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EXECUTIVE COMMITTEE OF THE HIGH COMMISSIONER'S PROGRAMME

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REPORT ON UNHCR'S OVERSIGHT ACTIVITIES

I. INTRODUCTION

1. This report contains three distinct sections as follows:

- Evaluation and policy analysis (Section I)
- Internal audit (Section II)
- Inspection and investigation (Section III A and B).

These various activities are all important elements of UNHCR's internal oversight capacity. Each section of this report will be presented and discussed separately by the Executive Committee.

Oversight Committee

2. The Oversight Committee is chaired by the Deputy High Commissioner. Members include the Assistant High Commissioner, the Controller and Director of the Division of Financial and Supply Management, the Director of the Department of International Protection, the Director of the Division of Communication and Information, the Director of Operational Support and two Directors of two Regional Bureaux to be nominated by the Regional Directors, on a rotation basis, for a tenure of one year.

3. The overall responsibilities of the Oversight Committee, since its creation in 1997, are to coordinate all oversight functions within UNHCR and assist the High Commissioner in overseeing the management of the agency. Furthermore, the Committee monitors both the

independence of the internal oversight functions and the implementation of oversight recommendations within the organization.

4. The Oversight Committee provides the forum for exchange of information and findings to determine common, systemic themes between the functions of internal audit, evaluation, investigation and inspection. These independent units are thus encouraged to consolidate issues, co-ordinate field interventions and relate relevant and appropriate findings to each other's work in order to make a critical, comprehensive appraisal of the management of resources and operations in the Organisation.

5. The Inspector General's Office acts as Secretariat for the Oversight Committee, and produces a consolidated annual internal oversight report for UNHCR's Executive Committee.

II. EVALUATION AND POLICY ANALYSIS

6. The first part of this section identifies some recent developments in UNHCR's evaluation function; the second explains the content of UNHCR's evaluation policy; and the third part examines the challenge of ensuring that evaluation findings and recommendations are effectively utilized. The final part provides a brief description of recent and current evaluation activities within UNHCR.

Developments in the evaluation function

7. Since the establishment of the Evaluation and Policy Analysis Unit (EPAU) four years ago, UNHCR has made a concerted effort to revitalize and reinforce its evaluation function, with the intention of enhancing the agency's capacity for organizational learning and performance review, as well as its accountability to the Executive Committee and other key stakeholders. A wide range of measures have been taken in pursuit of these objectives, including (but not limited to) the following:

(a) the establishment and progressive strengthening of EPAU, founded on a mission statement, committing UNHCR's evaluation and policy analysis function to the principles of transparency, independence, consultation, relevance and integrity;

(b) the implementation of a plan of action for the development and devolution of the evaluation and policy analysis function, with the intention of providing entities other than EPAU with the tools and resources required to play an active role in the analysis and assessment of the organization's work;

(c) the establishment of a flexible and rolling evaluation and policy analysis work programme, updated on a biannual basis, focusing on those policy issues, programmes, projects, procedures and practices which are of immediate most concern to the organization;

the establishment of Steering Committees, consisting of key stakeholders within and outside UNHCR, to guide and supervise the progress of each major evaluation and policy analysis project;

(d) the increased use of external evaluation consultants, and the selection of such consultants by means of competitive bidding procedures, so as to maximize the independence and quality of UNHCR's evaluation and policy analysis activities;

(e) the introduction of lessons-learned exercises at the completion of major evaluation and policy analysis projects, undertaken with the purpose of reviewing and improving UNHCR's evaluation procedures;

(f) the introduction of innovative and interactive evaluation and policy analysis methods, including 'real-time' evaluations of UNHCR's emergency operations; 'beneficiary-based' evaluations of long-term assistance programmes; participatory self-evaluation workshops; as well as joint and inter-agency evaluation projects;

(g) the active involvement of EPAU staff members in UNHCR working groups, task forces and strategic planning initiatives, thereby enabling the organization to make more immediate use of the findings and recommendations which emanate from evaluation and policy analysis projects; and,

(i) the expansion of the evaluation and policy analysis function to include research-based activities which are intended to provide UNHCR and its partners with a better understanding of the political, institutional, operational and policy environments in which they are obliged to work,

(j) the re-establishment of UNHCR's Policy Committee, with EPAU acting as Secretariat to the Committee. This Committee will provide a forum at which the findings and recommendations of evaluations can be examined by senior management.

UNHCR's evaluation policy

8. At the fifty-third meeting of the Executive Committee in October 2002, UNHCR introduced a formal evaluation policy statement that is designed to consolidate and build upon the developments described above.

9. Based upon an independent review of EPAU's work, as well as an extensive process of internal and external consultation, the policy took effect on 1 January 2003. As with all other documents prepared by EPAU, the policy statement can be accessed on the EPAU page of the UNHCR website, www.unhcr.org/epau.

10. The evaluation policy statement addresses four principal issues. First, it describes the *role of evaluation in UNHCR*, stressing the need for evaluation and policy analysis activities to be effectively coordinated with other components of the organization's performance review and learning frameworks.

11. A second function of the evaluation policy statement is to specify *UNHCR's commitment to evaluation*, in terms of the level, types, and quality of evaluation and policy analysis activity undertaken by the organization.

12. Third, the evaluation policy statement provides a procedural and managerial framework for the *conduct of evaluation in UNHCR*. This part of the policy statement also commits UNHCR to a 'utilization focused' approach to evaluation and policy analysis, which is intended to ensure that the findings and recommendations of evaluation projects are effectively employed in the process of policymaking, strategic planning and programme design.

13. A fourth and final purpose of the policy statement is to define EPAU's role, responsibilities and working methods. In accordance with UNHCR's plan of action for the development and devolution of the evaluation function, the policy statement emphasizes EPAU's role in providing technical support, quality control and funding for other UNHCR entities that are engaged in evaluation activities.

14. In addition, the document requests Executive Committee members to coordinate their own evaluation activities with EPAU, and encourages them to conduct those activities in accordance with the evaluation principles and standards set out in the UNHCR policy statement.

Ensuring the effective use of evaluations

15. A primary challenge confronting UNHCR is that of ensuring the effective use of evaluation findings and recommendations as a basis for organizational change and improvement. With EPAU's establishment in 1999, it was assumed that a high degree of transparency (whereby all evaluation reports are placed in the public domain and are available to external stakeholders), coupled with a consultative and participatory approach to the evaluation function, would ensure the attainment of this objective. In practice, however, and especially with regard to global and thematic evaluations - whose recommendations affect a wide variety of entities and offices within the organization - the expected follow-through has not always materialized.

