



Twentieth session
Agenda item 76

BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1966

Section 18. Office of the United Nations
High Commissioner for Refugees

Twentieth report of the Advisory Committee on Administrative
and Budgetary Questions to the General Assembly at its
twentieth session

Introduction

1. In its sixth report to the General Assembly at its twentieth session on the budget estimates for 1966,^{1/} the Advisory Committee submitted, *inter alia*, its observations on the estimates for the Office of the United Nations High Commissioner for Refugees (section 18). The Committee stated at that time that it was not prepared to give its recommendations on the proposed new staff increases requested for 1966 until it had had an opportunity to study and report on the survey of the administrative structure of the Office of the High Commissioner,^{2/} and the future level of the grant-in-aid to be paid to the regular budget of the United Nations from voluntary funds administered by the High Commissioner.
2. The Advisory Committee has examined the detailed report submitted to it by the Secretary-General concerning the organization, staffing and operations of the Office at Geneva and at three of the thirty-five branch and sub-branch offices located in twenty-seven countries. This report includes the conclusions of a

^{1/} Official Records of the General Assembly, Twentieth Session, Supplement No. 7 (A/6007), paras. 327-338.

^{2/} Hereinafter referred to as the Office.

study conducted by an outside consultant during October and November 1964. In reviewing the principle and the level of the grant-in-aid to be applied in 1966 and future years, the Committee took into account the observations and comments submitted to it by the High Commissioner. Additionally, the Committee had the benefit of the participation of representatives of the High Commissioner in its deliberations on these matters at its current session.

3. The following summary derived from the Secretary-General's report covers the most important aspects of the activities and programmes as they have developed over the years.

I. The activities and programmes of the Office of the High Commissioner for Refugees

4. The tasks performed by the Office, its activities and its programmes are carried out under the general directives of the General Assembly, with the more detailed supervision provided by the Executive Committee of the High Commissioner's Programme composed of thirty government representatives appointed by the Economic and Social Council.

5. While the international protection of refugees remains the basic function of the Office, as laid down in its Statute of 1950^{3/} and subsequent directives of the General Assembly, the work of the Office over the years reflects changes in the nature and emphasis of the programmes administered by the High Commissioner. The aim is to ensure that refugees receive asylum, certain basic rights, a dignified status and the chance to live a decent and full life. It is, by definition, a continuing and long-term task whose objectives are clearly stated in the Mandate.

6. In addition to its legal work, the Office strives to ensure the establishment of effective machinery to improve the situation of refugees by bringing together resources of the Government of asylum as well as other helpful Governments, agencies of the United Nations family, voluntary associations and other public and private institutions. The role of the Office is thus a stimulating, co-ordinating and catalyzing one. However, the High Commissioner has found that unless the

^{3/} General Assembly resolution 428 (V).

Office is able under its current programmes and its own responsibilities to provide material assistance to the refugees, its effectiveness is seriously undermined. In his opinion, such a contribution is an essential element of the main task of affording international protection to refugees all over the world.

7. Since the Office was established on 1 January 1951, the work has developed and programmes have been adapted to meet the specific refugee situations arising in the various countries and regions. The responsibility of this Office covers a wide range of activities as detailed in its Statute.^{4/} Its programme activities range from voluntary repatriation to assimilation within new national communities or to admission into countries of permanent settlement. In certain cases Governments have entrusted the Office with specific tasks of protection of refugees to whom that country affords asylum. In a number of countries the Office has developed programmes of limited assistance, whereas in other countries, where social services are well developed, no assistance programmes were required. More recent developments, however, particularly in Africa, required substantial material assistance.

8. At the time the Office was set up in 1951, there were an estimated 270,000 non-settled refugees in Europe, the Mediterranean basin and the Far East, of which 85,000 were in refugee camps. As a result of the efforts of the Office, this number was reduced to 21,000 non-settled refugees as of May 1965, with 1,000 remaining in the camps. Since then the Office has been called upon to deal additionally with very large numbers of refugees in Asia and in Africa. The total number of refugees with whom the Office was concerned as of 1 January 1965 totalled some three million.

9. A significant development in the High Commissioner's programmes has been the increase of activities in many parts of Africa. Whereas the early years witnessed programmes confined to providing international protection to refugees of European origin, a vast increase in assistance to African countries has taken place since 1957. A number of General Assembly resolutions have dealt with the situation of refugees from Algeria and Angola.^{5/}

^{4/} See specifically paragraph 8 of the Statute.

^{5/} General Assembly resolutions 1286 (XIII), 1389 (XIV), 1500 (XV), 1671 (XVI), 1672 (XVI).

10. According to the High Commissioner an estimated 455,000 African refugees had come within the concern of the Office up to August 1965. The assistance given varies according to the particular situation and includes emergency aid, measures to promote local settlement, supplementary aid, resettlement and facilitation of voluntary repatriation. The High Commissioner is continuing his promotional tasks to enlist assistance from the Governments directly concerned, non-governmental organizations and agencies of the United Nations family. The High Commissioner reports that the expanding responsibilities in Africa have required him to establish one liaison office and nine branch and sub-branch offices on that continent.

11. Refugee groups in Asia, totalling some 1,275,000 persons as of mid-1965, have benefited from the High Commissioner's assistance programmes. In the early years these programmes were mainly concerned with refugees of European origin in China, and in the Near and Middle East. In 1954 and again in 1962, the General Assembly authorized the High Commissioner to use his good offices on behalf of Chinese refugees in Hong Kong.^{6/} The Office has also been concerned with the problem of Tibetan refugees in India and Nepal, and Chinese refugees in Macao and, to a smaller degree, with the refugee problem in Cambodia.

Current programmes

12. As from 1963 material and legal assistance programmes have been operated on a current yearly basis with a view to preventing the accumulation of refugee needs. In addition to the vastly increased needs in Africa and the requirements in Asia described in paragraphs 9 and 11, the current influx of newly recognized refugees in Europe numbers some 10,000 each year. New problems have arisen in Spain where the influx of refugees has exceeded the rate of their resettlement. Finally, in Latin America, where there are 140,000 refugees, the activities of the Office have increased considerably during the last years, assistance being mainly directed towards the elderly and the handicapped.

