

Funding and Budget

Despite the fact that the international community has entrusted UNHCR with a specific mandate, no effective procedure or regulations exist to ensure that the High Commissioner receives the financial resources needed to implement that mandate. UNHCR is dependent for 98 per cent of its funding on voluntary contributions from governments and other donors such as foundations, corporations and the public at large. Only two per cent is contributed by the UN Regular Budget and this amount (USD 19.2 million in 2001) covers some 200 administrative posts in Headquarters. This situation has resulted in the anomaly that whereas the international community may authorise or request the High Commissioner to undertake specific programmes, there is no guarantee, and even less an obligation, that such approved programmes receive the necessary funds. For the past 3-4 years, the Annual Budget submitted by the High Commissioner to, and accepted by, UNHCR's Executive Committee, has required one or more downward revision in the course of the year on the basis of projected funding shortfalls.

Shortly after taking up his functions on 1 January 2001, the High Commissioner launched a major internal organisational review to reconcile the 2001 Budget approved by the Executive Committee in October 2000 and the projected income for the year. The review, called Actions 1, 2 and 3, comprised three inter-linked components.

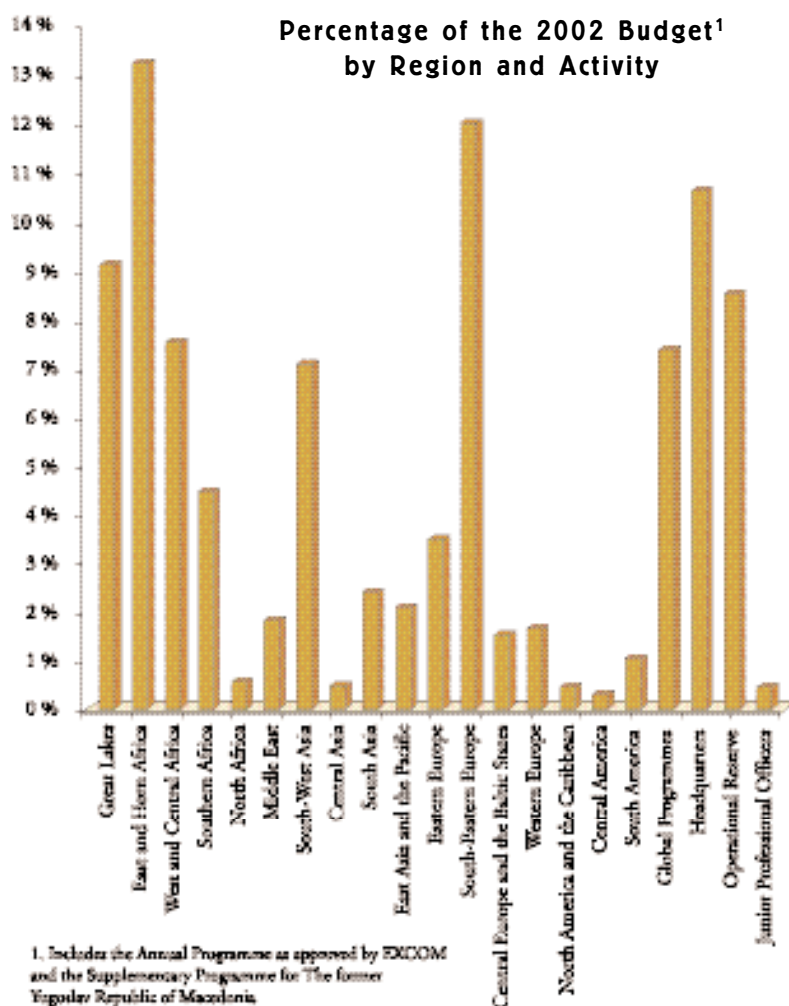
Action 1 defined UNHCR's core activities, focussing on international protection, examining the Office's assistance and emergency response capacity, the role of UNHCR's staff in carrying out the Office's mission, in co-ordination, and in reaching out to other partners.

Action 2 addressed, on the basis of the priorities established in Action 1, how best UNHCR could operate within the projected income for 2001. This exercise resulted in an early downward revision of the 2001 budget by approximately 10 per cent.

Action 3 addresses fundraising in the broadest sense; reviewing adequate funding mechanisms for a global multilateral organisation, focussing on the weight and potential of traditional and other donors; considering partnerships for undertaking activities of direct or indirect concern to UNHCR; and addressing the immediate problem of funding the Office's programmes in 2001 and 2002.