16. In order to address this issue, UNHCR's evaluation policy statement has introduced a management response requirement, which obliges the manager responsible for a policy or programme that has been evaluated to explain how the findings and recommendations of that evaluation will be used.

17. While EPAU is confident that this requirement will improve the extent to which evaluations act as a catalyst for change, the Unit is currently considering the introduction of several other mechanisms. These include:

(a) requesting the managers responsible for the implementation of a policy issue or programme to submit an implementation report one year after the management response has been issued;

- (b) ensuring that some form of directive is issued once a management response has been issued, summarizing the actions which the Executive Office expects to be taken as a result of an evaluation;
- (c) making it a routine feature of the Inspector-General's inspection missions to assess the extent to which UNHCR offices are making effective use of evaluation findings and recommendations;
- (d) examining the current programming and protection instructions sent to the field, in order to see whether Branch Offices could be required to report in a more systematic manner on the use of evaluation findings and recommendations, in, for example, their Country operations Plans, Annual Country Report and Annual Protection Report;
- (e) selecting a number of larger UNHCR country operations each year, and examining the extent to which evaluation findings and recommendations have been used in the process programme planning and implementation;
- (f) developing a means of ensuring that evaluation findings and recommendations are taken into account during the resource allocation process, especially the annual programme review.

Evaluation activities

18. Full and updated details of UNHCR's evaluation and policy work programme can be found on the EPAU page of the UNHCR website, under 'Evaluation Updates'. The following paragraphs provide a synopsis of the information presented in recent updates.

- (a) *Health and community services.* The report of an independent evaluation of UNHCR's community services function was launched in Geneva in April 2003. Under the auspices of the Assistant High commissioner, UNHCR's Division of Operational Support and Department of International Protection have prepared a detailed response to that evaluation, which also takes into account the findings and recommendations of earlier evaluations on refugee women and refugee children. A copy of this response can be accessed on the EPAU page of the UNHCR website.
- (b) EPAU and the Health and Community Development Section (HCDS) are playing a leading role in and *inter-agency evaluation of the reproductive health services* provided to refugees, coordinated with the Inter-Agency Working Group on Reproductive Health for Refugees. EPAU and HCDS are also in discussions with WHO in relation to the evaluation of refugee health programmes.
- (c) *Monitoring.* EPAU has initiated a global review of UNHCR's capacity to monitor the protection, rights and well-being of refugees. The review is being undertaken by a three-person team: a management systems specialist, a programme implementation specialist and a refugee protection specialist.

- (d) *Protracted refugee situation.* Over the past two years, EPAU has published a series of evaluations and studies relating to UNHCR's role in protracted refugee situations, especially but not exclusively in Africa. A second phase of this project will entail a more detailed examination of the livelihood strategies adopted by refugees in protracted situations, as well as the way in which those strategies can best be supported by UNCHR and its partners.
- (e) *Refugees in urban areas.* On the basis of a number of field-based evaluations, workshops and questionnaire surveys, EPAU has prepared a draft document titled "Protection, solutions and assistance for refugees in urban areas: guiding principles and good practice". This document is ultimately intended to replace UNHCR's 1997 policy statement on refugees in urban areas.
- (f) *Management learning programmes.* EPAU and the Staff Development Section have jointly commissioned an independent evaluation of UNHCR's Senior and Middle Management Learning Programmes. The anticipated completion date for this evaluation is July 2003.
- (g) *Country programme.* Working in association with the relevant Regional Bureaux, EPAU is currently undertaking or planning evaluations of UNHCR's programmes in Bangladesh and Myanmar, Timor Leste, and Tajikistan. The Unit is also reviewing the planning process for the anticipated refugee emergency in Iraq.
- (h) *Facilitation and internal consultancy.* EPAU is increasingly providing facilitation and 'internal consultancy' services to other parts of the organization. With regard to the latter activity, EPAU has, for example, played a leading role in an initiative to establish UNHCR's office staffing parameters, and is currently assisting in the development of the organization's global objectives and indicators.
- (i) *Strategic reviews.* EPAU has agreed to participate in a series of strategic reviews of UNHCR operations that will be led by the Inspector-General. The first review, in Afghanistan, is likely to be followed by a review of UNHCR operations in the Balkans.

19. In addition to these projects EPAU invites Executive Committee members and UNHCR's operational partners to approach the Unit with proposals for specific evaluation and policy analysis projects. The unit also stands ready to participate in joint and inter-agency evaluations on operations and issues that are of concern to the organization.

III. INTERNAL AUDIT

20. The UNHCR Audit Service of the Office of the United Nations Office of Internal Oversight Services (OIOS) assumes the internal audit function for UNHCR on the basis of a Memorandum of Understanding concluded on 24 July 2001. The UNHCR Audit Service is based in Geneva, but has an out-posted unit in Nairobi to cover UNHCR operations in Africa. For the Afghan Operation, given its magnitude and the risks involved, a Resident Audit team is based in Islamabad to ensure continuous audit coverage and to provide advice to the managers of the operation on effective internal controls.

21. The annual audit plan is developed in close consultation with UNHCR management, the UNHCR Oversight Committee, the Inspection General's Office and in coordination with the United Nations Board of Auditors. It includes periodic reviews of country operations, aiming at achieving a regular audit cycle. In the selection of country operations to be audited, special attention is given to emergency operations.

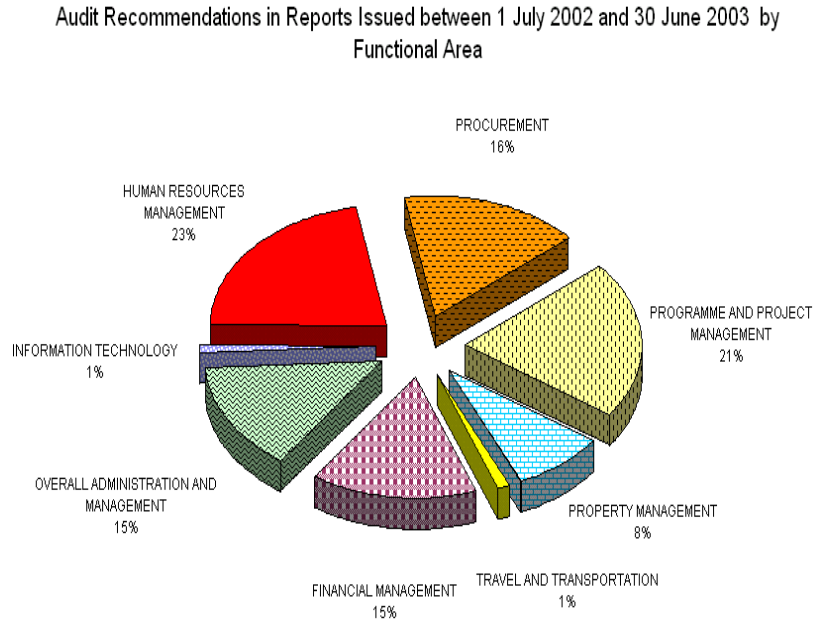
22. The objective of internal audit is to provide independent, objective assurance to the High Commissioner and his senior management on the proper, economical and efficient use of funds, on the reliability and integrity of financial and operational information, on the safeguarding of assets, on compliance with established rules and policies and on the achievement of programme objectives. In case of problems, OIOS provides independent, objective information on the issues identified and recommendations on how to address these problems. OIOS is not limited to financial audits, but also focuses on other issues, which have implications for the use of UNHCR resources. One of the Audit Service's goals is to identify, whenever feasible, quantifiable savings and recoveries.