13. The financial target for the 1965 programme, as set by the Executive Committee of the High Commissioner's Programme in October 1964, was established

^{6/} General Assembly resolutions 1167 (XII) and 1784 (XVII).

at \$3,200,000 and subsequently increased to \$3,500,000. The 1966 target was established in November 1965 at \$3,900,000. A breakdown of the 1966 target showing projects for assistance to refugees in a number of countries in various parts of the world is shown in annex II to the addendum to the report of the High Commissioner.^{7/} Of the total amount of \$3,900,000, \$3,393,200 has been approved as specific allocations, whereas additional allocations up to \$506,800 will be submitted at a later stage.

Survey of the administrative structure

14. The first part of the report of the Secretary-General deals particularly with the administrative structure and the administrative budget of the Office. The Headquarters office comprises, apart from the immediate Office of the High Commissioner and his Deputy, four main organizational units. The Division of Operations plans and implements all material assistance programmes; prepares proposals for such programmes for the Executive Committee and reports on their implementation; maintains and publishes general refugee statistics; and seeks financial support from Governments and other sources for projects not covered by regular contributions. The Legal Division promotes conclusion and ratification of international conventions for the protection of refugees and supervises their application; promotes the conclusion of other agreements for the protection of refugees; promotes the enacting of national legislation for the protection of refugees; participates in the procedures for determining the eligibility of refugees in particular countries and examines repatriation cases to ensure that repatriation is voluntary. The External Relations Division provides secretariat services to the Executive Committee of the High Commissioner's Programmes and provides public information services on the activities of the Office. The Administration and Finance Division provides administrative, personnel and financial services for the Office and maintains financial control of voluntary funds and keeps the related accounts.

15. The Secretary-General's report calls attention to the designation of some fifteen "country advisers" at Headquarters. These advisers are staff members who,

^{7/} Official Records of the General Assembly, Twentieth Session, Supplement No. 11 A (A/6011/Add.1).

in addition to their normal duties, follow developments in the respective countries assigned to them. The Committee inquired into the relationship between these officials and the "geographical" area sections of the Division of Operations. The Advisory Committee was given to understand that their main functions are advisory and informative, and that the arrangements did not obscure rational functional relations.

16. The total establishment in 1965 consists of 271 posts of which 232 are financed from the United Nations budget (section 18) and 39 posts are charged directly to the voluntary funds available to the Office. Of the 271 posts, 110 posts are allocated to the Headquarters Office at Geneva (47 professional and higher grades and 63 general service). The remaining 161 posts are allocated to the thirty-five branch and sub-branch offices.

17. The total staff of the Office has increased from 244 in 1959 to 271 in 1965. Whereas there were 20 offices in 1959, in addition to the Headquarters Office, there are now 35. Of the 35, 15 are located in Europe, 10 in Africa, 4 in Asia and the Far East and 2 each in Latin America, the Middle East and North America.

18. The Secretary-General's report has examined the points raised by the Advisory Committee in previous reports^{3/} concerning the lack of adjustments in staffing arrangements in the face of reductions in operational tasks and proposed reductions in grant-in-aid payments. The report lists a number of factors which militate against the over-all reduction of staff levels, such as the fact that the initial phase of some projects in Europe (such as housing in Greece) is still under way. In addition it is pointed out that even when housing projects have been completed work will still be needed relating to occupancy, rent collections and repayments of loans. Finally, developments in Europe, Africa and Asia are producing new requirements for assistance to refugees.

Observations and conclusions

19. The Advisory Committee has not been presented with sufficient evidence to justify an increase in the number of established posts.

20. The Advisory Committee would also point out that a total of ninety-six posts are assigned to the fourteen branch and sub-branch offices in Europe and notes that only three of these offices were visited by the consultant, not including the largest office (Bonn). The Committee considers that a downward adjustment in the

8/ Official Records of the General Assembly, Nineteenth Session, Supplement No. 7 (A/5807), para. 311; ibid., Twentieth Session, Supplement No. 7 (A/6007), para. 335.

staffing of the fifteen offices in Europe would be justified. Additionally, the Committee suggests that the High Commissioner give further consideration to the possibility of having co-operating Governments undertake some of the functions now being carried out by the branch offices.

21. In the light of the foregoing observations, the Advisory Committee would not recommend any increase in the 1965 establishment of the Office of the High Commissioner for Refugees. However, the Committee believes that some additional temporary assistance is justified in order to enable the High Commissioner to cope with new refugee situations which may develop during the course of 1966, until he is able to allocate sufficient posts from the Headquarters Office at Geneva and the branch offices to deal with the new situations. It suggests that the General Assembly may wish to add the sum of \$50,000 to section 18, chapter I, sub-item (ii) (Temporary assistance).

22. In its report on the 1966 budget estimates for section 18,^{9/} the Advisory Committee recommended a 50 per cent reduction in the estimates proposed for the reclassification of fourteen professional posts and one general service post. The Committee has received some additional information in support of the High Commissioner's proposal but, after further consideration, sees no reason to change its original recommendation. It continues to believe that proposals for reclassifications should be supported by evidence that an objective survey has been made of these and comparable jobs.

23. The Secretary-General's report has raised a number of specific administrative matters. These are summarized in annex I to the present report. The Advisory Committee commends these observations to the attention of the High Commissioner.

II. The question of the grant-in-aid

24. The Advisory Committee has raised during the last years the question of the grant-in-aid paid from voluntary funds to the United Nations budget. It has pointed out that the level of the grant-in-aid varied from year to year and was arrived at on an ad hoc basis, depending on the level of voluntary funds expected to be available for programmes.^{10/} The Committee in its report on the 1966 budget stated it would submit its detailed observations as soon as a report had been received which would deal with this question.

9/ Ibid., para. 337.

10/ Ibid., Nineteenth Session, Supplement No. 7 (A/5807), para. 303.

25. Budgetary and financial arrangements for the Office in respect of the regular budget derive from Articles 20 and 21 of the Statute of the Office. Article 20 states:

"20. The Office of the High Commissioner shall be financed under the budget of the United Nations. Unless the General Assembly subsequently decides otherwise, no expenditure, other than administrative expenditures relating to the functioning of the Office of the High Commissioner, shall be borne on the budget of the United Nations, and all other expenditures relating to the activities of the High Commissioner shall be financed by voluntary contributions contributions."

