

# 77<sup>th</sup> meeting SC / March 2020

## UNHCR's RESERVES OR and NAM

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Division of Financial and Administrative Management

Standing Committee  
March 2020



# Summary of CRP. 5

- Presents an analysis of how reserves (OR) and NAM have been used in the last years
- Proposes amendments to UNHCR's FRs on OR and NAM
- Introduces a draft decision on changing the FRs for consideration by SC and further endorsement by EXCOM

# BACKGROUND AND ANALYSIS

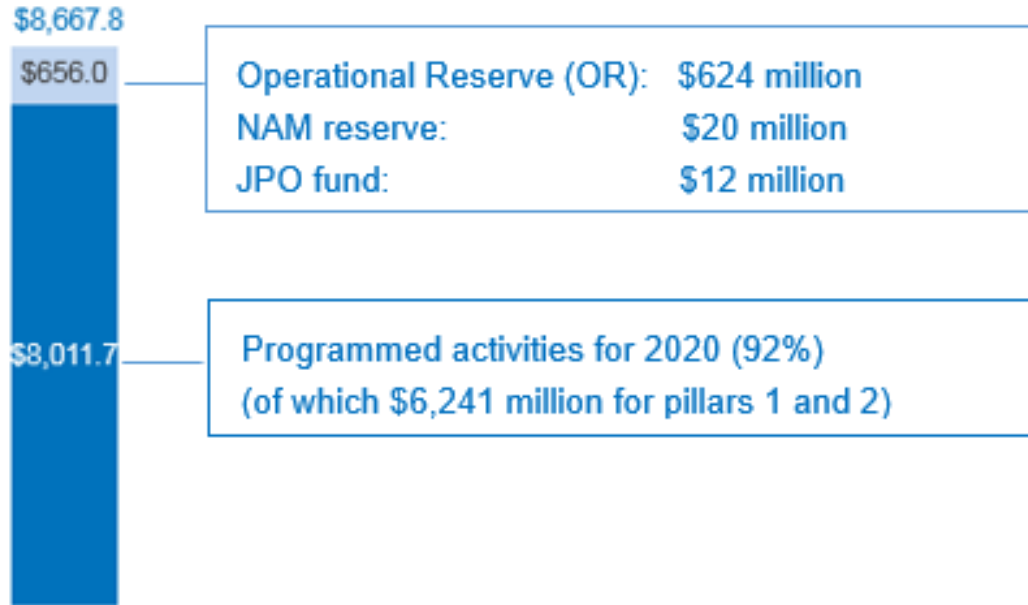
# UNHCR FRs – OR - current text

- **Rule 6.11** “An Operational Reserve shall be constituted at an amount equivalent to 10 per cent of the proposed programmed activities in the Annual Programme Budget being submitted for approval. The Operational Reserve shall be maintained at not less than \$10 million by replenishments from the Working Capital and Guarantee Fund.”
- **Rule 6.12** “The High Commissioner may make transfers of appropriations from the Operational Reserve to other parts of the Annual Budget for the purposes set out in Article 6.10 provided that the amount made available for any one programme or project shall not exceed \$10 million in any one financial period.”