Audits during the reporting period

23. During the period 1 July 2002 to 30 June 2003, OIOS audited operations in 19 countries, as follows: Afghanistan, Angola, Botswana, Canada, China, Republic of Congo, Democratic Republic of Congo, Djibouti, Ethiopia, Indonesia, Islamic Republic of Iran, Italy, Kosovo (Yugoslavia), Pakistan, Rwanda, Sierra Leone, Tanzania, Uzbekistan and Yugoslavia. At Headquarters, OIOS audited UNHCR's procurement function, its use of United Nations Volunteers, consultancies and staff entitlements to Education Grant and Rental Subsidy.

24. In total, for the period under review, audits by the UNHCR Audit Service covered operations and activities amounting to US\$ 314 million, or 34 per cent of UNHCR's total expenditure of US\$ 926 million in 2002. The Audit Service issued 29 audit reports to senior management and more than 120 audit observations to managers in the field. Overall UNHCR has been timely in responding to audit reports and audit observations, and in addressing the issues raised by OIOS. As of 30 June 2003, 37 per cent of the audit recommendations made during the period had been fully implemented, while for an additional 23 per cent the implementation had started and was still in progress. Most of the audit recommendations made aimed at improvements in human resources management, programme management, financial management as well as procurement and property management, as shown in the chart (figure 1).

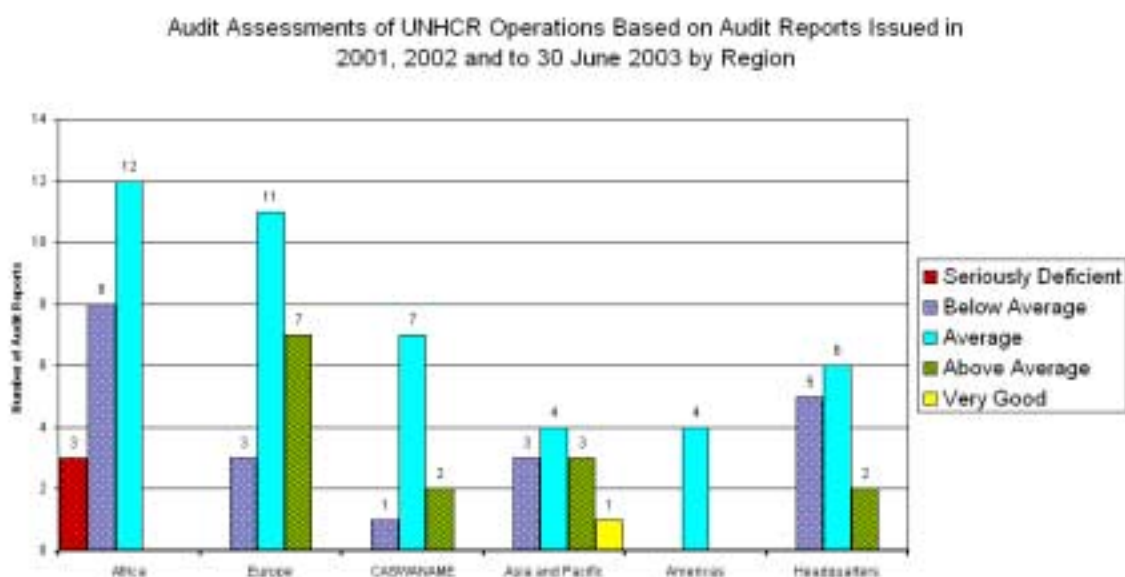
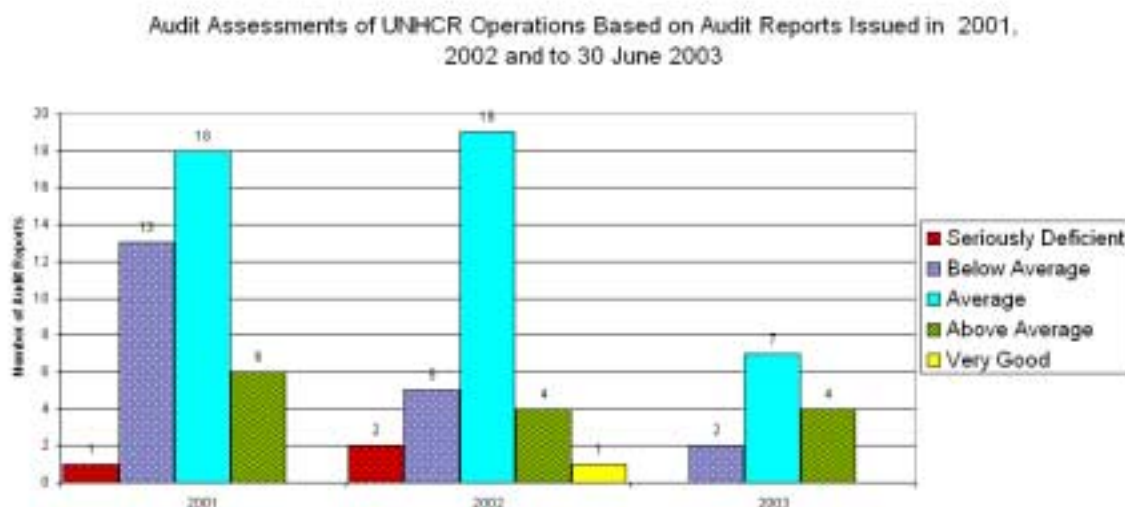
Figure 1



25. As a result of these audits, savings and recoveries totalling approximately US\$7.5 million were recommended. Actual savings and recoveries during the period, resulting from audits during the current and prior reporting periods totalled US\$ 4.4 million. The process of recovery is ongoing and may extend over several years.

26. OIOS has introduced a measurement system to rate the effectiveness of the application of key internal controls in audited operations. This facilitates benchmarking between country operations, provides management with assurance that activities are well or adequately administered, and assists in identifying operations where prompt corrective action is required. Of the 29 audit reports issued in the period under review, some 55 per cent of the audited operations were rated as average, while 24 per cent were above average or very good, and 21 per cent were below average or deficient.

