significant progress was noted at the global level, including through the High Commissioner's Structured Dialogue with NGOs and the Annual NGO Consultations, but many States expressed a desire to see more done to ensure that this spirit of partnership was brought down to the field level.

38. While recognizing the essential nature of partnerships with local organizations, delegations asked UNHCR to provide more information on its work to monitor and evaluate the work of these partners as well as on activities undertaken to ensure the accountability of implementing partners. UNHCR was encouraged to explore non-traditional partnerships, including with academia, think-tanks and grant-making organizations, which could contribute to a more diversified donor base.

39. Several Member States welcomed the real-time evaluation of the emergency response to the Syria situation. Requests were made for more information about

how the study's findings would inform the Office's work in the future. One delegation suggested that UNHCR establish a basic framework for field operations with practical guidance on coordination, the division of labour and responsibility, according to local needs.

40. The Director addressed three key themes emerging from the statements of the delegations. The first was the theme of partners, especially local NGOs, and the need to ensure that progress made at the global level was implemented at the field level. As these partnerships gain more institutional importance and reflect an increasing proportion of UNHCR's budget, ensuring adequate management, accountability and predictable funding was essential. While the new partnership agreements help, the Director noted that the system of incremental payments to implementing partners was a necessary result of UNHCR's own funding structure. He also explained that many of the principles decided at the global level helped guide field operations, recognizing that delivery, attitude, structural issues, and global management all needed to be adapted to maximize partnerships.

41. The second theme was leadership and coordination in mixed situations involving refugees and internally displaced persons. The Director stressed that while UNHCR was actively working to improve coordination, it also recognized its ultimate accountability for refugees in all situations, despite being part of the larger United Nations system of accountability. One of the lessons learned from the evaluation of the Syria emergency response was that large situations required dedicated coordination capacity.

42. The third theme was related to the Transformative Agenda. The Director stressed that the main principles of the Transformative Agenda were also applicable to refugee emergencies. While UNHCR's leadership and accountability were clear, more could be learned from the Transformative Agenda to help improve coordination in the refugee context.

43. In response to the query about urban refugees, the Head of the Inter-Agency Unit assured delegations that, while it was not explicitly mentioned in CRP.24, urban refugee issues was a key issue discussed in the High Commissioner's Structured Dialogue with NGOs and integrated in the work of UNHCR's internal Steering Group on Solutions.

44. The Deputy High Commissioner spoke to the comments made on UNHCR's partnerships for solutions. He commented that the Steering Group was taking the Transitional Solutions Initiative TSI to the next level by more fully incorporating development actors into the initial stages of the response. He spoke of the need to close the gap between relief and development, citing the Syria situation as an example of "emergency development," where development actors could provide immediate assistance to host countries and communities in terms of infrastructure, schools, clinics, and other interventions to ease the burden of large influxes of refugees. He also reiterated that UNHCR was the provider of last resort for refugees and that this accountability must be recognized in coordination efforts.

## **VII. Any other business**

45. The Chair asked the Committee for its agreement regarding early adoption of the report of his meeting, thereby eliminating the need to convene the Standing Committee in the margins of the sixty-fourth session of the Executive Committee. The Chair proposed that the Committee follow the same procedure as was adopted the year before, entailing electronic distribution of the draft report for clearance by

24 September. Absent any comments from the Committee, it would be deemed adopted following the close of business on 26 September. There were no objections from the Committee on this proposal.

46. The Secretary provided an update on the status of the High Commissioner's 10-year strategic review of the global refugee situation and the role of the Office, which was prepared for the sixty-eighth session of the General Assembly, as mandated by GA/RES/58/153. He thanked Member States for their participation in informal consultations convened over the last year, as well as for their written comments and suggestions. The review had now been finalized, after consultation with the Secretary-General, and would be presented by the High Commissioner to the Third Committee in November, along with the annual report of the Office.

47. The Deputy High Commissioner and the Chairperson briefed the Committee on the High-Level Segment on Solidarity and Burden Sharing with Countries Hosting Syrian Refugees, which would take place during the upcoming sixty-fourth plenary session of the Executive Committee. The Deputy High Commissioner emphasized that the High-Level Segment would be purely humanitarian and non-political, in keeping with UNHCR's mandate. The Chairperson noted that the Bureau had been closely consulted on the organization of the High-Level Segment and, on behalf of the Committee, expressed full support for the initiative. She noted that the High-Level Segment provided the Executive Committee with the opportunity to speak, with a strong and united voice, on the humanitarian imperatives of solidarity and burden-sharing, which were at the core of international protection. In this regard, the host countries, in consultation with the Executive Committee Bureau, had provided a draft statement of solidarity, which the Chair hoped would be agreed to by Executive Committee Members.

## Annex

### Decision on overall budgets and funding for 2013

*The Standing Committee,*

*Recalling* the Executive Committee's decision at its sixty-third session on administrative, financial and programme matters (A/AC.96/1119, para 13) as well as its discussions under the programme budgets and funding item at the fifty-seventh meeting of the Standing Committee in June 2013,

*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-third session, approved programmes and budgets for regional programmes, global programmes and headquarters under UNHCR's revised 2012-2013 biennial programme budget amounting to \$3,924.2 million for 2013;
  2. *Notes* that the 2013 supplementary budgets currently amount to \$1,375.1 million for programmes benefiting refugees and internally displaced persons;
  3. *Takes note* of the increase in UNHCR's 2013 annual budget to a total of \$5,296.8 million;
  4. *Recognizes* that emergencies and unforeseen activities unfolding in 2013 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; and
  5. *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 2013 annual budget.
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