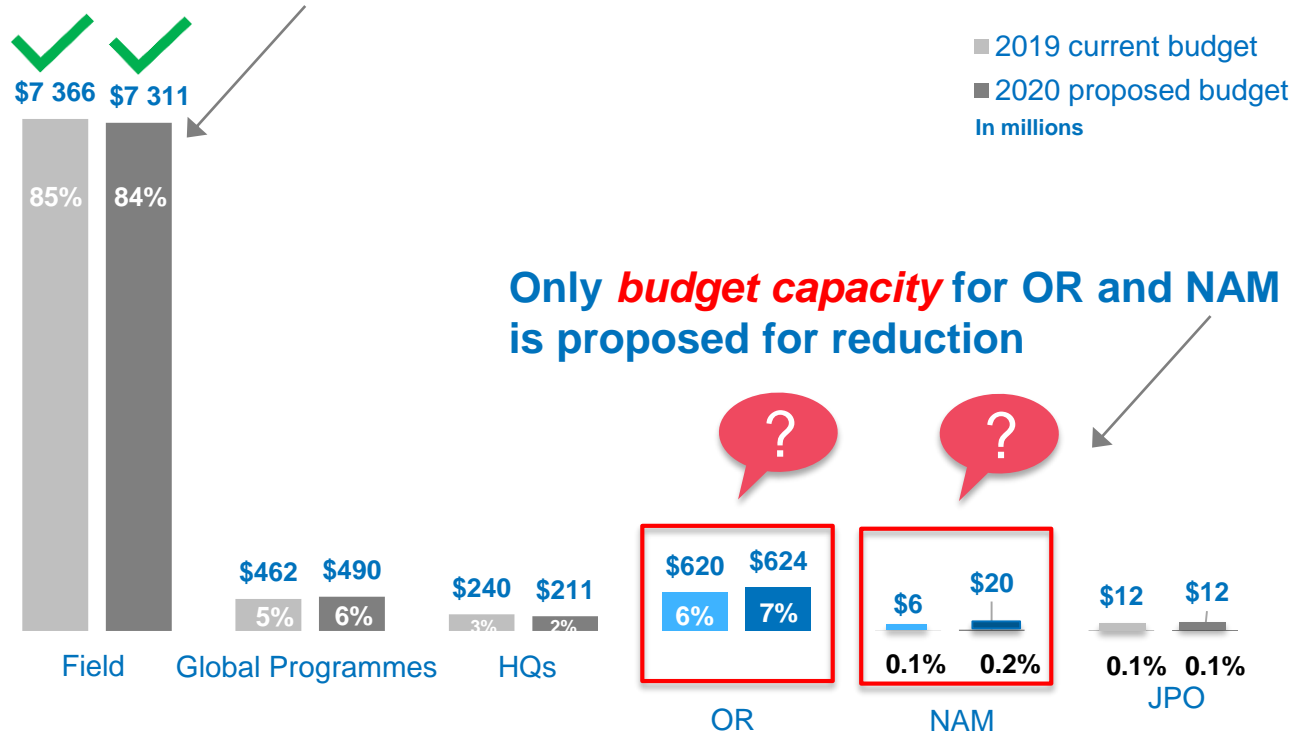
# UNHCR FRs – NAM - current text

- **Rule 6.17** - “The New or Additional Activities – Mandate-related Reserve is established to provide UNHCR with the budgetary capacity to accommodate unbudgeted activities which are consistent with the activities and strategies in the approved Annual Programme Budget and with the Mandate of the Office.”
- **Rule 6.18** - ”The New or Additional Activities – Mandate-related Reserve shall be constituted at \$50 million for each financial period of the Biennial Programme Budget, or at a different level if so decided by the Executive Committee.”