Figure 2



UNHCR Afghan emergency

27. OIOS audited the Afghan Emergency and reviewed operations in Afghanistan, Pakistan, Islamic Republic of Iran and Uzbekistan with a budget of US\$ 228 million and expenditure of US\$ 215 million in 2002.

28. In the initial stages of the emergency, UNHCR focused on repatriation activities, which accounted for some US\$ 45 million in 2002. The number of returnees far exceeded the initial strategic plans, and the guidelines and procedures initially developed soon became insufficient, in particular, as the undocumented status of most Afghan refugees in Pakistan made verification

difficult. The cash paid for transportation led to abuses and various fraudulent schemes. Data management was slow to be developed, resulting in incomplete information on returnees. As the emergency unfolded, verification procedures were continuously improved and iris recognition technology was introduced. For the 2003 repatriation programme, the UNHCR offices in Afghanistan and Pakistan have tightened procedures and taken various measures to minimize the risk of abuse. The repatriation from Iran was easier to control and was well managed. OIOS recommended that the 1996 Handbook on Voluntary Repatriation be amended to incorporate more practical guidance. OIOS also highlighted the need to have proper computer applications for registration and the related assistance installed from the outset to enable on-line processing, timely completion of registration formalities and reconciliation of data.

29. OIOS reviewed the 2002 Afghan shelter programme, for which a budget of US\$32 million was provided for the construction of some 40,000 shelter units. Overall, UNHCR and its partners had established satisfactory controls over the procurement, receipt, storage and distribution of shelter materials. Progress reports should be improved and budgeting and financial reporting should be more consistent to enable benchmarking of costs between locations and projects.

30. In Afghanistan, the implementation of the reintegration programme peaked towards the end of 2002. The resulting volume of work and the delayed posting of Project Control Officers meant that project monitoring initially could not be given the attention it deserved. Procurement, which had been largely delegated to the Sub-offices, needed to be improved. The poor quality of fuel in Afghanistan was damaging vehicles and the frequent replacement of spare parts risks incurring significant costs for UNHCR. To avoid these costs, OIOS recommended procuring fuel internationally. Administrative activities were generally well managed, except at one Sub-office. On OIOS's suggestion, the commission rate paid to money traders was successfully negotiated downwards, resulting in estimated savings of US\$ 1 million by the end of 2003.

31. OIOS reviewed the activities of UNHCR and a number of its partners in Pakistan. Partners' accounting and internal control systems should be enhanced and the quality and timeliness of reporting to UNHCR improved. The rapid expansion of the Pakistan programme was not matched by partners' implementation capacities and resulted in a number of problems. OIOS also found that programme planning required more consistency and coordination, and that programme monitoring needed to be intensified. The rapid growth of the Pakistan programme also required that supply chain activities be strengthened to ensure compliance with administrative rules and procedures. UNHCR management in Pakistan reacted positively to OIOS's recommendations and prompt action was taken to implement them.

32. In the Islamic Republic of Iran, where UNHCR and its auditors have previously had problems getting access to project and accounting records of government implementing partners, OIOS was given unrestricted audit access and received the full cooperation of UNHCR's government partners.

Procurement

33. Procurement activities by UNHCR Headquarters were assessed as being well run and generally complying with standard policies and procedures. OIOS calculated that it took the Supply Management Service an average of 14 days from receipt of the approved Purchase Authorization to the issuance of the Purchase Order, which was well within the established 30-day target. However, in the absence of any criteria, benchmarks, and data for other stages of the procurement cycle, the overall achievement of UNHCR's procurement objectives could not be easily assessed. Procurement planning by field offices was often less than effective resulting in inefficient purchasing. OIOS found that in far too many cases field offices purchased vehicles under ex-stock arrangements at much higher prices, even though neither the type of operation nor any other factors called for such emergency procurement. With a sharper definition of exigencies and stricter monitoring of compliance with established criteria, OIOS calculated potential savings to UNHCR, in motor vehicles alone, of US\$ 1.5 million over a three-year period. Action is being taken on all of OIOS's recommendations, although time will be required to develop and formalize many of the issues raised.

United Nations Volunteers (UNVs)

34. UNHCR has had no primary focal point responsible for coordinating UNV activities and for developing guidance and direction to field offices on their administration. This has resulted in the inconsistent application of rules, the inefficient use of staff resources and overpayments by UNHCR. UNVs, although not considered as staff members, are performing core activities including in protection and are responsible for certain UNHCR financial management activities. The role of UNVs should be clarified, and the authority and responsibilities delegated to them defined. As recommended, UNHCR is developing a new standard policy on the use of UNVs.

Rental Subsidy

35. OIOS found that the decentralization of the rental subsidy and deduction scheme has resulted in inadequate internal controls at the field level, with annual reapplications not systematically pursued or rental deductions left outstanding for extended periods.

Education Grant

36. With new educational trends and technological developments, it is not always clear what constitutes post-secondary education, eligible for the education grant. UNHCR should advocate a clarification of eligibility criteria. Procedures to ensure timely submission of education grant claims and the timely recovery of advances should be strengthened. In cases of Special Education Grant, UNHCR is reimbursing 100 per cent of all expenses, even if the child attends a normal school. In the view of OIOS, this interpretation is not correct. Furthermore, UNHCR continues to pay education grants to staff members in-between assignments residing in their home country. OIOS questioned this practice and recommended that a time limit be introduced for the payment of education grants in such cases.

Consultancies

37. Comprehensive policy guidelines, consistent with United Nations Administrative Instructions, need to be developed on the selection and management of consultants to ensure transparency and objectivity in their engagement, monitoring and evaluation. Consultants are often engaged to undertake UNHCR core functions, and although such arrangements provide operational flexibility, these individuals are not consultants as defined by the UN Administrative Instruction. Their status should be reviewed. Over the years, UNHCR has become dependent on consultants for mainframe computer maintenance since their knowledge and expertise has not been transferred to UNHCR regular staff. The current arrangement is not cost effective. Consultants are not selected competitively, and in many instances only one candidate was considered, even though payments were significant. The methodology of determining the level of fees should be reviewed, as qualifications; experience and the complexity of the work are not always properly weighted.