Article 21 provides:

"21. The administration of the Office of the High Commissioner shall be subject to the Financial Regulations of the United Nations and to the financial rules promulgated thereunder by the Secretary-General."

26. Annex II to the present report shows the provisions included in the United Nations budget for the Office for the years 1951-1965.

27. In addition to these financial provisions, the High Commissioner for Refugees under Article 10 of the Statute administers any funds, public or private, which he receives for assistance to refugees. Article 22 of the Statute provides:

"22. Transactions relating to the High Commissioner's funds shall be subject to audit by the United Nations Board of Auditors, provided that the Board may accept audited accounts from the agencies to which funds have been allocated. Administrative arrangements for the custody of such funds and their allocation shall be agreed between the High Commissioner and the Secretary-General in accordance with the Financial Regulations of the United Nations and rules promulgated thereunder by the Secretary-General."

28. Annex III shows income and expenditures of all voluntary funds administered by the High Commissioner since 1952 excluding the Indemnification Fund. These expenses include some administrative expenses and also since 1959 the grant-in-aid paid to the regular budget of the United Nations.

29. The grant-in-aid was a direct result of the recommendation made by the Advisory Committee in its report on the 1958 budget estimates^{11/} to the effect that the entire staff of the Office should be included in a separate section of the regular United Nations budget. As of 1959 grants-in-aid have been accounted as income in

^{11/} Ibid., Twelfth Session, Supplement No. 7 (A/3624), paras. 141 and 142.

aid of appropriations. The amounts involved are shown in column 3 of annex II to the present report.

30. Since 1961 the Advisory Committee has questioned the basis on which the grant-in-aid has been determined.^{12/} As stated above, the Committee has drawn attention to the ad hoc arrangements concerning the grant-in-aid.

31. The question of the basis upon which the grant-in-aid should be calculated cannot be examined in isolation. It must be considered in the context of Article 20 of the Statute of the Office.

32. Annex IV gives a summary showing in some detail the various articles of the Statute having a bearing on this question, the interpretation of Article 20, the practice developed during 1951-1958, the consolidated budget for 1959 and the developments during 1959-1965.

33. The Advisory Committee agrees with the observations made by the Secretary-General in his report that the real question at stake is whether the costs of management and administration of those activities of the High Commissioner which are financed from voluntary funds shall be borne by the United Nations budget in their entirety or whether they should continue to be borne partly by the United Nations budget and partly by voluntary funds. This is a matter of financial policy for the General Assembly to decide.

34. The considerations in favour of an arrangement whereby the United Nations budget would bear all administrative costs without reimbursement can be summarized as follows:

(a) The "Major Aid Programme", the term which apparently refers to the category of programmes (United Nations Refugee Emergency Fund, United Nations Refugee Fund, etc.) addressed to the refugee problem created in Europe by World War II, is drawing to a close. The operational activities of the Office have in the past few years involved and will in the future involve assistance to new refugee groups (including in South Asia, in the Far East, in North and Central Africa, etc.) and these activities have been undertaken at the direction of the General Assembly and are considered to be of a continuing nature; therefore the administrative expenses of such programmes should be considered as a continuing responsibility of the United Nations as a whole.

(b) The function of providing protection and providing various forms of material assistance is one integrated operation. The task of the Office in

^{12/} Ibid., Sixteenth Session, Supplement No. 7 (A/4814), para. 300.

securing rights and privileges for refugees can only be accomplished, or can be accomplished more readily, if the Office is able to offer assistance in meeting the material needs of refugees.

(c) The grants-in-aid previously made by the Office to the United Nations have been financed from the interest realized on funds contributed for the major assistance programmes in Europe. As these funds are drawn down and expended, the amount of interest is decreasing and therefore this source will soon be exhausted. 35. On the other hand, arguments in favour of continuing the present practice whereby the administrative costs are borne partly by the United Nations budget and partly by the voluntary funds are as follows:

(a) The understanding of the General Assembly in 1952 was clear that expenses for administering programmes financed from voluntary funds would themselves be met from voluntary funds and for a number of years it approved budget appropriations for the Office on this basis. While recent reductions have been made in the grant-in-aid, there has been no clear-cut decision by the General Assembly that the costs of administering material assistance should be borne on the United Nations budget.

(b) There appears to be no precedent elsewhere in the United Nations system for charging to the regular budget all the costs of administering programmes which are otherwise financed by voluntary contributions. The costs of administering such programmes as those of UNICEF and UNRWA are met for the most part from voluntary contributions. Furthermore, when the United Nations Secretariat undertakes to implement projects for the Expanded Programme of Technical Assistance and the Special Fund, it receives a subvention for administrative costs from the respective voluntary funds.

(c) It is not reasonable to expect the Members of the United Nations to be assessed for administrative expenses relating to the management of activities financed from voluntary funds irrespective of the level of those funds.

Observations and conclusions

36. The Advisory Committee cannot recommend to the General Assembly arrangements whereby all the administrative expenses of the Office should be borne by the budget of the United Nations without reimbursement. It believes that the arguments against such a course outweigh the arguments for it.

37. In accepting this, the question then arises of the basis to be adopted for any cost-sharing formula. The Advisory Committee believes that whatever arrangement is decided upon, the formula should be simple, should be applicable to future situations and should provide for relatively rapid response to changes in programmes.

38. The Advisory Committee, after having studied possible alternative solutions, recommends a cost-sharing principle by which the grant-in-aid would be established at 10 per cent of the size of the High Commissioner's current programme. The Committee would consider this arrangement, to become effective on 1 January 1966, reasonable. The formula is simple and is applicable to future situations. It would provide for relatively rapid changes in requirements arising from changing needs. Furthermore, all administrative requirements would be shown in the regular budget of the United Nations permitting an annual review by the Member Governments. All staff requirements would be shown in one manning table, which would include for 1966, thirty-nine posts (eleven professional and twenty-eight general service) at present financed by voluntary funds.

