

FUNDING UPDATE

OVERVIEW

Since the launch of the 2000 Global Appeal in late 1999, efforts to obtain sufficient funding for UNHCR's programmes have had mixed results. Some donors responded very generously during the Pledging Conference in New York in late 1999 and this trend continued throughout the early months of the year. However, UNHCR had USD 50 million less in unspent balances at the beginning of 2000 than in early 1999 and almost the total balance concerned earmarked funds. Moreover, pledges and payments generally arrived later. As a result, the funding situation became increasingly difficult as of March, and by May the Office faced a critical cash-flow problem. By June, UNHCR only had sufficient resources to guarantee undisrupted implementation until mid-August, creating great uncertainty in field operations, which had already been asked to establish priorities.

At the time of writing and based on informal discussions with UNHCR's main donors, it is estimated that out of total revised requirements of USD 976 million (USD 877 million under the Annual Programme Budget and USD 99 million under the five Supplementary Programmes), the Office could expect to receive voluntary contributions and other income of up to USD 830 million by year-end, creating a potential funding gap in the order of USD 140 million. This is likely to make necessary further restrictions on spending in field operations during the autumn. As a result, UNHCR may find it increasingly difficult to meet the needs of those people it is mandated to serve.

VOLUNTARY CONTRIBUTIONS

Developments until 30 June

By 30 June, UNHCR had received USD 401 million in new pledges and donations. Although the Office has continuously advocated for timely, sufficient and flexible funding early in the year to ensure that project planning pro-

ceeds smoothly, this issue has become particularly important with the introduction of the Unified Budget. This was highlighted during the Standing Committee in February. At the Standing Committee in July, a proposal to introduce a pledging meeting in Geneva was presented and adopted. This meeting, to be held in early December, is intended to take advantage of the momentum created by the launch of the Global Appeal for the coming year and allow UNHCR to better assess the fundability of the Annual Programme Budget just approved by the Executive Committee at its annual session.

Resourcing the Unified Budget

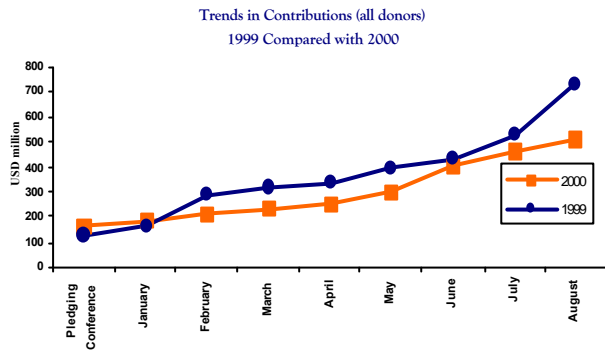
The Unified Budget requires sufficient cash flow to enable the implementation of quarterly obligation plans based on agreed budgets. Resources are distributed equitably across the board to all operations, while at the same time taking into account varying priorities and implementation rates. This approach does not differ substantially from the running of operations under General Programmes in the past. However, since the self-regulatory mechanism which existed in the Special Programmes no longer exists (Special Programmes were resourced exclusively from earmarked contributions), all programmes are affected when funds arrive late or are earmarked too tightly.

During the first half of 2000, average liquidity levels fell substantially compared with previous years. Many pledges were slow to materialise and payments of some pledged funds were also delayed. At 31 July, a total of USD 139 million in pledges during 2000 and prior years were still unpaid. This situation obliged UNHCR to impose severe limits on spending at the field level to keep within the limits of the funds available, and to delay the issuance of implementing instruments, causing disruptions in many programmes. As UNHCR is not authorised to take loans to cover cash shortages, timely payment of contributions is therefore the only way to ensure smooth operations.

TRENDS

Earmarking Trends

Ideally, UNHCR requires up to 40 per cent of total contributions to be unrestricted in a given year to be able to operate efficiently. By 30 June, 35 per cent of all contributions received were unrestricted and of the remaining 65 per cent, two thirds were loosely earmarked



(for instance to a continent, sub-region, or theme). Although this may appear to be a positive development, UNHCR has reason to be concerned since past experience shows that ear-

marking has a tendency to increase substantially towards the end of the year.