Audit Certification

38. In its report for the year 2001 (A/57/5/Add.5) the Board of Auditors recommended assessing the feasibility and cost-effectiveness of modifying UNHCR's rules on implementing partner audit certification. OIOS conducted a study, taking into account the cost implications and recommended revisions to UNHCR policy. For international NGOs, UNHCR should request and fund a specific audit for each UNHCR sub-project exceeding US\$ 300,000. For governmental implementing partners, where government audit institutions do not have the manpower or do not give priority to auditing UNHCR sub-projects, the option of contracting external auditing firms should be opened. Focal points should be designated to follow up on the receipt of audit certificates. Standard terms of reference, tender documents and evaluation criteria for the engagement of external auditors should be established, and a quality control function introduced to ensure audit certificates meet UNHCR's requirements. OIOS is ready to assist UNHCR in any revised policy and strategy for the engagement of audit firms.

IV. INSPECTION AND INVESTIGATION

39. The role of the Inspector General's Office (IGO), which was established in 1994 to consolidate and strengthen UNHCR's internal oversight capacity, has been evolving over the years in response to the changing needs of the Office. In the reporting period, the High Commissioner decided to further broaden and strengthen the IGO's Terms of Reference to reflect the importance he attaches to reinforcing principles of accountability throughout UNHCR's management culture.

40. Under its revised Terms of Reference the IGO's role encompasses three functions: inspections of field offices and Headquarters' units, including reviews of UNHCR's role in regional and sub-regional refugee situations (operational reviews); investigations of reports of misconduct; and *ad hoc* inquiries into incidents of violent attacks on UNHCR staff and operations where these involve fatalities, major injuries, or large-scale damage. *Ad hoc* inquiries into other types of incidents, including allegations of misconduct by non-UNHCR personnel

which could directly impact the Office, can also be carried out by the Inspector General (IG) at the High Commissioner's request.

41. The ultimate aim of the IGO is to support the effective and efficient management of UNHCR operations, including preventing waste of resources, and, through a range of preventive and pre-emptive measures, to minimize the need for remedial action. To this end it also derives trends, lessons and best practices from its findings, and makes recommendations to the High Commissioner for the improvement of overall office policies, internal controls and management practices.

A. INSPECTIONS

Introduction

42. Inspections consist of assessments of the management of UNHCR operations and activities focusing particularly on those factors, both internal and external to the organization, deemed essential to the effective and efficient achievement of organisational objectives. As an internal oversight and management tool, they are designed to provide the High Commissioner and his senior managers with a review of the functioning of the Office at all levels, both at Headquarters and in the field. Inspections furthermore provide managers with an impartial and objective perspective on their performance and, where necessary, with a second opinion on difficult issues. Inspections also highlight recurring issues that need to be addressed at a higher level and identify best practices for dissemination.

43. Since the last report the IGO has carried out a comprehensive review and revision of its inspection strategy, drawing on lessons learned during the first nine years of inspection activity. The aim has been to move towards a more flexible, targeted and problem-oriented approach, also taking into account current resource constraints which limit the number of inspections that can be carried out. In this revised approach the IGO differentiates between *standard* and *ad hoc* inspections. In addition, it conducts *operational reviews* either in conjunction with an inspection or as a stand-alone review. Inspections are intended to complement more specialised oversight activities such as audits and evaluations.

44. *Standard inspections* systematically check whether, and how effectively, established policies, guidelines, parameters and best practices are being applied in the management and administration of a field office's/unit's activities, employing for this purpose standardized schedules and methods developed in consultation with concerned functional units (with separate modules adapted for field offices and Headquarters units). They do not cover financial operations, or in other ways duplicate the functions of internal and external audits; nor do they treat issues of policy or strategy, which are addressed through specifically agreed operational reviews or evaluations, if needed. Generic terms of reference established by the IGO are uniformly applicable to all *standard inspections*, and the Inspection Handbook will be revised accordingly.

45. *Ad hoc inspections* review specific management issues that cannot adequately be dealt with through the normal management structure and require a separate assessment. They typically include *emergency inspections* aimed at supporting efforts to pre-empt, or deal with incipient, management problems, or *compliance inspections* aimed at ensuring timely and effective follow-up of earlier inspection or investigation recommendations. *Ad hoc* inspections are based on customised terms of reference prepared to address the specific need that has been identified in each instance.

46. *Operational reviews* constitute inspections of strategy and policy development at the regional or sub-regional level, with a particular focus on progress toward providing solutions to refugee problems and on the efficacy of UNHCR's partnerships with other organizations, including UN agencies, international organizations and NGOs. The aim is to support the Office in developing a more effective and appropriate role in repatriation, reintegration, rehabilitation and reconstruction operations and in addressing protracted refugee situations. As distinct from *standard* and *ad hoc* inspections, which are internally oriented, operational reviews examine UNHCR's role and positioning in the wider external context specifically in relation to the pursuit of durable solutions. This new dimension to the work of the IGO is also in keeping with the recent reform proposals of the Secretary-General on the strengthening of partnerships by the United Nations.

47. Where appropriate, staff from other units with relevant expertise not available within the IGO, are included in inspection teams. Given the particular competence and complementary responsibility for protection oversight of the Department of International Protection (DIP), the IGO and DIP have established arrangements for the participation of protection staff provided by DIP in all inspections that involve assessments of protection management. As a rule, the Evaluation and Policy Analysis Unit (EPAU) is associated with all operational reviews, including participation in related missions.

48. To enhance transparency and effective use of inspection findings, standard inspection reports are being made available by the IGO, through both UNHCR's internal (intranet) and external websites.

Inspection activities

49. During this reporting period inspections of UNHCR operations in Djibouti, Pakistan, Gabon and Greece were carried out. These were preceded, in September 2002, by an inspection mission to Jordan, Syria, and Lebanon.

50. The inspections in Jordan, Syria and Lebanon considered the regional context of UNHCR's operations in addition to providing country-specific reviews. The regional perspective allowed identification of common elements as well as a comparison of approaches between the three country operations, and resulted in recommendations to enhance the consistency, complementarity and effectiveness of UNHCR's protection, resettlement and assistance activities in this region. In particular, recommendations related to regional policies for entering into Memoranda of Understanding with governments, a regional registration system and consistent

approaches to urban refugee assistance. In addition, the mission identified a need to consolidate staffing resources, encourage inter-disciplinary exchange and revitalise training and capacity-building for partners.

51. To follow-up the inspection it conducted in 2001, the IGO carried out a compliance mission to Djibouti in December 2002. The purpose was to establish the status of implementation of the 2001 inspection recommendations and identify pending issues related to protection, programme and internal management.

52. In Djibouti, UNHCR manages one of the oldest refugee operations in Africa. There is an estimated refugee population of 20,000 Somalis in two camps and a further 700 strong Somali urban refugee population. All are assisted by UNHCR. In addition, UNHCR is responsible for 2,400 Ethiopian refugees of whom 1,100 reside in camps, with the balance living in urban areas. Moreover, up to 4,000 Ethiopian asylum seekers in Djibouti Ville are waiting for decisions on their applications; some claims date back to 1996.