THE 2002 BUDGET

Actions 1 and 2 also provided the elements for establishing the target for the 2002 budget, which was set at USD 828.6 million for the Annual Programme (AB) (including USD 19.9 million from the UN Regular Budget and USD 7 million for the Junior Professional Officer scheme). The Executive Committee



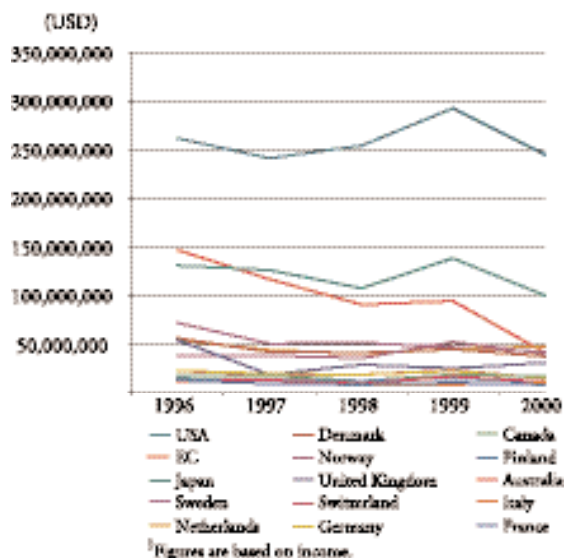
approved the budget in October 2001. Since then, one Supplementary Programme (SB) has been created, for The former Yugoslav Republic of Macedonia (USD 14.6 million), and this Global Appeal therefore comprises a total of USD 843.2 million. The needs reflect the situation at the time of writing and any further requirements which may arise after the publication of the Global Appeal, and which cannot be covered from the Operational Reserve, will be communicated separately to donors and other interested parties in an Addendum to this Appeal or otherwise. Additional requirements may include the response in 2002 to the Afghan crisis, where the rapidly changing situation will require a later finalisation of next year's operational activities.

DONORS AND THE "QUALITY" OF FUNDING

The 2002 budget presented in this document, in the words of the High Commissioner, is "...the minimum acceptable budget for a credible Office given the current scope of activities". However, the needs of refugees are vastly greater and UNHCR has set as a priority to increase donor support. Of the total contributions received in 2000, only 15 donors (14 governments and the European Commission) contributed 95 per cent. This funding base is uncomfortably narrow and renders UNHCR vulnerable to serious shortfalls and programme cuts when as little as one donor reduces its support.

The High Commissioner has launched several initiatives and suggestions for alternative approaches to ensure that the budget, which is approved by the Executive Committee, is also fully funded and, more generally, to increase the overall level of UNHCR's funding. These include that donors announce "soft" commitments at the time of the Executive Committee; promoting that countries include normative elements (such as

**Trends in Voluntary Contributions¹
(1996-2000) Top 15 Donors**



52nd session of UNHCR's Executive Committee. *UNHCR/S. Hopper*



their GDP rating or the size of their population) when deciding the level of their financial support to UNHCR; accessing funds from development aid budgets for UNHCR programmes with a “development angle”, building closer links with parliamentarians and other parties having an influence on contributions, and a more public positioning of the Office on questions of funding.

Although the long term effect of such approaches can only be measured in the coming years, some positive results are already visible, including earlier commitments, greater flexibility and predictability, and statements in the Executive Committee recognising UNHCR’s legitimate expectation of a closer match between the approved budget and its funding. Some governments are earmarking their contributions less narrowly while others are moving gradually to “programme funding” and away from “project funding”. Several donors are active participants in UNHCR’s annual strategic planning at the field level for the following year’s programme and budget. At the same time, however, some donors’ requirements still appear to view UNHCR as an implementing partner rather than a global multilateral agency with a universal mandate. Flexible and broad earmarking allows UNHCR to use its financial resources efficiently, and to redirect funds when new needs arise, thereby providing the quick response expected by governments, the general public and the refugees. Tight earmarking, on the other hand, limits UNHCR’s independence and weakens its co-ordinating role. In complex emergencies, where it has been decided to produce Consolidated Interagency Appeals (CAP), UNHCR programmes and budgets are included, where relevant, in the respective CAPs. UNHCR is an active member of the Country Team in CAP countries, and participates under the leadership of the Humanitarian Co-ordinator in interagency responses. UNHCR strongly believes in and supports the process of country-based interagency strategy formulation, which lies at the heart of consolidated appeals.

The intense focus on the quantity and quality of the financial support, which UNHCR seeks to carry out its mandate, is understandable in the context of this Global Appeal. This should not overlook the fact that many other contributions to the cause of refugees receive little attention and are often, unfairly, taken for granted. Contributions made by refugee-hosting countries in the form of land, governmental administrative services, policing, health care, scarce resources such as water and fire wood, and other contributions are difficult to quantify while deserving to be acknowledged.

