

Identifying needs and funding programmes

The planning process

The High Commissioner's Global Strategic Objectives for 2007-2009, together with their priority performance targets, are the point of departure for UNHCR's programme planning and budgeting cycle. The Regional Bureaux then formulate regional objectives and targets around them, before they are further elaborated at the country level.

This exercise, together with comprehensive needs assessments carried out in conjunction with key partners (host governments, operational partners, implementing partners and the beneficiaries themselves),

forms the basis of UNHCR's programme planning and budgeting. UNHCR's standards and indicators (see box below) are used in this process to provide the baseline and set the operational priorities for the planning year.

Experience shows that the most effective and innovative plans are those in which all those involved contribute their ideas, offer their analysis and help set operational priorities and objectives. To this end, UNHCR works closely, during the planning cycle, with representatives of refugees and others of concern, as well as with donors, implementing and operational partners, UN agencies and government counterparts.

Standards and indicators

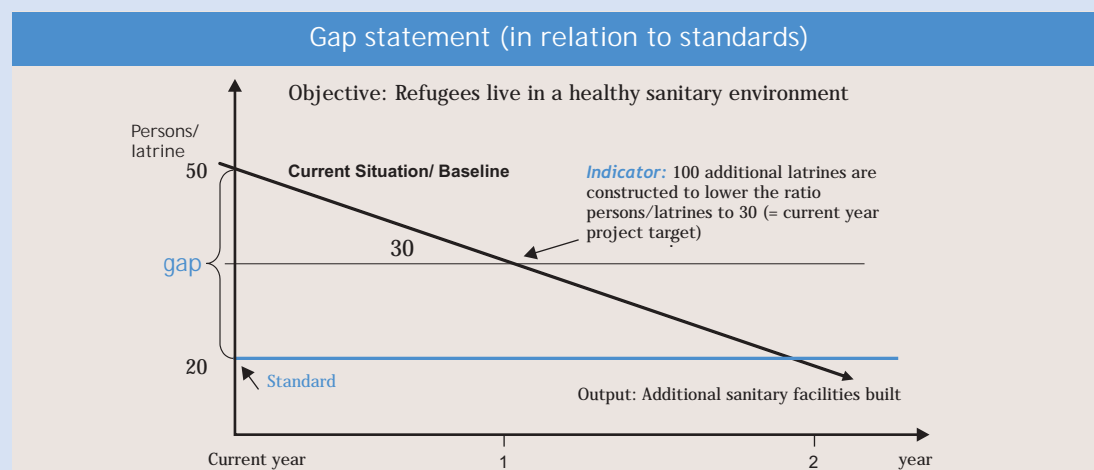
The Standards and Indicators Initiative was launched in 2002 to improve the Office's assessment, planning, reporting, monitoring and evaluation capacity in a global and comprehensive manner.

A core set of "readily-quantifiable" standards and indicators was issued in October 2003 as well as a *Camp Indicators Report* to capture data related to the core indicators. In January 2004, the first draft of the *Practical Guide to the Systematic Use of Standards and Indicators in UNHCR Operations* was published.

To cover operations outside camp settings, namely those related to urban and returnee areas, UNHCR produced an additional list of indicators. The 2006 *Standards and Indicators Report* provides information on 111 camp situations, 107 countries with urban refugees and 13 reintegration operations.

Standards and indicators are of fundamental importance at all stages of the programming process. The first step is to assess the operational situation or measure a baseline. Indicators assist in determining the core problems and their underlying causes, as well as in assessing the gap between current and desired conditions. This gap analysis is thus used to define the priorities for the planning period.

The figure below illustrates how indicators are used to establish the desired level of quality. They also play a crucial role in monitoring progress in terms of quality, time and cost. Similarly, in the evaluation phase, the impact is assessed in relation to the standards or operational objectives set in advance.



Participatory assessments are now the norm in the planning and implementation of operations. For the 2007 Annual Programme Budget, UNHCR field managers were instructed to work with partners to carry out a comprehensive assessment of refugees' needs. This inclusive planning process allows greater transparency in priority setting.

In the majority of cases, the budget proposed by UNHCR is much less than the identified needs. UNHCR's focus is on the most urgent priorities, with the coordinated contributions of other actors equally necessary in protecting and assisting refugees and others of concern. By avoiding the duplication of efforts, the planning process enables the international community to maximize the impact of available resources.