39. The Advisory Committee realizes the importance of a clear definition of the term "current programme" as distinct from other activities of the Office. The Committee has requested the High Commissioner to indicate what the "current programme" represents and what activities are excluded. In his reply the Committee was informed that the programme authorized by the Executive Committee of the High Commissioner every autumn in respect of the following year constitutes the "current programme". The "current programme" would not include the major aid programmes or the Special Trust Funds, nor would it include any indemnification funds. As stated above, the target for the 1966 current programme as approved by the Executive Committee stands at \$3,900,000. Details of this programme are given in the Report of the High Commissioner in appendix II.^{13/}

40. If the above arrangement were adopted, the 10 per cent grant-in-aid would be paid in respect of all commitments entered in any single year against the High Commissioner's current programme as authorized for that year by the Executive Committee. The grant-in-aid would not be payable in respect of Special Trust Funds, including any indemnification funds; commitments or disbursements, whether within or outside the High Commissioner's current programme, financed from funds flowing back to the accounts of the Office as a result of earlier programme

^{13/} Ibid., Twentieth Session, Supplement 11A, (A/6011/Add.1).

expenditure; commitments against the 1965 or earlier programmes (including the major aid programmes); and the payment of the grant-in-aid itself or of administrative expenditure covered directly within the current programme.

41. The Advisory Committee has sought the High Commissioner's comments on the proposed grant-in-aid formula. The High Commissioner has stated that he continues to believe that "the administrative cost of all activities of this Office, ever as far as they are made possible and effective thanks to voluntary funds, should be borne by the United Nations budget in their entirety". The High Commissioner, although regarding the proposed solution "far from his own views", lists the following advantages of the procedure:

"(a) It clears up the position of thirty-nine staff members who are now being paid from voluntary funds.

"(b) It provides a simple technique for calculating the grant-in-aid for the future.

"(c) It established a practicable method for dealing with the administrative costs for burning new refugee situations and for integrating the consequences to the amount necessary and at the appropriate time in the administrative budget.

"(d) It would bring to a conclusion a problem which has been occupying many of us for several years."

42. Without abandoning his position on the principle involved the High Commissioner has indicated that if the suggested solution is acceptable to the other parties involved, namely to the Advisory Committee on Administrative and Budgetary Questions and the Executive Committee of the High Commissioner's Programme, he too will accept it.

43. The Advisory Committee while accepting the cost-sharing principle and the proposed formula would suggest that the arrangements be reviewed after some years' experience has been acquired.

44. The application of the 10 per cent formula to the Programme for 1966 in the amount of \$3.9 million would give a grant-in-aid of \$390,000, as against the amount included in the estimates for 1966, an increase of \$240,000. Simultaneously, salary and related costs concerning 39 staff members (11 professional and 28 general service) now charged to voluntary funds would be transferred to the regular budget.

III. Summary of financial implications for 1966

45. The approval of the proposed arrangements formulated in paragraphs 24 and 47 would result in an increase in gross expenditures of \$322,000. This increase in the gross expenditures of \$322,000 includes \$50,000 for temporary assistance and \$272,000 for the cost of 11 professional and 28 general service posts transferred from voluntary funds, as adjusted for the effect on the cost of the 11 professional posts of the revised salary scales for professional staff as proposed by the International Civil Service Advisory Board and recommended by the Fifth Committee at its 1084th meeting for approval by the General Assembly. As a consequence of the foregoing, income from staff assessment would be raised by an amount of \$50,000. In addition the grant-in-aid would be increased by \$240,000. The over-all effect on the budget estimates for 1966 would therefore be as follows:

	Recommendations of the Advisory Committee on Section 18 of the budget estimates for <u>1966</u> (A/6007)	<u>Increase</u>	<u>Total</u>
	\$	\$	\$
<u>Section 18</u>			
Gross expenditure estimate	2,563,800 ^{a/}	322,000	2,885,800
<u>Deduct:</u>			
Income from staff assessment	322,500 ^{a/}	50,000	372,500
Grant-in-aid from voluntary funds . . .	150,000	240,000	390,000
	<u>2,091,300</u>	<u>32,000</u>	<u>2,123,300</u>

^{a/} Excluding increases resulting from the revised salary scales for staff in the professional and higher levels, estimates for which were included separately in document A/6005.

ANNEX I

Recommendations on specific administrative matters

(i) The post of Senior Director, at the D.2 level, was created about 1962. There do not appear to be a set of clear-cut functions for this post. It is suggested that careful consideration should be given to the role and functions of the Senior Director post before it is again filled.

(ii) A review of job descriptions as well as interviews with some of the officers concerned suggested an overlapping of activities relating to records on pledges of contributions, receipts, commitments and allocations, and disbursement of funds contributed to the voluntary programmes. The various units involved were (a) Information and Programme Support, (b) Reports and Statistics, (c) Projects Management, (d) Resettlement, (e) Financial Control and Voluntary Funds Finance. It is suggested that the specific details of the various types of records maintained should be examined more closely, with a view to concentrating financial records keeping as far as possible in the Division of Administration. The units responsible for the management of projects would maintain only such subsidiary and working records as were necessary to provide information not then available from the Division of Administration.

(iii) The scope and scale of accounting operations, particularly those of the Voluntary Funds Finance Section is substantial, and may be sufficient in volume to justify the use of automatic data processing techniques. It is suggested that this question might be explored with the Administrative and Financial Services of the Geneva Office.

(iv) In addition to the personnel included in the manning table, the section of the regular budget includes a chapter entitled "public information activities". \$24,423 was expended in 1964 under this chapter, \$26,500 is allocated in 1965 and \$26,000 requested for 1966. In addition, a Special Information Fund, maintained at a level of \$30,000 by periodic actions of the Executive Committee of the High Commissioner's Programme is provided from voluntary funds, and has been used, inter alia, to make television and motion picture films. A third source of such funds is the receipts from the sale of records. A portion of the receipts of the first record (All-Star Festival) was retained for use in financing the initial stages of production of the second, and it is apparently intended to proceed

in this manner in the future. It is suggested that the text of the regular budget estimates for "public information activities" of the Office should include information on these latter two sources of funds for such activities, the anticipated level of expenses to be financed by them, and the activities to be undertaken.