53. At the time this mission took place, a number of the recommendations made during the 2001 inspection remained unimplemented. The mission identified and brought to the attention of concerned units at Headquarters urgent measures needed to achieve tangible progress in reviewing this country operation, including ensuring its appropriate phase-down.

54. Since the end of this compliance mission, a Senior Protection Officer has been appointed and a Refugee Status Determination Co-ordinator deployed. The two officers will help put in place proper mechanisms and procedures for refugee status determination and resettlement. Preparations for the voluntary repatriation of Somali refugees are also under way.

55. The IGO conducted an inspection of UNHCR's operation in Pakistan in March 2003. Pakistan has not yet acceded to the 1951 Convention relating to the status of refugees or to its 1967 Protocol. In the absence of a national refugee law, the provisions of the Foreign Act of 1946 apply to refugees. While large numbers of Afghan refugees have voluntarily repatriated, comparably large numbers still remain, and many of the latter may possibly choose to settle permanently in Pakistan. Thus, UNCHR faces a triple challenge in this country: protection and assistance to the remaining refugees, implementation of voluntary repatriation and an increasingly restrictive environment for long-stayers and new asylum-seekers.

56. The mission confirmed that appropriate refugee status determination procedures and the standard operating procedures for resettlement processing were in place at the Branch Office in Islamabad and the sub-offices in Peshawar and Quetta. The Branch Office has rightly decided to pro-actively involve its implementing partners in the provision of international protection to asylum-seekers and refugees through Advice and Legal Assistance Clinics (ALACs). This is an important initiative that could be extended to other UNHCR operations.

57. Inspection recommendations related to the consolidation of camp populations in order to reduce logistical burdens, streamline implementing partner arrangements, lighten management, and minimize recurrent, excessive overhead costs. More broadly, the inspection mission

concluded that while the main focus of the operation should remain the voluntary repatriation of Afghan refugees, this should not detract from developing a strategy that would address the protection and assistance needs of both the residual Afghan refugee population and any new asylum-seekers who arrive in the future.

58. The Gabon and Greece inspections were precursors of the new inspection strategy, in as much as they combined a standard inspection schedule with elements of an operational review. Thus they assessed both how well UNHCR managed its operations and the appropriateness of UNHCR's role and scope of activities in each country, and included recommendations on adjusting the latter.

59. In Gabon, a fairly new operation, the Office is facing two main challenges. The first is the development of an effective national refugee protection regime. Gabon is party to the main international and regional refugee protection instruments and has adopted a national refugee law. A National Refugee Commission comprising an eligibility committee and an appeal's body is in place. Nevertheless, much remains to be done to ensure the effective practice and provision of refugee protection, including timely and appropriate processing of asylum-seeker claims. In this regard, the inspection mission recommended specific support to develop the capacity and efficiency of the National Refugee Commission as the centrepiece of the national refugee protection regime. Among the priorities identified was the need to establish standard operating procedures for eligibility determination through the provision of resources and refugee law training.

60. The second major challenge in Gabon is how best to configure the assistance programme given the diminishing resources available to UNHCR on the one hand and the relatively prosperous economy of Gabon on the other. The inspection concluded that UNHCR's assistance programme should be converted from an approach that provides certain types of benefits to refugees across-the-board, to a strategy that targets vulnerable cases. This will require the Branch Office and its partners to re-assess the profile of beneficiaries, establish clear vulnerability criteria and set up an effective mechanism for identifying vulnerable cases.

61. The May 2003 inspection of UNHCR operations in Greece focused on the impact and added-value of UNHCR's presence and was undertaken in the context of an ongoing review by the Regional Bureau aimed at right-sizing UNHCR offices in Western Europe. Greece is currently engaged in the complex task of bringing its refugee protection and assistance standards and practices into line with international and EU-wide norms. The thrust of the inspection findings was that UNHCR needed to remain effectively engaged with these efforts and for this purpose should draw on lessons learned from advocacy, promotional and technical support approaches used effectively by UNHCR Branch Offices elsewhere in the expanding European Union community. The inspection recommended adjustments to Branch Office structure, staffing and activities in order to concentrate available UNHCR resources on processes for addressing the harmonization challenged appropriately, including through more vigorous protection advocacy. Other recommendations aimed at a phased disengagement of UNCHR from material assistance activities.

62. The inspection database has been extensively redesigned to strengthen follow-up to the recommendations, and is being further developed to enhance its effective use as a monitoring tool. Since 1995 a total of 77 inspection missions have been undertaken. At the time of writing, 63 mission reports, containing 1594 recommendations have been processed and 16 missions are still being actively tracked. The final implementation reports, which include an analysis and underlying data, are submitted to the Oversight Committee for its review and appropriate action. Other oversight functions also provide feedback to the IGO on inspection reports and draw from them information relevant to their oversight objectives.

63. The inspection database currently contains information on the status of 369 recommendations emanating from 13 inspections conducted since January 2000, not counting the Greece, Gabon and Pakistan inspections which have not yet been entered. The 369 recommendations fall into the following broad categories:

Figure 3

Category and Sub-Category	Number of Recommendations	Per centage
Overall Management	88	24
a) Policy and Strategy	23	26
b) Representation	37	42
c) Coordination and External Relations	28	32
Operational Management	157	43
a) General	27	17
b) Protection	73	47
c) Programme	43	27
d) Specific Topics	14	9
Administrative Management	106	29
a) General	9	9
b) Conditions of Service	27	25
c) Finance	9	9
d) Human Resources	61	57
Other	18	5
a) Oversight	6	33
b) Information System	12	67
Total	369	100.00%

64. To date, of the 369 recommendations in the foregoing table 35% have been satisfactorily implemented and 21% partially implemented, while 44% are pending.

65. Other tools and mechanisms employed in conducting and following up inspections are also being reviewed in light of the new inspection strategy. Specifically, in the second half of 2003 the Inspection Handbook will be revised as will related check lists and questionnaires. The

Terms of Reference of the Oversight Committee will also be revised to give it enhanced authority to ensure effective implementation of agreed recommendations.

B. INVESTIGATION

66. The Inspector General is the focal point for investigation of allegations of misconduct by UNHCR staff. This includes misuse of funds, resources or facilities, abuse of authority and other forms of workplace harassment, mistreatment or gross negligence vis-à-vis refugees or any other improper conduct prohibited in the UN staff rules and regulations and relevant administrative instructions.