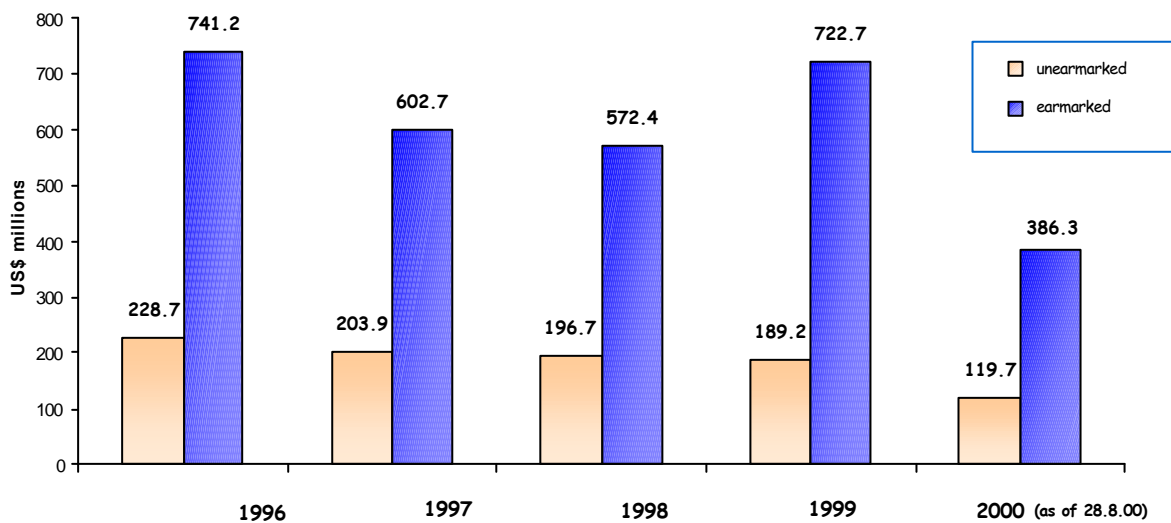
Prioritisation and Revised Needs

To match expenditure to available income, UNHCR undertook (between February and April) an extensive internal review to prioritise activities and to reduce budgets. A total of USD 36 million in reductions were identified under the Annual Programme Budget during this period, the bulk of the amount coming from operations in South-Eastern Europe. For most of the first six months, obligation levels remained under close watch, at times resulting in delays in implementation.

The Operational Reserve

On the other hand, several new needs required an increase in allocations. Allocations from the Operational Reserve were authorised by the High Commissioner only when savings within already approved budgets could not be identified. As of 30 June, allocations from the Operational Reserve totalled USD 42.2 million. (See table below for further details).

1996 - 2000 Contributions Earmarked & Unearmarked



Total Contributions	969.9	806.6	769.1	911.9	506.0
% of Unearmarked Contribution against Total	23.6%	25.3%	25.6%	20.7%	23.7%

ALLOCATIONS FROM THE OPERATIONAL RESERVE

Operational Reserve approved by EXCOM in October 1999

USD 82,108,300

Allocations (by Region/Country/Programme)

GREAT LAKES

Rwanda	Microcredit Activities	290'000
	Sub-total	290'000

EAST AND HORN OF AFRICA

Djibouti	Emergency Assistance to Eritreans	340'000
Eritrea	Preparatory Activities for Returnee Programme	1'906'826
Eritrea	Emergency Assistance	2'500'000
Ethiopia	Children At-risk	150'000
Ethiopia	Environmental Activities	200'000
Ethiopia	Reintegration Activities	1'500'000
Ethiopia	Increased Repatriation Requirements	150'696
Kenya	Repat. of Refugees from Various Countries	854'400
Kenya	Firewood	1'200'000
Kenya	Rational Energy Supply, Conservation and Education Project	300'000
Sudan	Emergency Assistance to Eritrean Refugees	2'273'000
Sudan	Environmental Activities	135'729
Sudan	Natural Resources Management in Former Refugee Camps	38'000
	Sub-total	11'548'651