(v) Both in Geneva and at the three Branch offices visited, attention was drawn to the substantial workload involved in the production and publication of statistics relating to refugees. Special compilations are required, geared to the meeting dates of the Executive Committee (spring and fall), the Economic and Social Council (summer) and General Assembly (fall). Often these special compilations require updating of previous reports by only several months. It is suggested that approaches be made to the competent authorities with a view to reaching agreement on the acceptability of standard statistical reports prepared on an annual, or at the most, semi-annual basis.

ANNEX II

Provisions in the United Nations Budget - Office of
 the High Commissioner - since 1951

Expenditures^{a/}

	Per accounts for UNHCR appropriation section	Items in Other Sections <u>b/</u>	Total	Grant- in- aid	Net United Nations Budget <u>a/</u>
	(U.S. Dollars)				
1951	218,353	46,000	264,353	-	264,353
1952	595,356	77,300	672,656	-	672,656
1953	644,835	75,500	720,335	-	720,335
1954	673,215	70,950	744,165	-	744,165
1955	649,845	70,600	720,445	-	720,445
1956	681,982	78,500	760,482	-	760,482
1957	862,502	94,897	957,399	-	862,502
1958	739,235	241,954	981,189	-	981,189
1959	1,550,998	135,779	1,686,777	525,845	1,160,932
1960	1,783,881	192,602	1,976,483	673,750	1,302,733
1961	2,234,342	15,500	2,249,842	682,800	1,567,042
1962	2,586,070	-	2,586,070	650,000	1,936,070
1963	2,565,369	-	2,565,369	600,000	1,965,369
1964	2,478,571	-	2,478,571	350,000	2,128,571
1965 <u>c/</u>	2,351,000	-	2,351,000	150,000	2,201,000
1966 <u>c/</u>	2,702,000	-	2,702,000	150,000	2,552,000

a/ Includes gross salaries without deduction for staff assessment.

b/ Expenses for the World Refugee Year activities: 1959, \$59,667; 1960, \$34,566 not included. 1951-1956 figures are estimates.

c/ As shown in A/6005, section 18.

ANNEX III

Income and Expenditures of all Voluntary Funds Administered by
the Office of the High Commissioner since 1952

	<u>Income</u> ^{a/}	<u>Expenditure</u> ^{b/}
(Amounts in \$US equivalents, rounded to nearest \$1,000)		
1952-3	1,048,000 <u>c/</u>	848,000
1954	439,000 <u>c/</u>	401,000
1955	2,761,000	1,129,000
1956	10,963,000	3,177,000
1957	9,558,000	13,084,000
1958	5,898,000	8,225,000
1959	7,281,000	6,679,000
1960	15,426,000	16,046,000
1961	7,758,000	9,182,000
1962	6,075,000	6,754,000
1963	7,271,000	7,188,000
1964	5,422,000	6,716,000

a/ Excludes Indemnification Fund; 1952-1956 figures reflect actual receipts; 1957-1964 figures include pledges and other accrued income.

b/ Excludes Indemnification Fund; 1952-1956 figures reflect cash disbursements, 1957-1964 figures include outstanding obligations incurred during the year. At 31 December 1964, outstanding obligations in respect of 1963 and prior years totalled \$4,114,000.

c/ Do not include income of fund established by Ford Foundation and administered by the Office of the High Commissioner, accounted for by the European Office of the United Nations under Trust Funds; amounts were \$2,900,000 in 1952-1953 and \$206,000 in 1954. Similarly expenditure figures exclude transactions of this fund.

ANNEX IV

HISTORICAL SUMMARY GRANT-IN-AID

The Statute of 1950

1. The Office of the United Nations High Commissioner for Refugees^{1/} was established by the General Assembly in 1950. At that time, there were indications that Governments had generally come to feel that the refugee problems created by World War II had been largely solved. The United Nations Relief and Rehabilitation Agency had, as part of its broad programme, devoted substantial resources to refugee relief, repatriation and resettlement. UNRRA was succeeded in the refugee field by the International Refugee Organization, established in 1947 to promote permanent solutions of the refugee problem primarily through resettlement; by the time of its liquidation in 1952 IRO had expended over \$430 million.
2. In these circumstances, the draft Statute of the Office was closely scrutinized in United Nations debates and the function of the High Commissioner with respect to material assistance, as distinguished from legal and political protection, was vigorously discussed. While a majority of the members took the view that further large-scale material assistance operations under United Nations auspices were unnecessary, other members argued that the termination of IRO operations would leave unmet needs for material assistance and that the functions of protection and material assistance were so linked as to make it impractical to establish a United Nations office for refugees without operational responsibilities and resources to fulfil them. As in other situations where opposing views are reconciled, the Statute of the Office reflected in some measure both points of view.
3. The Statute as adopted sets forth in the first article in Chapter I - General Provisions - the functions of the High Commissioner in broad terms:

"The United Nations High Commissioner for Refugees, acting under the authority of the General Assembly, shall assume the function of providing international protection, under the auspices of the United Nations, to

^{1/} Hereinafter referred to as the Office.

refugees who fall within the scope of the present Statute and of seeking permanent solutions for the problem of refugees by assisting Governments and, subject to the approval of the Governments concerned, private organizations to facilitate the voluntary repatriation of such refugees, or their assimilation within new national communities."

4. In Chapter II - Functions - the responsibilities of the High Commissioner are described in more specific terms. Article 8 states that the High Commissioner "shall provide for the protection of refugees falling under the competence of his office" by, inter alia, "promoting the conclusion and notification of international conventions for the protection of refugees, and supervising their application ...", "promoting the admission of refugees ... to the territories of states", "endeavouring to obtain permission for refugees to transfer their assets ...", and "obtaining from Governments information concerning the number and conditions of refugees ... and laws and regulations covering them". These and other parts of article 8 empower the High Commissioner to take action in the area generally described as international protection.

5. However, article 8 also states that the High Commissioner shall provide for the protection of refugees by "promoting through special agreements with Governments the execution of any measures calculated to improve the situation of refugees and to reduce the number requiring protection", "assisting governmental and private efforts to promote voluntary repatriation or assimilation", and "facilitating the co-ordination of the efforts of private organizations concerned with the welfare of refugees". These functions involve the provision of material assistance, as distinguished from protection, but the drafters left the impression that the role of the High Commissioner was to stimulate and co-ordinate the material assistance efforts of other entities rather than to administer such efforts directly.