During the 2007 planning process, inter-agency country teams identified overall needs for refugees and others of concern for some USD 3 billion. Figure 1 illustrates the global needs, as well as UNHCR's initial submissions in relation to those global needs, which amounted to USD 1.13 billion. Figure 1 also indicates the portion addressed by other actors, as well as unmet needs.

The 2007 programme and budget submissions were reviewed by the Regional Bureaux and technical support units based on experience with similar types of operations, numbers of refugees and others of concern, per capita costs, staffing levels and field presence. Submissions from headquarters departments were assessed taking into account the need to reduce staffing levels and budgets overall. A consultative process then took place with all relevant functional units during the Annual Programme Review. Donors were consulted at a two-day session at the end of May 2006. After this extensive review process, UNHCR presented an Annual Programme Budget of USD 1,042,926,300, which

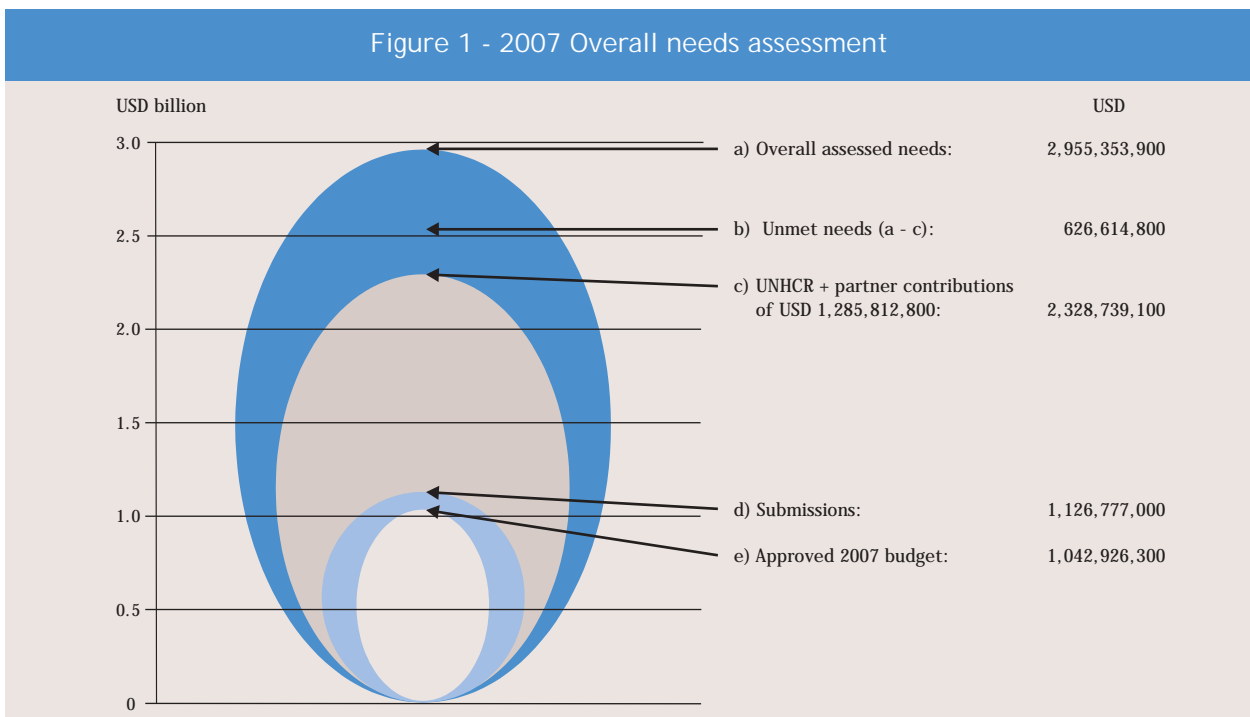
represents the best possible alignment of UNHCR's resources and activities with the Global Strategic Objectives. The Annual Programme Budget was approved by the Executive Committee (ExCom) at its October 2006 session. In proposing a budget at this level, the High Commissioner has sought to strike a balance between known needs and the likely availability of funds (see box). This "fundable" budget is based on expected income and expenditures. It does not, however, reflect any cost savings related to the structural and management change process now under way.