WEST AND CENTRAL AFRICA

Cameroon	Repatriation of Chadian Refugees	261'900
Chad	Assistance to Returnees	650'000
Côte d'Ivoire	Repatriation of Liberian Refugees	923'513
Gabon	Assistance to Congolese Refugees	2'475'000
Guinea	Repatriation of Refugees from Guinea Bissau	96'000
Guinea	Activities Related to the 30th Anniversary of the OAU Convention	186'840
Guinea	Prevention of Sexual and Genderbased Violence	83'800
Liberia	Assistance to Sierra Leonean Survivors of Violence	128'500
	Sub-total	4'805'553

SOUTHERN AFRICA

Angola	Assistance to Internally Displaced Persons	2'000'000
Angola	Repatriation of Congolese Refugees	798'700
South Africa	Vocational Skills Training	775'234
South Africa	Reproductive Health Project	151'300
Zambia	Emergency Assistance to Angolan Refugees	5'598'000
Zimbabwe	Permaculture in Refugee Settings	68'000
	Sub-total	9'391'234

THE MIDDLE EAST

United Arab Emirates	Private Sector Fund Raising Activities	17'300
Yemen	Emergency Assistance to Eritreans	250'000
	Sub-total	267'300

SOUTH-WEST ASIA

Pakistan	Environmental Activities	100'000
Pakistan	Assistance to At-risk Afghan Refugee Children	105'000
Pakistan	Relocation of Refugees Away from Drought Affected Areas	620'000
	Sub-total	825'000

CENTRAL ASIA

Kazakhstan	Assistance to Refugees and Capacity Building	110'000
Kyrgyzstan	Assistance to Refugees and Capacity Building	52'500
Kyrgyzstan	Tajik Voluntary Repatriation and Local Integration	324'500
Tajikistan	Assistance to Refugees and Capacity Building	65'000
Turkmenistan	Tajik Voluntary Repatriation and Local Integration	430'000
Uzbekistan	Assistance to Refugees and Capacity Building	17'000
	Sub-total	999'000

EAST ASIA AND THE PACIFIC

Australia	Private Sector Fund Raising Activities	222'000
China	Assistance to non-Indochinese Refugees	100'000
China	Additional Requirements for Sub-Office Hong Kong	100'000
Indonesia	Assistance to Asylum Seekers Mainly from the Middle East	875'000
Japan	Private Sector Fund Raising Activities	447'000
Japan	Regional Emergency Training Centre	30'000
Laos	Increased Requirements for Reintegration Activities	304'000
Papua New Guinea	Repatriation Activities	155'600
Vietnam	Assistance to Flood Affected Areas	25'000
Other Countries in Asia	Assistance to Snowstorm Victims in Mongolia	25'000
	Sub-total	2'283'600

EASTERN EUROPE

Azerbaijan	Local Settlement of Internally Displaced Persons	880'000
	Sub-total	880'000

CENTRAL EUROPE AND THE BALTIC STATES

Turkey	Care and Maintenance to Refugees and Asylum Seekers	500'000
Turkey	Reintegration of Turkish Kurds from Northern Iraq	22'500
	Sub-total	522'500

WESTERN EUROPE

France	Private Sector Fund Raising Activities	356'000
United Kingdom	Private Sector Fund Raising Activities	202'900
Greece	Private Sector Fund Raising Activities	93'900
Italy	Private Sector Fund Raising Activities	468'200
Spain	Private Sector Fund Raising Activities	664'000
	Sub-total	1'785'000

NORTH AMERICA AND THE CARIBBEAN

Canada	Private Sector Fund Raising Activities	70'000
United States of America	Private Sector Fund Raising Activities	1'219'000
	Sub-total	1'289'000

CENTRAL AMERICA

Guatemala	Reintegration Activities	270'000
	Sub-total	270'000

SOUTH AMERICA

Northern South America

Colombia	Assistance to Internally Displaced Persons	210'000
Colombia	Move of Office Premises and Additional Admin. Costs	126'000
Ecuador	Increased Admin. Costs Related to Colombia Situation	34'000
Venezuela	Increased Admin. Costs Related to Colombia Situation	26'000
West. Latin America	Assistance to Colombian Refugees	331'000