6. Article 9 states that the High Commissioner "should engage in such additional activities, including repatriation and resettlement, as the General Assembly may determine, within the limits of the resources placed at his disposal". Article 10 provides that the High Commissioner "shall administer any funds, public or private, which he receives for assistance to refugees", but also instructs him "not to appeal to Governments for funds or make a general appeal, without the prior approval of the General Assembly". Here the Statute envisions the possibility of the High Commissioner appealing for resources and directly administering programme of assistance to refugees, but only after review and approval by the General Assembly.

7. Article 20 in Chapter III - Organization and Finance - sets forth basic principles for financing office activities:

"The Office of the High Commissioner shall be financed under the budget of the United Nations. Unless the General Assembly subsequently decides otherwise, no expenditure other than administrative expenditures relating to the functioning of the Office of the High Commissioner shall be borne on the budget of the United Nations and all other expenditures relating to the activities of the High Commissioner shall be financed by voluntary contributions."

8. On its face the Statute is somewhat ambiguous as to whether any of the administrative costs of functions other than international protection (e.g., material assistance) should be borne on the United Nations budget, although writers and observers of the United Nations debate have noted that the prevailing intention was to minimize the obligations of the United Nations membership at large for financial support of the new office.

Interpretation of the Statute

9. Article 20 of the Statute reproduces, in effect, the second operative paragraph of General Assembly resolution 319 (IV) of 3 December 1949. This paragraph was introduced as an amendment at the plenary consideration of the relevant draft resolution submitted by the Third Committee (A/1118) and reflects a point alluded to in the relevant report of the Fifth Committee (A/1177). Neither the summary records of the Fifth Committee nor the verbatim records of the plenary meetings indicate a precise intention in respect of the wording. The sponsor of the amendment in the plenary referred to the magnitude of certain of the IRO expenditures for resettlement and for care and maintenance, and it might be inferred that the intention was to exclude expenses of that nature.

10. The problem of interpretation of article 20 was raised not long after the Statute's adoption. The Advisory Committee on Administrative and Budgetary Questions in its report on the 1952 budget (A/1853) questioned, with particular reference to the proposed establishment of additional branch offices, whether some of the then current and proposed administrative expenditures of the office came within the meaning of article 20. The matter was presented to the Fifth Committee, which requested the Advisory Committee to prepare a definition of "administrative expenditures" (A/2022/Add.1, para. 66).

11. The Advisory Committee dealt with the question in its First Report to the seventh session of the General Assembly in 1952 (A/2157), offering an experimental text for the purpose of defining those expenditures which might be included within the provision for the Office in the regular United Nations budget. The Advisory Committee submitted the following:

"366. Draft definition

"(a) Operational expenses include all of the costs of providing assistance to refugees such as the cost of shelter, subsistence, welfare and transportation, as well as analogous services to individual refugees; outlays in the form of grants or loans, whether to refugees or to governments and/or organizations, for such purposes; expenses connected with the activities of the Refugee Emergency Fund of the High Commissioner for Refugees;

"(b) Costs related to the management of the activities referred to in (a) above are also operational expenses;

"(c) Costs not related to activities such as those referred to in (a) above or to their management fall within the category of administrative expenses."

"367. The Committee believes that, at such time as the management of activities of the nature set out in (a) above begins to occupy any appreciable part of the time of the staff of the Office of the High Commissioner for Refugees, an appropriate proportion of the costs incurred should be charged to extra-budgetary funds. The proportion itself would need to be determined on merits, and the Committee would expect to be provided with information on those merits at the appropriate time."

12. The draft definition was subsequently discussed in the Fifth Committee, which invited the then High Commissioner, Mr. Van Heuven Goedhart, to comment. He pointed out that, in connexion with paragraph (b) of the draft definition, a distinction should be drawn, firstly, between administrative and operational expenses, and, secondly, between expenses chargeable to the United Nations budget and expenses not so chargeable. The costs related to the management of the activities described in paragraph (a) should be classed as administrative and not as operational expenses. Having made this point, he went on to state that he agreed that the costs referred to in paragraph (b) should not be a liability of the United Nations.

13. The Chairman of the Advisory Committee stated that he was sorry the High Commissioner had had to make certain reservations. The Advisory Committee, in drafting its definition, had made the utmost allowance for the High Commissioner's position. He could not accept those reservations without consulting the Advisory Committee. He was pleased, however, to note that the High Commissioner agreed to the apportionment of expenditure as recommended by the Advisory Committee. The Fifth Committee agreed to the "Advisory Committee's recommendation regarding the distinction to be drawn between administrative and operational expenses, on the understanding that the Rapporteur would, in his report, refer to the High Commissioner's comments" (A/C.5/SR.365). The report (A/2352) included the following:

"In discussing the suggestions made by the Advisory Committee with reference to the difference of 'operational' and 'administrative' expenses, the Committee took into account the statement of the High Commissioner for Refugees that, whereas the precise definition of the two terms still required further study, the suggestions of the Advisory Committee offered a reasonable basis for determining what should be charged to the United Nations budget and what should not. Moreover the High Commissioner pointed out that, when the Advisory Committee suggests in paragraph 366 (a) that expenses in connection with the United Nations Refugee Emergency Fund are operational, he took it for granted that any extra expenses in connection with the management of the assistance fund could not be charged to the United Nations budget."

Budgetary Practice 1951-1958: Consolidation of budgets 1959

14. Whatever the expectations and intentions of the Member States of the United Nations might have been in 1950 with respect to the role of the High Commissioner in providing material assistance to refugees, a combination of factors during the succeeding years produced additional requirements for programmes for refugees, which involved the expenditure over a number of years of about \$100 million, of which some \$55 million was contributed to and administered by the High Commissioner. The remainder represents supporting contributions raised and expended by public and private organizations in assisted countries, usually with the encouragement of the High Commissioner and in co-ordination with the programmes which he administered directly.

15. Despite the substantial earlier efforts to find permanent solutions of the post-war refugee problems, the fact remained that there were many refugees still

unsettled when IRO operations were terminated. In February 1952, the High Commissioner obtained approval by the General Assembly for an appeal for voluntary contributions to what was then denominated the United Nations Refugee Emergency Fund. In August of the same year, the Ford Foundation made available to the High Commissioner about \$3 million for the integration of refugees in Europe. In 1954, the General Assembly approved the establishment of a United Nations Refugee Fund, with a target of \$16 million over four years.