The "fundable" budget

A 20 per cent cap on the 2006 ExCom-approved Annual Programme Budget was introduced in late 2005 on all programme budgets (including the Operational Reserve Category I) and non-staff administrative budgets. This decision was based on the estimation of the likely availability of funds. Subsequently, the Operational Reserve Category I was further capped by USD 20 million, and an additional USD 20 million in targeted budgetary reductions were identified during the year, half of them at Headquarters. Managers were requested to plan their operations and administrative budgets based on 80 per cent of the approved budget.

Historically UNHCR has received contributions at roughly 80 per cent of its Annual Programme Budget. This gap widened considerably in 2005. This was due in part to unanticipated US dollar fluctuations and the resulting exchange loss. In 2006, the budget required intense financial management to ensure financial stability. In light of this trend the High Commissioner proposed a "fundable" budget for 2007, based on austerity measures implemented in 2006 and the expected levels of financial support from donors in 2007.

Figure 1 - 2007 Overall needs assessment



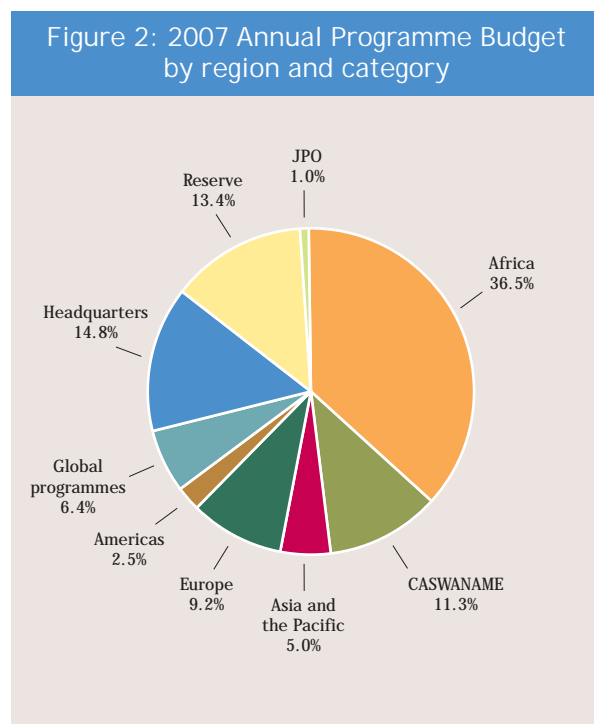
Inter-agency programming: the consolidated appeals process

Meeting humanitarian needs in complex emergencies goes beyond the capacity of any single agency. To better respond, UN agencies and other members of the Inter-Agency Standing Committee (IASC) are now working closely together. At the country level, the UN Humanitarian Coordinator leads a process that develops a common humanitarian action plan for a country or region affected by a crisis. This specifies the roles and responsibilities of each participating agency and usually leads to the issuing of a consolidated appeal, which sets out the overall approach and activities of each agency to address the most urgent needs.

UNHCR is an active participant in the consolidated appeals process (CAP) and will present its requirements in ten of the 11 consolidated appeals now planned for 2007. The same approach is followed for the Sudan Work Plan, the DRC Action Plan and other common strategy tools.

Overview of 2007 requirements

UNHCR's Annual Programme Budget for 2007 is USD 1,042,926,300. This represents a decrease of some nine per cent compared to the 2006 Annual Programme Budget. A breakdown of the 2007 Annual Programme Budget by region is shown in figure 2 below. Africa has the biggest requirements (37%), followed by Headquarters (15%) and CASWANAME (11%).



The decrease in the budget results in a large part from the completion of a number of repatriation projects and the scaling down of related assistance in camps, as well as from the end of reintegration programmes in a number of countries of origin.

The budget for 2007 includes an operational reserve that amounts to USD 89.4 million (representing 10 per cent of programmed activities). The operational reserve is intended to meet additional requirements that may arise due to emergencies and other unforeseen developments.