Southern South America

Argentina	Private Sector Fund Raising Activities	150'000
	Sub-total	877'000

OTHER PROGRAMMES/ HEADQUARTERS

Increased Requirements for Regional Bureaux	109'457
Establishment of a Post of Gender Equity Coordinator	155'000
Consultancy Requirements	518'770
Emergency Field Coordination Training	100'000
Reproductive Health Activities	385'000
Imagine Coexistence Project	25'000
Additional Requirements for UNHCR's Communication Work	2'760'054
Additional Requirements for Public Information	160'000
Environmental Assessment	199'000
Integration of Recognised Refugees in European Countries	430'391
RFP for New Registration Data Base	270'000
Visibility and Promotional Items Supply	235'000
Preparation of UNHCR's 50th Anniversary	840'000
	Sub-total
	6'187'672

Total allocated **42'221'510**

Balance as at 1 July 2000 **39'886'790**

Supplementary Programmes

Developments in the Horn of Africa, Southern Africa, South-East Asia and Eastern Europe created new needs that could not be met from the Operational Reserve. This led to the creation of new Supplementary Programmes for:

- Refugees and IDPs from Chechnya (USD 16.5 million)

- Timor Operation (revised from USD 15.8 million to USD 37.2 million)
- Refugees and IDPs from Eritrea (USD 22.4 million)
- IDPs in Angola (USD 8.0 million)

Furthermore, due to the breakdown of the peace process in Sierra Leone, the Supplementary Programme for Sierra Leonean refugees was revised from USD 15.8 million to USD 14.3 million. The table below shows UNHCR's total revised requirements for 2000, under both the Annual and Supplementary Programme Budgets.

The Private Sector

UNHCR intensified its work with the private sector. During the first six months of the year, the Office received over USD 10 million in cash and USD 2.5 million in in-kind contributions from the private sector. This included a pledge of USD 2.2 million from the Italian energy company AGIP for a shelter and community services project in Azerbaijan.

Two new national associations (Australia and Japan) are expected to become operational in the second part of 2000. Other national associations in Europe and North America (*Deutsche Stiftung*, *Stichting Vluchteling*, *RefAid/UK for UNHCR*, *España con ACNUR*, *Action Réfugiés* and USA for UNHCR) continued to provide much-needed support to the Office by raising USD 1.1 million during the first half of the year.

The Office's co-operation with Microsoft, the computer software producer, continued with the deployment of the Refugee Field Kit 2000 in Senegal and India. UNHCR and Microsoft are also working on the creation of an international technology corps.

UNHCR also began discussions with the telecommunications company Ericsson on providing telecommunications assistance in emergency operations.

Financial support from foundations remained strong with USD 2.5 million contributed by the UN Foundation (Ted Turner) and USD 1.2 million contributed by the Parthenon Trust. The Deputy High Commissioner met with the Gates Foundation and the Markle Foundation to discuss possible future co-

operation.

OUTLOOK FOR JULY TO DECEMBER

Despite efforts to increase funding from both traditional and new sources, UNHCR projections show that 14 per cent (or approximately USD 140 million) of its overall budget might remain unfunded by the end of the year. It is therefore important that donors make fresh contributions to both the Annual and the Supplementary Programmes.

DEFINITIONS

The value date of all financial data presented in this report is 30 June 2000, unless otherwise indicated. For easy reference, the following financial terms have been used in this report:

- ⇒ Initial Budget: Requirements presented in the 2000 Global Appeal.
- ⇒ Revised Budget: Revised requirements.
- ⇒ Total Funds Available: Includes opening balance (carry-over), income from contributions made in the current year and internal adjustments.
- ⇒ Total Funds Obligated: The maximum authority to spend in a field operation. The amount is established in response to needs expressed by the field operation and reflects the funds available for that operation.