CONTRIBUTIONS IN KIND

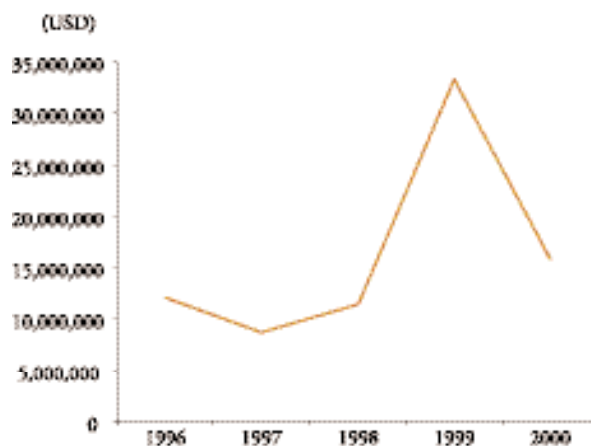
Contributions in kind take the form of goods or services (such as tents, seeds, transportation, or specialised personnel) and complement UNHCR’s resources especially when a fast or par-

ticularly important response is required. These contributions must be appropriate to the situation. Further, there must be a clear understanding between the donor and UNHCR of procedures that will allow maximum benefit to flow from the donor’s contribution. UNHCR’s guidelines on making contributions in kind have been distributed to donors. (Copies may be obtained from the Donor Relations and Resource Mobilisation Service).

THE PRIVATE SECTOR

With the creation of a professional dedicated service for the private sector, efforts for raising funds from the public at large, corporations, foundations and NGOs are moving ahead and showing some promising results. As with governmental donors, building trust and partnership, and delivering the right “product”, are crucial basic ingredients which show substantial returns only in the mid to long term. Contribution, both financial and promotional, by individuals, such as actress Angelina Jolie, UNHCR’s Goodwill Ambassador, who relate to important sectors of the public, are another side of the varied support that UNHCR seeks to pursue its mandate. (See Chapters Headquarters and Global Programmes for more details on UNHCR’s 2002 plans in the private sector and in public affairs.)

Trends in Contributions from Non-Governmental Donors (1996-2000)



THE OPERATIONAL RESERVE

The Operational Reserve is set at 10 per cent of programmed activities and forms part of the 2002 funding target. In 2002, it amounts to USD 72.9 million. The Operational Reserve permits the High Commissioner to:

- provide assistance to refugees, returnees and displaced people in emergency situations for which there is no provision in the programmes approved by the Executive Committee;
- fund administrative expenditure related to emergencies that cannot be covered by the Annual Programme or Supplementary Programmes;
- fund the planning of repatriation in the country of asylum, as well as activities in the country of origin (e.g. initial reintegration costs);
- cover unexpected increases in the cost of projects financed from the current or previous years' Annual Programme or from an Operational reserve allocation made in current or previous years to cover an emergency;
- meet the cost of modifications to current year projects under the Annual Programme;
- increase existing allocations to meet needs resulting from a new influx of refugees belonging to a group already receiving assistance under the current year's Annual Programme; or
- increase, with the Executive Committee's approval, the Fund for International Field Staff Housing and Basic Amenities.

The High Commissioner may make transfers of appropriations from the Operational Reserve to other parts of the Annual Programme and may make a temporary allocation to a Supplementary Programme for the above purposes, provided that allocations do not exceed USD 10 million for any one programme.

TOTAL FINANCIAL REQUIREMENTS (USD)

Operations/Activities	Annual Programme	Supplementary Programme	Total
Great Lakes	77,900,047	0	77,900,047
East and Horn Africa	111,186,372	0	111,186,372
West and Central Africa	65,891,254	0	65,891,254
Southern Africa	39,705,516	0	39,705,516
North Africa	7,113,254	0	7,113,254
The Middle East	16,573,795	0	16,573,795
South-West Asia	59,819,197	0	59,819,197
Central Asia	6,797,099	0	6,797,099
South Asia	21,500,175	0	21,760,403
East Asia and the Pacific	18,249,171	0	17,988,943
Eastern Europe	30,828,297	0	30,828,297
South-Eastern Europe	88,131,759	14,,584,636	102,716,395
Central Europe and the Baltic States	13,351,484	0	13,351,484
Western Europe	14,297,906	0	14,297,906
North America and the Caribbean	6,311,279	0	6,311,279
Central America	4,588,232	0	4,588,232
South America	11,971,409	0	11,971,409
Global Programmes	63,154,200	0	63,154,200
Headquarters ¹	91,323,300	0	91,323,300
Total Programmed Activities	748,693,746	14,584,636	763,278,382
Operational Reserve	72,880,300	0	72,880,300
Junior Professional Officers	7,000,000	0	7,000,000
Grand Total	828,574,046	14,584,636	843,158,682

¹ Includes an allocation of USD 19,891,000 from the UN Regular Budget.