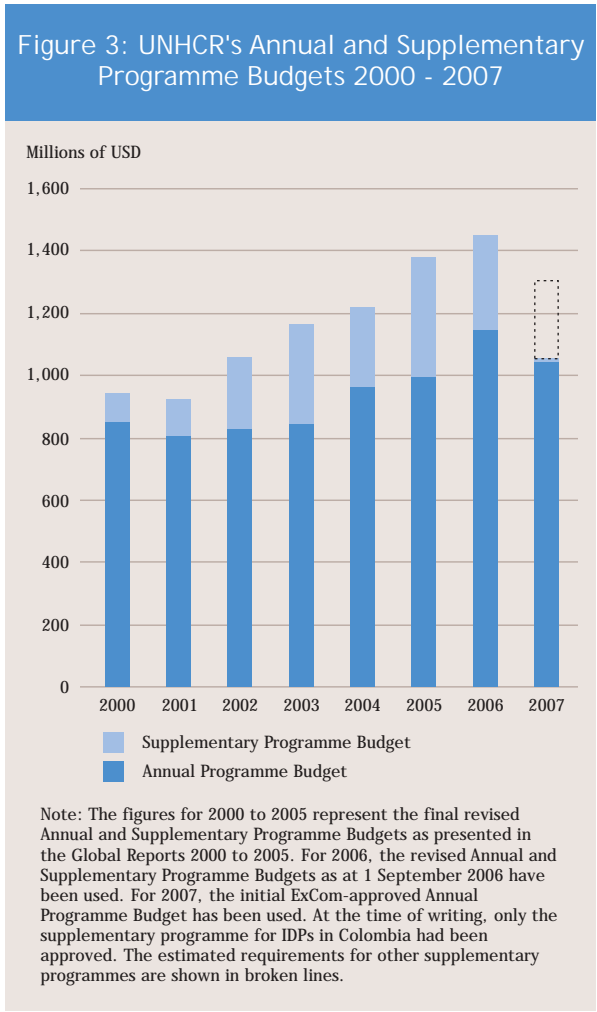
In 2007, a new budget line of USD 50 million, entitled New or additional activities – mandate-related, has been established to provide budgetary authority for activities not included in the approved Annual Programme Budget but which are consistent with the mandate of the Office. Presented in previous years as Operational Reserve Category II, proposals for these activities originate from donors and are resourced by them through additional contributions. Also included in the total requirements are provisions for Junior Professional Officers for USD 10 million and a United Nations Regular Budget contribution of USD 34.4 million, for administrative expenditures (posts and related costs in Headquarters).

In addition to its annual programme, UNHCR will, as in previous years, establish supplementary programmes in 2007. Supplementary programmes anticipated in 2007 include repatriation and reintegration of Sudanese and Congolese refugees; relief operations in Darfur and Iraq; the Western Sahara Confidence-Building Measures; and IDP programmes in Chad, Liberia, Uganda, the Democratic Republic of the Congo, Colombia and Somalia. With the exception of Colombia (USD 13.3 million), requirements for these supplementary programmes had not been approved by UNHCR's Operations Review Board at the time of going to print, and will be subject to specific supplementary appeals. Eight of these programmes are also included in CAPs and other inter-agency documents.

UNHCR incurs a large proportion of its expenditures in currencies other than the US dollar, and relies almost exclusively on voluntary contributions in a range of currencies. For 2007, rather than basing the budget rate on the March 2006 UN rate of exchange, UNHCR has determined the 2007 budget rate based on an average foreign exchange rate over the last two fiscal years, 2004 and 2005, for two major currencies impacting the UNHCR budget: the US dollar versus the euro, and the US dollar versus the Swiss franc. The aim is to even out the effects of foreign exchange movements on the annual budget planning process.

While UNHCR's annual and supplementary budgets have increased in nominal terms from USD 940 million

in 2000 to an estimated USD 1.3 billion in 2007 (figure 3), in real terms the increase has been less significant, as indicated in figure 4.



government and private donors. Besides financial contributions, an invaluable direct contribution is made by countries hosting refugees. Despite the dependence on voluntary contributions, UNHCR's donor base is quite narrow, with ten donors providing about 80 per cent of the contributions in 2005. See figure 5 for contributions to UNHCR by top donors.

There is never a guarantee that programmes will be funded. Early assurance of the volume of available funds is crucial for the sustainability of planned activities and avoids implementation delays. Predictability and timeliness of contributions is crucial both for UNHCR's and its partners' credibility in delivering on their new commitments. Contributions with minimum restrictions allow UNHCR to direct funds where they are most needed, particularly ensuring that less visible or 'forgotten' programmes receive sufficient financial support.

Ensuring predictability and expanding UNHCR's governmental funding base is a key objective for 2007 – 2009. The goal is to increase contributions from traditional and non-traditional donors; raise the allocation from the UN Regular Budget; access UN pooled funds more effectively (see box); access the resources of intergovernmental donors; raise complementary funding for activities aimed at durable solutions; support and carry out fund raising at the field level; and increase funding from private sources.