16. These programmes were addressed primarily to the refugee problems created by World War II. However, within a few years there were new developments creating new categories of refugees. The Hungarian situation in 1956 produced a substantial outflow of Hungarians into neighbouring countries whose plight led the General Assembly to request the High Commissioner to provide assistance, asked the Secretary-General and the High Commissioner to make urgent appeals for funds and urged Governments and other bodies to contribute. The year 1960 was proclaimed the World Refugee Year, and special appeals were authorized for funds to deal with the remaining refugee problems, primarily but not exclusively in Europe. The General Assembly resolutions during this period called upon the High Commissioner to provide assistance including material aid, to refugees, and not only authorized appeals by the High Commissioner but also urged countries to contribute funds to make the programmes possible. Amongst these resolutions are those calling upon the High Commissioner to extend his "good offices" in respect of refugees who do not come within the competence of the United Nations.

17. The estimates for the Office which were presented in the annual budgets beginning in 1951 covered only the costs of activities presumed to fall within the category of international protection for refugees. The pertinent texts of the 1955-1958 estimates, when referring to the programmes financed by the Refugee Emergency Fund, state: "All costs connected with these activities, including the related administrative expenses, are at present charged against voluntary funds accounts."

18. Therefore, the High Commissioner in order to provide for the necessary administration of the material assistance programmes supported by voluntary contributions had to establish a separate category of personnel and a separate

budget of administrative costs for their activities. These budgets were not reviewed by the Advisory Committee on Administrative and Budgetary Questions, the Fifth Committee, or the General Assembly. Rather, they were considered to be within the province of the Executive Committee, which was initially established pursuant to General Assembly resolution 832 (IX) of 21 October 1954, and successively, with changes in membership and terms of reference, titled the United Nations Refugee Fund Executive Committee and the Executive Committee of the High Commissioner's Programme.

19. Thus, as the operational work of the Office expanded, there evolved a dual system of manning tables and budgets. In 1957, the Advisory Committee found this situation anomalous, and its report on the 1958 budget estimates (A/3624) included the following:

"141. The distinctions which have been drawn between the regular programme of the High Commissioner, the work undertaken on behalf of refugees from Hungary, and the activities under his voluntary fund have led to the development of separate manning-tables and budgets. In the Advisory Committee's view this separation is in some ways an artificial one since the holders of the posts in fact serve as a single establishment. It is a matter of administrative difficulty to appraise this artificial grouping of staff. A more realistic presentation both of the manning-table and the budget would in itself make for better control. Contributors to the regular and voluntary programmes would find it easier to trace the use of funds if there were a single administrative budget financed from the regular budget and a grant from the voluntary funds, covering staffing and related costs, and an operational budget financed from voluntary contributions.

"142. Accordingly, the Advisory Committee recommends that the Secretary-General and the High Commissioner should consult the Refugee Fund Executive Committee on the question of including the entire staff in a single manning-table under section 10 of the regular United Nations budget. Any staff costs not covered by appropriations under that section would be met by a grant from the voluntary funds. The financial accounts for the Office of the High Commissioner would show the expenditure of all funds in respect of section 10, whether financed from contributions to the regular budget or from voluntary contributions."

20. This recommendation was accepted, and the budget submitted by the Secretary-General for the year 1959 (A/3825) contained a consolidated estimate for the administrative costs of the Office. The budget estimates show that the 1958 appropriation for the Office under the United Nations budget had amounted to \$938,900

and that there were 112 established posts supported by this appropriation. For the same year, \$475,625 had been appropriated from voluntary funds and had supported 101 established posts. In addition to the total of 213 posts which existed in 1958, the 1959 budget proposed an additional thirty-one established posts, of which it would appear that about twenty-six related primarily to protection activities, while five involved material assistance activities. The total gross estimate for 1959 was \$1,408,000 to be financed in part by a proposed grant-in-aid from voluntary funds of \$480,000. While the documents submitted to the General Assembly do not give the basis for calculating the proposed grant-in-aid, the following extracts from a report (A/AC.79/94 of 10 December 1957) submitted by the High Commissioner to his Executive Committee describes the approach taken at that time:

"15. The size of the grant which would be made from voluntary funds towards the consolidated budget of my Office for any given year should depend in principle, I believe, on the development of the administrative activities related to such funds. It may be assumed, therefore, that if there is no considerable variation in the total workload of my Office nor a significant shift affecting the administration of voluntary funds, the grant for a given financial year would be comparable to the amount fixed for the preceding year.

"16. In view of the special nature of the activities of my Office, and further of the fact that the consolidated budget estimates would have to be prepared a relatively long time before the period of actual expenditure, adjustments of budget estimates may prove to be necessary at a later stage, before or during any given financial year. In so far as requests for such adjustments would affect the amount of the grant from voluntary funds, I will seek the approval of the Executive Committee.

"17. Concerning possible savings in the consolidated budget as approved by the General Assembly, the Secretary-General would propose to the Assembly that, in the absence of major discrepancies attributable to specific causes between appropriation and expenditure, such savings should be distributed pro rata on the basis of the level of the two elements composing the total appropriation. Thus a proportionate amount of any savings which may materialize would revert to voluntary funds, and the Executive Committee would be informed accordingly. Should experience show that this arrangement is not equitable, it might be necessary to review it in future years.

"Consolidated budget for 1959

"18. If the Executive Committee agrees to the above principles, I propose to submit to the Secretary-General a consolidated budget for 1959 on the above lines. This budget will be submitted for information to the UNREF Executive Committee at its eighth regular session together with a recommendation concerning the size of the grant to be made from voluntary funds towards the total budget of my Office.

"19. On the assumption that the workload of my Office will remain of the same size as it is foreseen for 1958 and that the same balance will be kept between its various activities, the grant to be made from voluntary funds towards the 1959 consolidated budget would correspond to the amount requested in the UNREF plan of administrative expenditure for 1958 (document A/AC.79/93) submitted for approval by the UNREF Executive Committee at its present seventh session."