67. Investigations are undertaken where there is reason to believe that a staff member has engaged in misconduct. If the assessment of a complaint and/or other information on possible wrongdoing suggest that misconduct occurred, the Inspector General decides either that the Inspector General's Office (IGO) will undertake the investigation directly or designates a responsible official within the Office to investigate. Specialized experts may be included in investigation teams. The outcome of an investigation is either an internal referral to initiate disciplinary and/or administrative action or closure of the case should the allegations prove unfounded or insufficiently substantiated.

68. The Investigation Unit of the IGO was created in September 2002. It comprises a Head of Unit, two Senior Investigation Officers and an Investigation Assistant. In addition to conducting and overseeing investigations, the Unit ensures internal co-ordination and, as appropriate, inter-agency collaboration on investigations. The Unit also works with Departments and Divisions at Headquarters on preventive actions, notably on the development of training programmes on fraud awareness, vulnerability assessment and mechanisms to ensure more accountability.

69. In 2002, the IGO received 125 complaints of alleged wrongdoing. 19 of these did not fall within the competence of the IGO. Of the 106 complaints examined by the IGO, 33 investigation findings were sent to Human Resources Service. This led to administrative or disciplinary measures in seven cases. Decisions concerning 22 staff members are currently at various stages of processing. In addition, two investigations led to the decision of NGO partners to dismiss at least 34 of their staff in 2002, while disciplinary action is pending for others. Of the remaining 73 investigations, 50 were closed after the allegations were deemed to be unfounded, or because the staff member's short-term contract was terminated or the staff member resigned, or for insufficient evidence. Nine cases are still pending investigation. Nine investigations are still in progress and five completed investigations are pending finalization of the report.

70. From January to mid July 2003, the IGO had received 82 complaints of alleged wrongdoing. These broke down as follows:

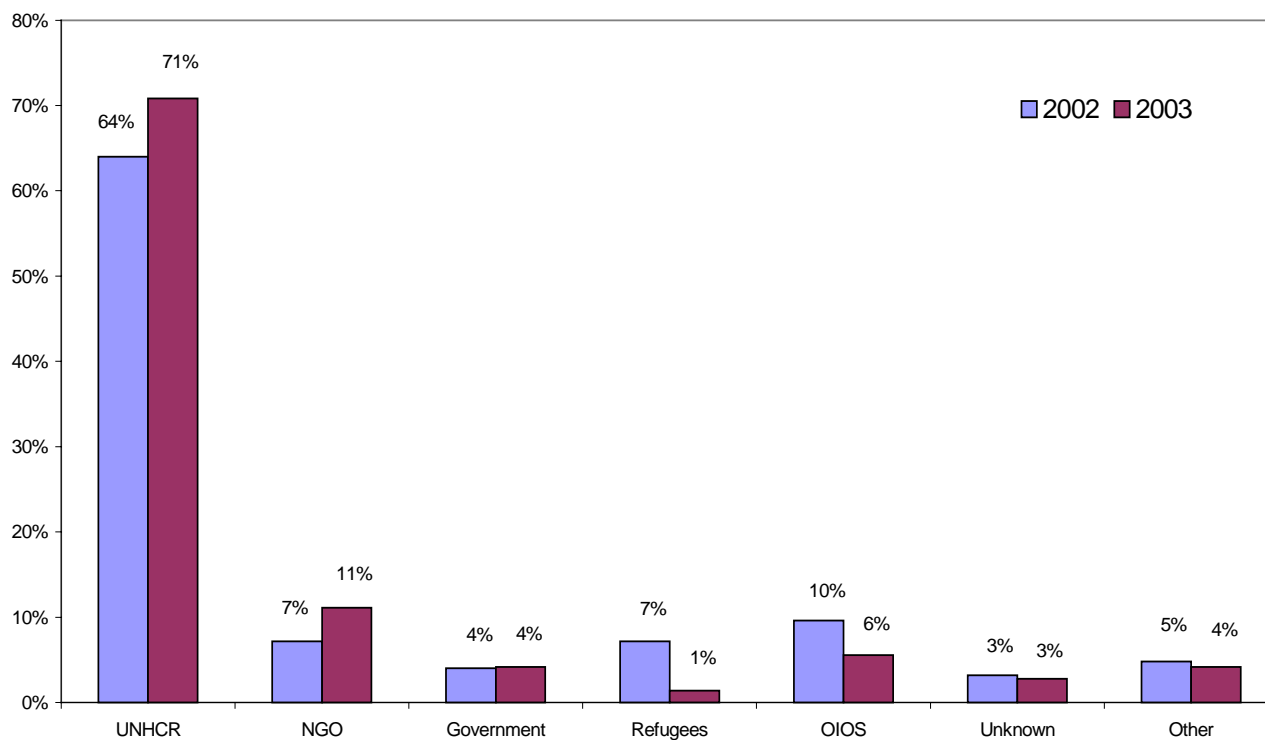
- 16 cases related to non-UNHCR staff of which 10 had been referred to the concerned employer while six involved management or administrative, not misconduct, issues and were referred to the responsible Headquarters units;
- the remaining 66 cases concerned 77 staff members;

- nine of the 66 cases had been closed as the allegations were unfounded or for lack of evidence;
- six completed investigations concerning seven staff members had been referred to DHRM for disciplinary or administrative action;
- in 13 cases investigative work had been completed and reports were being prepared;
- 13 investigations were in progress;
- 25 cases were pending investigation.

Statistical Information

71. Complaints received by the IGO during 2003 came from the following sources:

Figure 4



72. The number of allegations received from January to July 2003 represents an increase over the corresponding periods in the preceding two years. This development needs to be considered in light of the following five factors:

- the issuance of four specific communications from UNHCR Senior Management to all staff emphasizing the importance of accountability;
- the establishment on 24 May 2002 of a procedure to receive allegations of misconduct at the IGO;