UNHCR has developed a strategy with a "stretch" goal of raising some USD 100 million a year from private sources by 2010. A new monthly giving initiative in support of UNHCR's Emergency Response Team, launched at the end of 2006 with the support of Goodwill Ambassador Angelina Jolie, is designed to substantially increase individual contributions.

In addition, a new regional approach to fund raising from private sources will be launched in January 2007, with experts positioned in the Americas, Asia, Australasia and Europe. Partnerships with the corporate sector will continue in 2007.

Fund raising

With the exception of the UN Regular Budget contribution of USD 34.4 million, which amounts to some 3 per cent of the Annual Programme Budget in 2007, UNHCR is completely dependent on voluntary contributions from

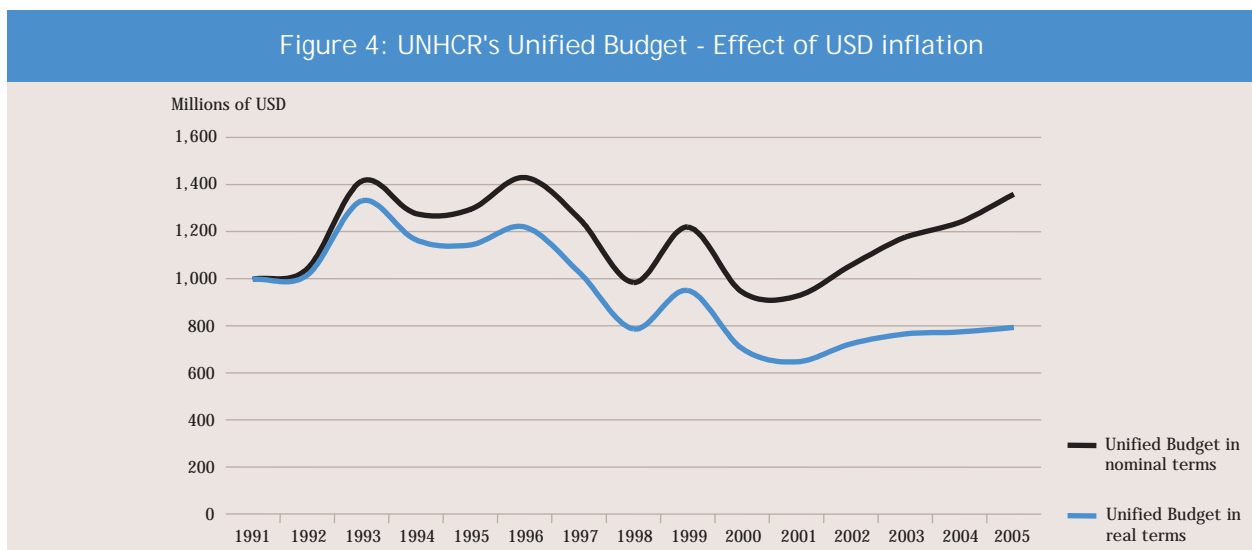
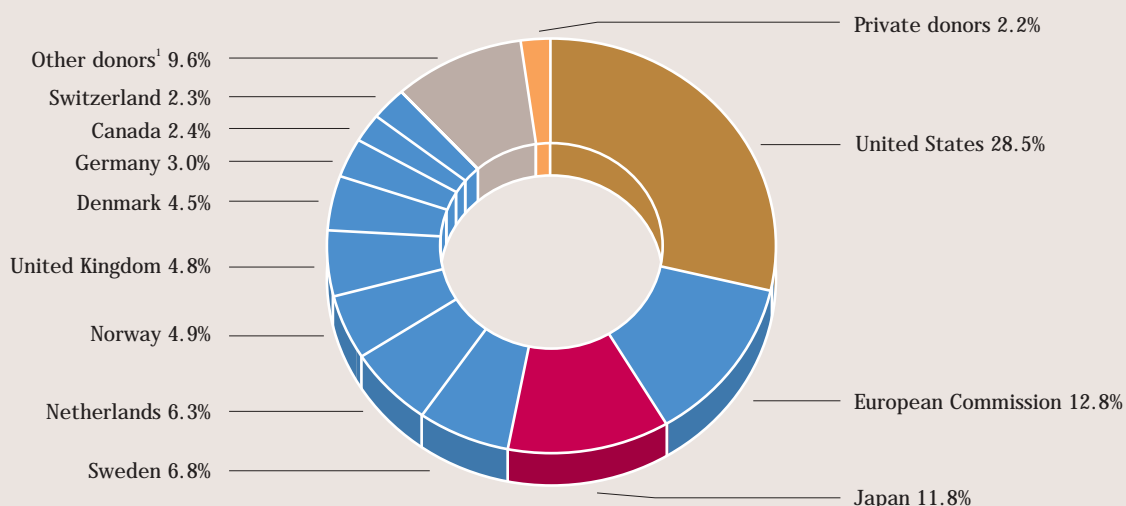