VOLUNTARY CONTRIBUTIONS
(As at 31 August 2000)

Government of the United States of America	200'482'995
Government of Sweden	42'076'576
Government of Japan	41'995'864
Government of Norway	36'148'647
European Commission	36'022'526
Government of The Netherlands	28'522'662
Government of Denmark	26'939'206
Government of United Kingdom	12'329'037
Government of Germany	11'391'242
Government of Switzerland	11'056'888
Government of Australia	10'828'323
Government of Finland	9'769'822
Government of Canada	7'549'277
Government of France	7'422'108
Government of Italy	7'419'227
Government of Ireland	2'516'864
UNF/UNFIP (Ted Turner)	2'462'379
ENI (Agip Azerbaijan)	2'250'000
Government of Spain	1'816'238
Government of Portugal	1'750'000
Private Donors Italy	1'244'927
Parthenon Trust (UK)	1'190'476
Nippon Foundation (JPN)	1'000'000
Government of New Zealand	947'232
<i>España con ACNUR (SPA)</i>	622'454
<i>Soka Gakkai (JPN)</i>	600'000
<i>Deutsche Stiftung (GFR)</i>	549'418
Government of the Republic of Korea	500'000
Zayed Foundation (UAE)	500'000
Government of Luxembourg	498'278
Stichting Vluchteling (NET)	423'535
UK for UNHCR (GBR)	337'917
Hennes & Mauritz (AUS)	328'004
Private Donors Japan	294'002
Government of Kuwait	251'869
Government of China	250'000
Government of Malaysia	220'000
<i>ANIA CISL-FIBA (ITA)</i>	208'039
Government of Turkey	150'000
Government of Saudi Arabia	121'307
Soroptimist International (JPN)	114'486
Government of the United Arab Emirates	108'000
Government of Chile	100'000
Government of Mexico	100'000
Government of Belgium	93'458
Organisation Internationale de la Francophonie	91'464
<i>Sekai Renpo Sengen (JPN)</i>	87'156
Government of Austria	71'098
Government of Algeria	50'000
Agfund (IGO)	50'000
<i>Action Réfugiés (FRA)</i>	45'055
UNFPA (UNO)	40'223
Mr. Ka Wai LEE (China)	37'952
Private Donors Switzerland	36'226

Government of the Czech Republic	34'181
UN International Tribunal for the Former Yugoslavia	32'508
Government of Liechtenstein	30'488
Government of Hungary	30'000
Private Donors Germany	25'746
Tree for Life (JPN)	25'614
Lintz Corporation (JPN)	25'100
Rockefeller Brother	25'000
Komeito Fukuoka HQs	23'924
Komeito Tokyo (JPN)	21'664
<i>Mainichi Shimbun (JPN)</i>	20'183
Government of Argentina	20'000
International Olympic Committee	20'000
<i>Denryoku Soren (JPN)</i>	19'608
Government of Colombia	19'000
Principality of Monaco	18'197
USA for UNHCR (USA)	18'018
Private Donors USA	17'199
Government of Thailand	15'000
Lombard Odier & Cie (SWI)	12'048
Government of Rwanda	11'849
Ladies Tennis Fed. (JPN)	10'000
Norwegian Refugee Council	10'000
Brooking Institute (USA)	10'000
UNDP	9'956
Government of India	9'153
Government of Costa Rica	8'989
Private Donors Austria	7'955
UN Association (GBR)	7'321
Private Donors Greece	7'319
Private Donors United Arab Emirates	6'481
Government of Bermuda	5'000
Government of Ghana	5'000
Private Donors Australia	4'902
Government of Venezuela	4'800
Government of The Bahamas	3'600
Danish Refugee Council	3'500
Private Donors Canada	3'106
Private Donors Belgium	2'679
Loosco Foundation (NET)	2'656
Government of Benin	2'500
Private Donors Islamic Republic of Iran	2'439
Government of the Yemen Republic	2'160
Private Donors Finland	2'000
Private Donors Sweden	1'000
Private Donors Kuwait	992
Private Donors Sudan	300
Private Donors Luxembourg	225
Private Donors France	219
Private Donors Ethiopia	162
Private Donors UK	31
Private Donors Hong-Kong	13
TOTAL	512'612'242