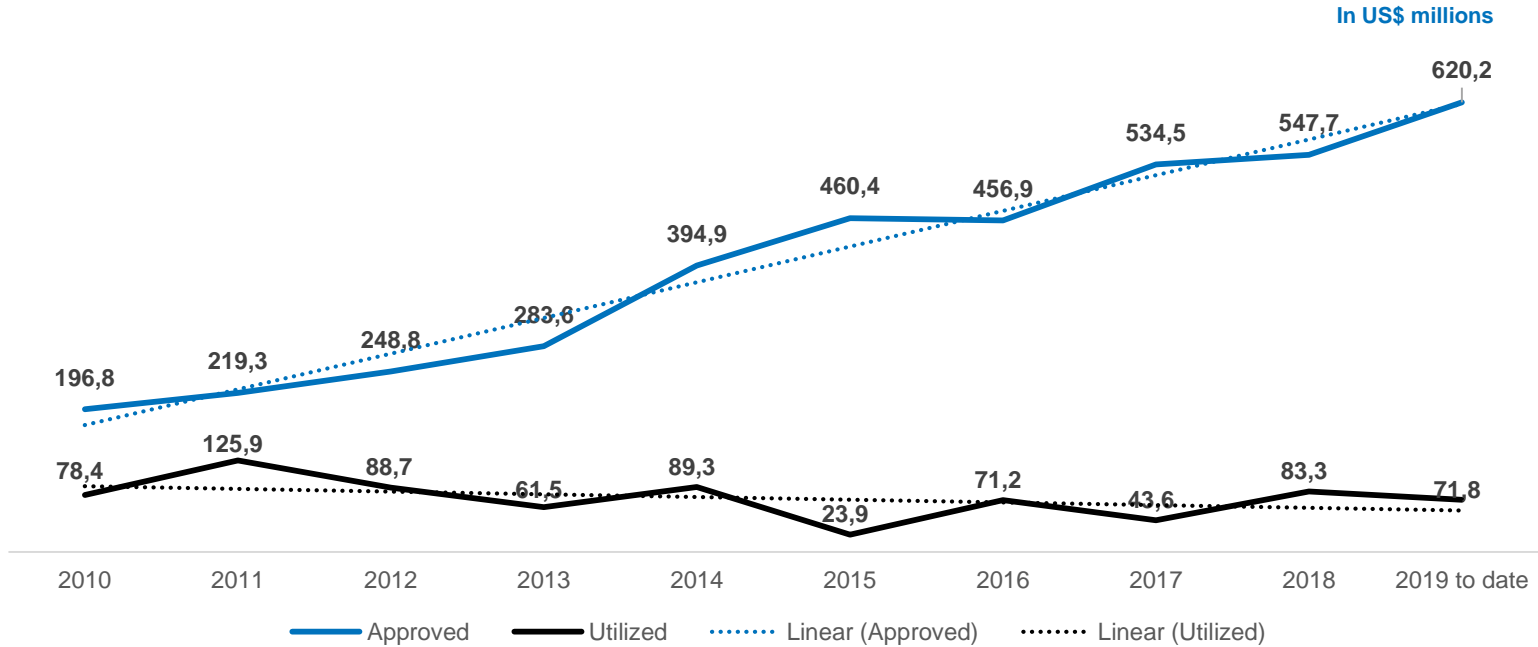
# Programme Budget for 2020



# Budget of country operations will not be affected (✓) by changes in the level of OR/NAM

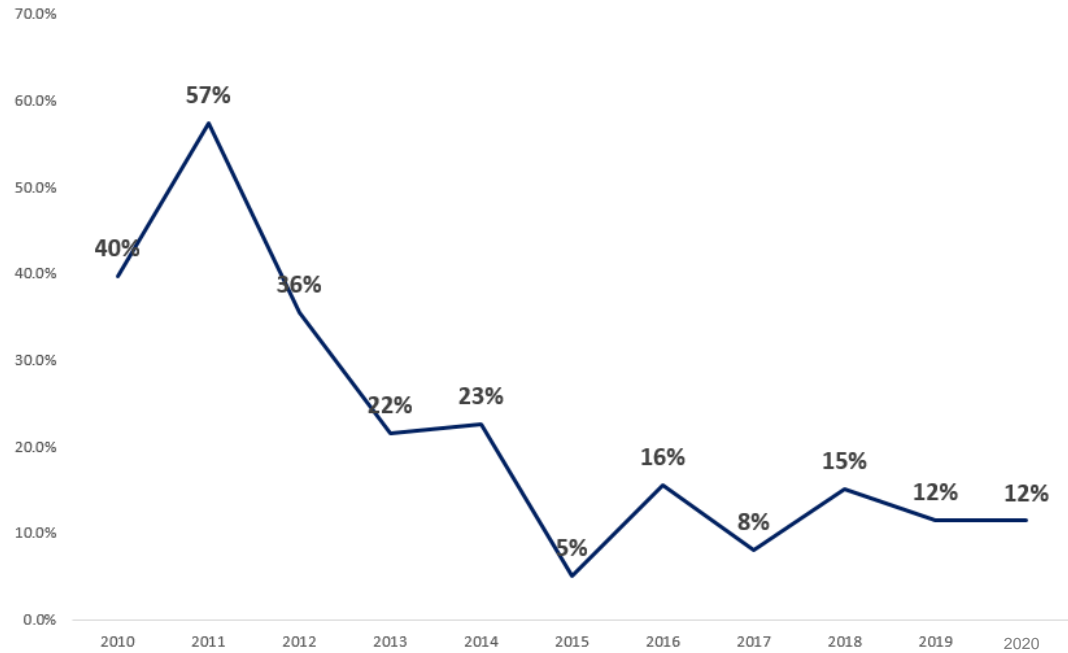


# Approved Levels of OR and Utilization



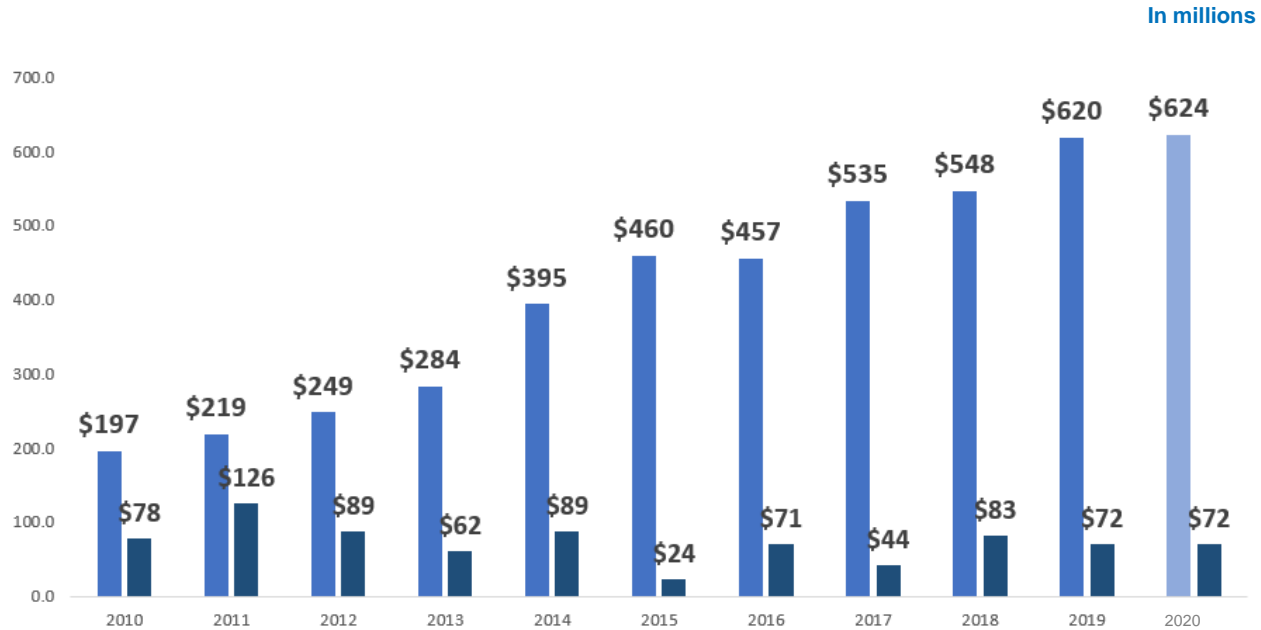


# Utilization as % (OR)



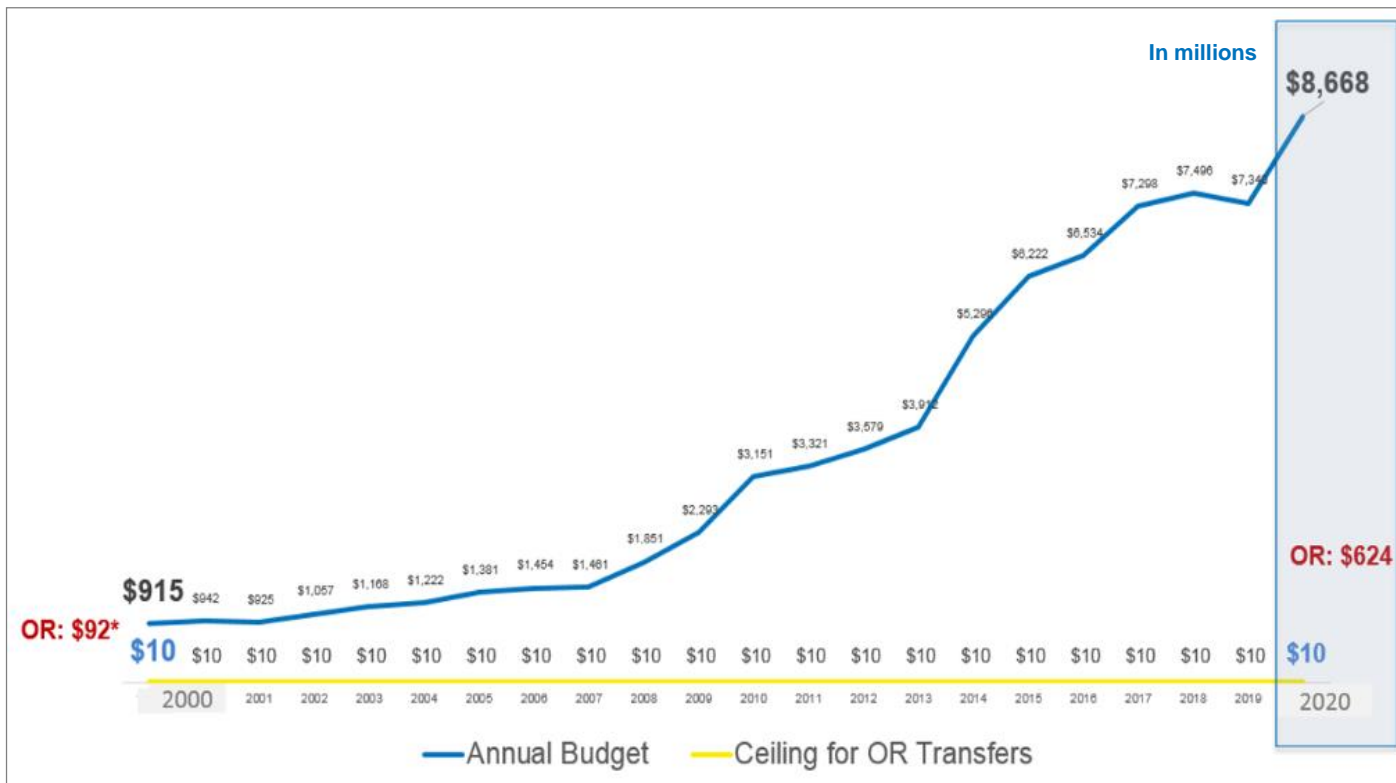
\*Estimate

# Level of Utilization (OR)



\*Estimate

# Operational reserve limits-financial rules for 20 Years



# Conclusions and Recommendations

- The budget space taken by OR could be reduced to reflect more realistically the level of utilization of such reserve;
- The limit permitted for transfers out of OR towards programmes can be increased to allow more flexibility at operational level and to avoid issuing additional SBs;
- NAM could be abolished as the purposes served by this type of reserve can be addressed by other mechanisms (OR or SBs);

# Proposed Changes to Financial Rules - OR

It is proposed to change the financial rule along the lines:

- Financial rule 6.11 is amended to calculate the **OR as 5 per cent** of the proposed programme activities in the annual programme budget being submitted for approval;
- Financial rule 6.12 is amended so that the transfer of appropriations made by the High Commissioner is increased from **\$10 million** to a ceiling of **\$50 million**;

# Proposed Changes to Financial Rules - NAM

- Abolish FRs 6.17 and 6.18 leading to discontinuation of NAM from 2022

# Next steps

- Consideration and comments on this proposal from SC;
- Submit the final draft decision to EXCOM for endorsement;
- Promulgation by HC of the revised FRs incorporating the approved decision;

*If and as approved, effective from 2022 budget year*

# Thank you