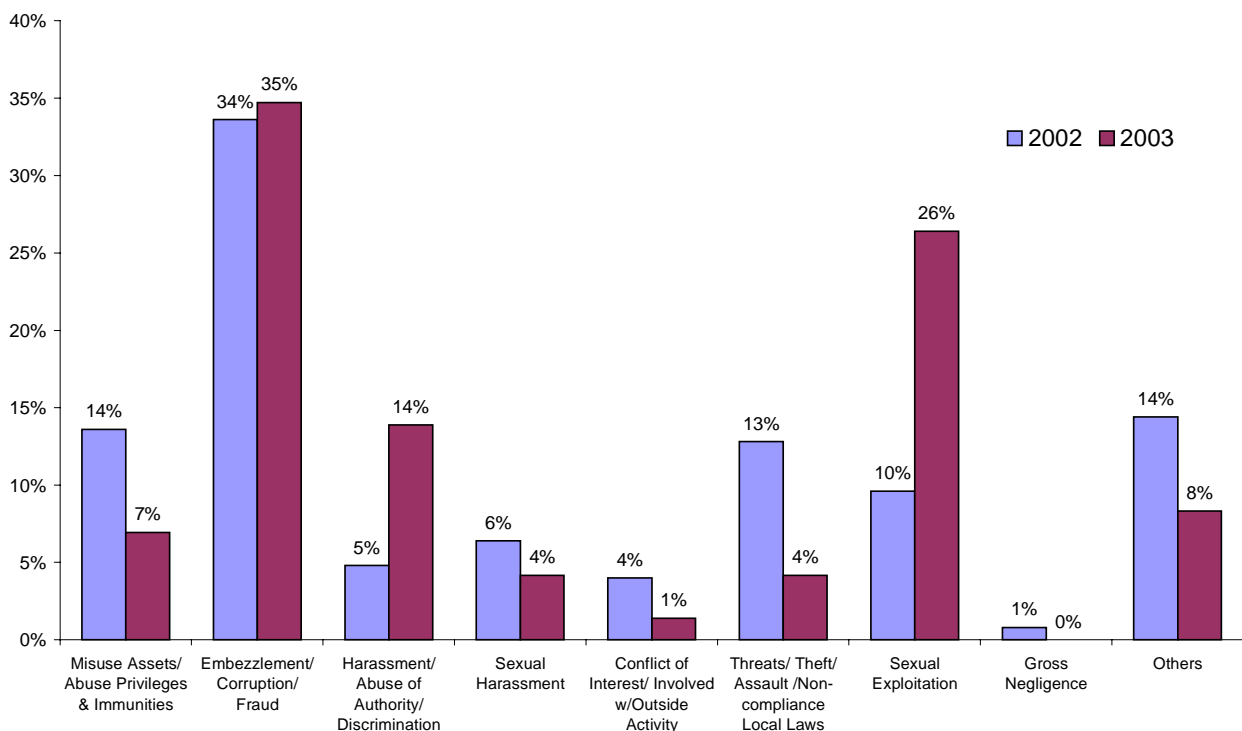
- the introduction of the UNHCR Code of Conduct in October 2002, accompanied by facilitation sessions at all levels to increase staff members' awareness of their rights and obligations;
- the setting-up in some asylum countries of local complaint mechanisms for refugees at UNHCR's initiative; and
- the development of the capacity of the IGO to conduct investigations through the creation of an Investigation Unit in September 2002.

73. The increase in the number of complaints received is comparable to similar trends in other UN organizations and should be seen as an indication of staff members' greater awareness of their obligations as well as the desire for more transparent and effective accountability within UNHCR.

74. Of the investigated complaints falling under the competence of the IGO as of mid-July 2003, 18 (11%) required an investigation mission; the other investigations were conducted by telephone and e-mail.

75. The types of complaints can be grouped in the following categories:

Figure 5



Referrals to the Office of Internal Oversight Services

76. Referrals and other forms of collaboration between the OIOS Internal Audit Service for UNHCR and the IGO have contributed to increased cooperation between these oversight functions.

77. The OIOS investigation report into the by now well-known allegations in West Africa was made public in October 2002¹. No UNHCR staff member was found to be involved in any misconduct, but one UNV assisting UNHCR was summarily dismissed. However, UNHCR ensured that NGO partners dismissed six culpable aid workers on their staffs. One case was also referred to the local authorities for prosecution.

Developments

78. During a number of investigations the IGO issued Management Implication Reports to field managers to highlight areas in their offices which made them potentially vulnerable to misconduct. It also conducted two compliance missions to Nepal and the United Republic of Tanzania to monitor progress in the implementation of recommendations contained in previous investigation reports. Poor management accountability, inadequate staffing and limited oversight at several offices created an environment in which various forms of abuse had emerged. On the other hand, the introduction in many field offices of standard operating procedures to govern registration, refugee status determination and resettlement processing activities significantly reduced the instances of abuse in these key functions.

79. UNHCR's commitment to strong protection management oversight remains contingent upon the deployment of sufficient and well-qualified protection staff, clearer accountability of managers and the implementation of preventive measures. The pressures on the resettlement process and the vulnerability of that process to abuse also need to be seen in the context of intense migration pressures towards developed countries.

80. IGO noted a continued lack of adequate understanding by many UNHCR staff members of sexual harassment as defined by the UN and of the procedures available to address this form of misconduct. Factors such as fear of possible retaliation from the perpetrators (especially if they happen to be in a supervisory position), concern about possible negative effects on career development and feelings of guilt common experienced by victims, continue to prevent some staff members from making allegations of misconduct of this nature to the IGO.

¹ A/57/465

81. Discussions were pursued in the course of the reporting period with the Staff Welfare Unit and the Division of Human Resources Management to issue a new administrative instruction and design an information campaign on workplace harassment.

82. In the course of the last 12 months, the IGO has established specific procedures to receive, register and analyse complaints. Complaints received by the IGO are analysed upon receipt with reference to the following criteria:

- impact on refugees;
- impact on UNHCR's operations (loss of assets, image, side effects on UNHCR's partners);
- availability of evidence, credibility of initial leads and possible risks to the security or integrity of evidence;
- impact on the source or subject of the investigation if the allegations are not rapidly investigated;
- likelihood of criminal investigations;
- patterns and trends noted by the IGO.

83. These criteria enable the Investigation Unit of the IGO to assess the nature and gravity of the complaint and assign it a commensurate level of priority. Based on this, allegations may be investigated directly by the IGO or referred to managers for investigation, wherever feasible and appropriate. In the latter case, the designated manager conducts the investigation with the advice and technical support of the IGO's Investigation Unit, which receives and reviews the resulting investigation report before it is finalized.

84. The IGO has created a database to facilitate the central recording of all complaints alleging misconduct, help manage investigation cases, track trends and produce statistical reports. The database is expected to be operational by the end of 2003.

85. The experience gained from the investigations conducted so far, as well as resource constraints, have led to the decision to make significant amendments to the current administrative instructions on the investigation function of the IGO. The new instructions will be published in mid-2003, together with detailed technical guidelines for the conduct of investigations, including those delegated to managers under the authority and monitoring of the IGO.

86. The IGO has actively participated in the drafting of the uniform guidelines for the conduct of investigations elaborated by the Conference of International Investigators. This group is composed of the Heads of the Investigation Departments of United Nations organizations, European institutions and multilateral development banks. The guidelines, which are not a binding instrument, constitute a reference which will guide the development of internal procedures in each organisation and facilitate the exchange of information, comparison of data, and the *ad-hoc* establishment of joint investigation teams whenever this would be useful. The guidelines were formally adopted at the 4th International Conference of Investigators in Brussels in April 2003.