The Question of the Grant-in-Aid, 1959-1965

21. The administrative and budgetary arrangements instituted for 1959 were continued in subsequent years. A high level of activity financed by the flow of contributions stimulated by the World Refugee Year led to increased administrative requirements. Total administrative costs of the Office budgeted by the United Nations reached their peak in 1962, when total expenditures amounted to \$2,586,000. The highest level of grants-in-aid from voluntary funds occurred, however, in 1961 in the amount of \$682,800; in subsequent years the amount of the grant-in-aid decreased.
22. The amount of the annual grants-in-aid for the years 1960-1963 apparently was determined, as described by the Advisory Committee (A/4814, para. 300; A/5207, para. 320), "on an ad hoc basis, depending on the level of voluntary funds expected to be available for programming". The formula used in recent years has taken as its basis the estimated amount of unliquidated obligations of voluntary funds carried over into a given year, to which is added an estimate of any voluntary funds to be obligated in that year. Of this base, it was estimated that about 4.5 per cent of the total represented the costs of administering the material assistance programme in the given year, and the application of this percentage to the base determined the amount of the grant-in-aid.
23. In April 1962 during his appearance before the Advisory Committee, the High Commissioner proposed a progressive reduction and then elimination of the grant-in-aid:

"Keeping in mind the amount of grant-in-aid provided for in the past years, I am proposing to the Executive Committee of my Office that a grant-in-aid for 1963, financed by voluntary contributions, might be foreseen in the amount of \$600,000. Since the implementation of the last major aid projects would still occupy our administrative machinery, to a decreasing extent, it might still be appropriate then in 1964 and 1965 to envisage a decreasing grant-in-aid, for these years, while after the complete implementation of the major aid projects the substantially reduced activity of the High Commissioner, limited to its functioning within the direct tasks entrusted to his Office, may then be financed completely within the regular budget of the United Nations, without further grant-in-aid."

24. In transmitting the 1964 budget estimates for the Office to the Advisory Committee, the High Commissioner reviewed the problem of grant-in-aid and proposed that the grant-in-aid for 1964 be in the amount of \$350,000 and that \$100,000 would be the terminal grant in 1965. In its report on the 1964 budget estimates (A/5507), the Advisory Committee commented:

"324. While the Advisory Committee would refrain from expressing any opinion as to the justification or otherwise of this plan, it must call the attention of the General Assembly to the fact that this is indeed an ad hoc arrangement which has never been expressly sanctioned by the Assembly. If the present plan aiming at the progressive elimination of the grant-in-aid is implemented, all the administrative expenses of the Office of the High Commissioner for Refugees will soon be borne by the regular budget of the Organization."

The point was not taken up by the Fifth Committee during its consideration of the relevant estimates.

25. For 1965, the figure of \$100,000 was proposed to the estimates (A/5805) as the amount of the grant-in-aid, and the Advisory Committee again commented (A/5807):

"306. While the Advisory Committee refrained from expressing any opinion as to the justification or otherwise of this plan, it called the attention of the General Assembly to the fact that this was an ad hoc arrangement which had never been expressly sanctioned by the Assembly and if the plan aiming at the progressive elimination of the grant-in-aid was implemented, all the administrative expenses of the Office of the High Commissioner for Refugees would soon be borne by the regular budget of the Organization.

"307. In the estimates for 1965, the Secretary-General states that continued progress has been made in bringing to completion the major aid programmes, and that every effort will be made to complete these projects by the end of 1965.

"308. While there has been this continuing reduction in the major aid programmes, there has at the same time been a substantial increase in the complementary assistance programmes. It would, therefore, appear that the major aid programme is being replaced by the complementary assistance programmes. An apparent result of this is the proposal to maintain the number of established posts at the approved 1964 level, whereas the Committee was informed last year that a reduction in the number of authorized posts was anticipated in 1965.

"309. It would, therefore, seem logical that, if the complementary assistance programme is in fact replacing to an ever-increasing degree the major aid programmes, these amounts should be taken into consideration in determining the amount of the subvention for the grant-in-aid for administrative costs, which in the past have approximated some 4.5 per cent of the total major aid projects."

26. The Committee went on to propose that the grant-in-aid for 1965 be determined on the same basis as in recent years and suggested that it should be \$150,000 instead of the \$100,000 recommended by the High Commissioner. The Committee concluded that by pointing out that "This is still a temporary measure and that the question of principle remains to be decided." Owing to the special circumstances surrounding the nineteenth session of the General Assembly, there was no opportunity to take up the question.

27. The problem of the grant-in-aid was raised at the twelfth session of the Executive Committee of the High Commissioner's Programme (October 1964). The Committee had before it a note (A/AC.96/253) submitted by the High Commissioner which summarized his proposals regarding the grant-in-aid, reproduced the Advisory Committee's comments on the 1965 estimate, and reviewed the position of the High Commissioner on the grant-in-aid.

28. In the discussion, the United Kingdom representative proposed that the High Commissioner approach the United Nations authorities with a proposal that all former UNREF posts incorporated in the administrative budget in 1958 [sic] and still required on a continuing basis be included in the post establishment, for which no grant-in-aid would be made after 1965. Temporary positions would be met by a grant-in-aid until they were either abolished or incorporated in the regular establishment. With respect to the grant-in-aid for 1965, the United Kingdom representative noted that if the formula previously used were continued, the amount of the grant-in-aid for 1965 should be no less than \$350,000 since the operational programme for 1965 would be approximately \$8 to \$9 million.

29. The Committee decided to request the High Commissioner:

(a) to take urgent action in 1965 to ensure that such of the posts transferred in 1958 from the UNREF programme as can be justified on a continuing basis by the current programme of complementary assistance are authorized as part of his regular establishment provided by section 20 of the United Nations budget;

(b) to arrange that the costs of such former UNREF posts as are not foreseen as part of the continuing establishment are covered by a grant-in-aid until the post is either abolished or absorbed into the continuing establishment;

(c) to make such provision as may be necessary in 1965 to cover the cost of the grant-in-aid as indicated in (b) above, in the amount of up to \$150,000 and to report to the Committee if this sum should prove insufficient.

Noting that the current review was in progress, the 1966 budget estimates (A/6005), provisionally provided for a grant-in-aid at the same level as recommended by the Advisory Committee for 1965 - \$150,000.