FUNDING UPDATE

TOTAL REVISED REQUIREMENTS BY REGION

Operations	INITIAL BUDGET 2000 GLOBAL APPEAL			REVISED BUDGET AS AT 30 JUNE 2000			TOTAL FUNDS AVAILABLE*			TOTAL FUNDS OBLIGATED		
	Annual Programme Budget and Trust Funds	Supplementary Programme Budget	Annual Programme Budget and Trust Funds	Supplementary Programme Budget	Annual Programme Budget and Trust Funds	Supplementary Programme Budget	Annual Programme Budget and Trust Funds	Supplementary Programme Budget	Annual Programme Budget and Trust Funds	Supplementary Programme Budget	Annual Programme Budget and Trust Funds	Supplementary Programme Budget
Great Lakes Region	100'209'397	0	93'110'803	0	44'243'172	0	43'859'242	0	43'859'242	0	43'859'242	0
East and Horn of Africa	91'232'024	0	103'152'886	22'022'222	49'221'901	1'343'290	46'603'284	1'343'290	46'603'284	1'343'290	46'603'284	1'343'290
West and Central Africa	69'207'938	15'847'282	77'185'300	14'370'975	37'937'952	7'554'606	35'973'363	7'554'606	35'973'363	7'554'606	35'973'363	7'554'606
Southern Africa	19'867'550	0	32'519'596	8'427'692	14'961'884	0	14'127'866	0	14'127'866	0	14'127'866	0
North Africa	8'967'055	0	7'815'372	0	4'622'566	0	3'367'846	0	3'367'846	0	3'367'846	0
The Middle East	20'340'638	0	21'306'158	400'000	10'961'896	0	9'522'921	0	9'522'921	0	9'522'921	0
South-West Asia	43'627'016	0	44'732'443	0	23'879'502	0	17'113'767	0	17'113'767	0	17'113'767	0
Central Asia	7'182'135	0	7'793'117	0	3'770'356	0	3'524'266	0	3'524'266	0	3'524'266	0
South Asia	29'257'682	0	27'654'787	0	22'737'458	0	13'092'514	0	13'092'514	0	13'092'514	0
East Asia and the Pacific	19'259'150	15'878'098	21'851'205	37'272'071	11'390'683	22'336'232	9'563'736	22'336'232	9'563'736	22'336'232	9'563'736	15'972'366
Eastern Europe	38'246'390	0	38'119'302	16'522'125	15'715'863	6'133'009	14'915'159	6'133'009	14'915'159	6'133'009	14'915'159	3'770'795
South-Eastern Europe	213'033'376	0	189'003'992	0	88'813'254	0	82'127'800	0	82'127'800	0	82'127'800	0
Central Europe and the Baltic States	14'234'452	0	14'971'791	0	6'605'271	0	6'129'991	0	6'129'991	0	6'129'991	0
Western Europe	18'138'122	0	19'802'197	0	8'777'428	0	8'560'650	0	8'560'650	0	8'560'650	0
North America and the Caribbean	6'227'510	0	7'785'125	0	3'149'365	0	3'149'356	0	3'149'356	0	3'149'356	0
Central America	8'635'857	0	8'312'824	0	4'637'919	0	4'281'810	0	4'281'810	0	4'281'810	0
South America	8'247'052	0	9'562'169	0	3'917'020	0	3'792'844	0	3'792'844	0	3'792'844	0
Global Operations	49'252'400	0	47'209'240	0	40'868'113	0	22'117'200	0	22'117'200	0	22'117'200	0
Headquarters***	76'279'000	0	78'620'619	0	25'769'638	0	34'806'625	0	34'806'625	0	34'806'625	0
TOTAL PROGRAMMED ACTIVITIES	841'444'744	31'725'380	850'508'926	99'015'085	421'981'240	37'367'137	376'630'240	37'367'137	376'630'240	37'367'137	376'630'240	20'303'161
Unrestricted	0	0	0	0	30'309'694	0	0	0	0	0	0	0
Operational Reserve	82'108'300	0	39'886'790	0	10'000'000	0	0	0	0	0	0	0
Junior Professional Officers	10'000'000	0	6'826'362	0	10'992'587	0	3'357'540	0	3'357'540	0	3'357'540	0
GRAND TOTAL	933'553'044	31'725'380	897'222'078	99'015'085	473'283'521	37'367'137	379'987'780	37'367'137	379'987'780	37'367'137	379'987'780	20'303'161

* Includes income from unrestricted contributions, income from contributions restricted to the region and countries within the region opening balance and adjustments.

** Includes the 2000 contribution from the UN Regular Budget.