Figure 5: Top donors 1990 - 2005



¹ Includes governmental, intergovernmental and UN donors.

Pooled funding mechanisms

Pooled funding mechanisms provide a new channel to fund humanitarian activities. The Common Humanitarian Fund in Sudan, the Pooled Fund in the Democratic Republic of the Congo (DRC) and the Central Emergency Response Fund (CERF) are fully functional, and relief agencies, including UNHCR, are now implementing humanitarian programmes funded by these mechanisms.

Funding decisions are driven by needs prioritized at the field level among members of the UN Country Team, led by the Humanitarian Coordinator.

Launched by the Emergency Relief Coordinator in March 2006, the upgraded CERF is intended to respond to core life-saving needs of victims of natural disasters and armed conflict. Its focus is new emergencies and chronically under-funded crises. It has a target of USD 500 million, made up of a grant facility of USD 450 million and a loan facility of 50 million. By the end of October 2006, donors had contributed some USD 273 million. Of that total, some USD 173 million had been allocated to different agencies, mainly for projects in Africa.

As at 31 October 2006, UNHCR had received USD 13.8 million from the Common Humanitarian Fund in Sudan, USD 5.8 million from the Pooled Fund in the DRC and USD 21 million from the CERF. These new funding mechanisms have supported UNHCR's repatriation operations in Sudan and the DRC; protection of internally displaced people in Darfur; new emergencies in Sri Lanka and Timor-Leste; the influx of Somali refugees in Kenya; and a number of chronically under-funded refugee and returnee operations in the Republic of the Congo, the Central African Republic, Ethiopia and Zambia.

Total financial requirements (USD)				
Operations / activities	2006	2007		
	AB	AB	SB	Total
Central Africa and the Great Lakes	190,158,104	151,978,569	0	151,978,569
East and Horn Africa	99,206,822	97,834,712	0	97,834,712
West Africa	103,900,704	85,976,603	0	85,976,603
Southern Africa	56,157,104	45,384,821	0	45,384,821
North Africa	7,485,097	7,480,107	0	7,480,107
The Middle East	21,519,221	20,776,211	0	20,776,211
South-West Asia	101,306,261	84,448,951	0	84,448,951
Central Asia	6,743,543	5,003,019	0	5,003,019
South Asia	22,642,389	20,635,717	0	20,635,717
East Asia and the Pacific	31,205,144	31,734,016	0	31,734,016
Eastern Europe	29,943,578	27,082,012	0	27,082,012
South-Eastern Europe	45,141,536	36,833,522	0	36,833,522
Central Europe and the Baltic States	15,729,025	13,472,800	0	13,472,800
Western Europe	19,343,787	18,103,139	0	18,103,139
North America and the Caribbean	8,508,826	8,643,913	0	8,643,913
Latin America	24,767,502	17,556,385	13,255,230	30,811,615
Global programmes	59,662,773	66,336,786	0	66,336,786
Headquarters ¹	167,552,310	154,288,089	0	154,288,089
Total programmed activities	1,010,973,726	893,569,371	13,255,230	906,824,601
Operational Reserve Category I	75,823,274	89,356,929	0	89,356,929
Operational Reserve Category II	50,000,000	0	0	0
Total annual and supplementary programmes	1,136,797,000	982,926,300	13,255,230	996,181,530
New or additional activities - mandate-related	0	50,000,000	0	50,000,000
Junior Professional Officers	8,500,000	10,000,000	0	10,000,000
TOTAL REQUIREMENTS	1,145,297,000	1,042,926,300	13,255,230	1,056,181,530

¹ Includes allocations of USD 32,873,515 (2006) and USD 34,431,685 (2007) from the UN Regular Budget.