

Needs and Fundi

Never before has UNHCR had to manage its programmed operations with such a high funding gap between approved budgetary requirements and funds received. The humanitarian system at large is faced with a critical financial dilemma: while the numbers of people forcibly displaced across the world continue to rise, the funds available for humanitarian aid are not keeping up with the rapidly expanding needs. By the third quarter of 2015, 33 UN appeals were only 42 per cent funded, and UNHCR's voluntary contributions stood at just 40 per cent of its current budget for 2015, including supplementary requirements.

By undertaking austerity measures - both early on and at subsequent points during the year - and making difficult choices to enable the continuity of the most essential activities

while dealing with new emergencies, UNHCR has been managing to avoid major reductions in direct support to refugees. However, this has been at a high cost to other activities, particularly in protracted situations.

Meanwhile, with demands growing by the day to help respond to the needs of several million more people of concern in 2016 than in 2015 (**Figure 1**), UNHCR presented its planned activities and corresponding budgetary requirements for the coming year (and estimated figures for 2017) in the *Biennial programme budget 2016-2017 of the Office of the United Nations High Commissioner for Refugees (A/AC.96/1147)*. This chapter presents an overview of this budget, which was adopted by UNHCR's Executive Committee in October 2015 (**Figure 2**).

FIGURE 1 Projected numbers of people of concern

(in thousands)

People of concern	2014	2015	2016	2017
	Actual	Projection	Projection	Projection
Refugees	13,686	15,312	15,914	16,377
People in refugee-like situations	694	689	664	773
Asylum-seekers (pending cases)	1,796	1,955	2,093	2,176
Returnees (arrivals during year)	127	424	440	486
People under UNHCR's statelessness mandate	3,492	3,213	3,348	3,136
Internally displaced people (IDPs)	32,007	34,283	33,863	32,153
People in IDP-like situations	268	631	896	896
Returned IDPs (during year)	1,823	2,310	3,634	2,546
Others of concern	1,053	645	630	628
Total	54,945	59,463	61,482	59,171

ng Requirements

FIGURE 2 UNHCR Financial Requirements 2016-2017 | USD

Regions and subregions	2015 Current budget (as of 30 June 2015)	2016				TOTAL	2017
		PILLAR 1 Refugee programme	PILLAR 2 Stateless programme	PILLAR 3 Reintegration projects	PILLAR 4 IDP projects		
AFRICA							
West Africa	292,846,334	179,158,808	8,346,910	41,980,659	30,908,312	260,394,688	225,828,218
East and Horn of Africa	1,693,270,103	1,284,812,668	7,863,523	21,950,433	171,251,719	1,485,878,343	1,464,064,221
Central Africa and the Great Lakes	634,203,292	296,534,649	4,737,131	66,033,388	107,811,662	475,116,830	472,877,182
Southern Africa	74,044,704	65,844,065	1,826,866	0	0	67,670,930	60,935,929
<i>Subtotal</i>	2,694,364,433	1,826,350,190	22,774,429	129,964,480	309,971,693	2,289,060,791	2,223,705,549
MIDDLE EAST AND NORTH AFRICA							
Middle East	1,952,862,380	1,096,381,306	2,086,164	26,707,855	747,293,652	1,872,468,976	1,798,352,490
North Africa	182,993,059	167,636,620	0	0	5,044,663	172,681,283	182,338,965
<i>Subtotal</i>	2,135,855,438	1,264,017,926	2,086,164	26,707,855	752,338,315	2,045,150,260	1,980,691,455
ASIA AND THE PACIFIC							
South-West Asia	360,170,298	190,866,332	235,000	102,172,719	42,552,646	335,826,696	322,295,393
Central Asia	14,669,605	9,754,256	4,924,197	0	0	14,678,453	14,976,408
South Asia	39,290,714	29,547,249	799,784	0	789,056	31,136,090	29,409,173
South-East Asia	169,348,267	105,764,718	7,333,299	0	27,412,285	140,510,303	137,334,665
East Asia and the Pacific	12,377,742	11,731,098	459,187	0	0	12,190,285	11,170,395
<i>Subtotal</i>	595,856,627	347,663,653	13,751,468	102,172,719	70,753,987	534,341,828	515,186,033
EUROPE							
Eastern Europe	419,773,070	363,893,887	2,137,786	0	41,528,162	407,559,836	427,751,492
South-Eastern Europe	49,064,495	17,953,113	3,588,323	3,807,006	19,776,321	45,124,762	43,540,534
Northern, Western, Central and Southern Europe	67,212,978	59,818,686	3,400,357	987,344	0	64,206,387	65,830,610
<i>Subtotal</i>	536,050,542	441,665,686	9,126,466	4,794,350	61,304,483	516,890,985	537,122,636
THE AMERICAS							
North America and the Caribbean	21,983,956	12,442,947	8,300,307	0	0	20,743,254	20,970,606
Latin America	95,444,175	63,395,685	916,763	0	30,521,660	94,834,107	92,981,797
<i>Subtotal</i>	117,428,131	75,838,632	9,217,069	0	30,521,660	115,577,361	113,952,403
<i>Subtotal (Field)</i>	6,079,555,172	3,955,536,087	56,955,596	263,639,404	1,224,890,138	5,501,021,225	5,370,658,077
Global programmes	306,600,769	342,691,186	0	0	0	342,691,186	338,407,781
Headquarters ¹	233,130,371	213,688,726	0	0	0	213,688,726	213,453,117
Operational Reserve	441,856,476	456,887,160	0	0	0	456,887,160	454,002,749
“New or additional activities - mandate-related” Reserve	20,000,000	20,000,000	0	0	0	20,000,000	20,000,000
Junior Professional Officers	12,000,000	12,000,000	0	0	0	12,000,000	12,000,000
Total	7,093,142,789	5,000,803,159	56,955,596	263,639,404	1,224,890,138	6,546,288,297	6,408,521,723

¹ The Annual Programme Budget includes allocations from the UN Regular Budget as follows: USD 45.3 million for 2015, USD 45.5 million for 2016, and USD 45.5 million in 2017. All values are provisional, subject to approval of the final United Nations Programme Budget and subsequent re-costing.

UNHCR's programme budget is a consolidation of the organization's financial requirements based on a global needs assessment (GNA). It is calculated on projected figures of almost 61.5 million people of concern to UNHCR in 2016, and 59.2 million people of concern in 2017, giving due consideration to the Office's

estimated capacity to implement the planned programmes with available resources. The budget is based on the needs identified by field operations and is guided by UNHCR's Global Strategic Priorities, which represent a common set of key priorities for planning in UNHCR's operations worldwide (see chapter on *Global Strategic Priorities 2016-2017*).

| Overview of 2016 requirements |

UNHCR's programme budget is broken down into three categories:

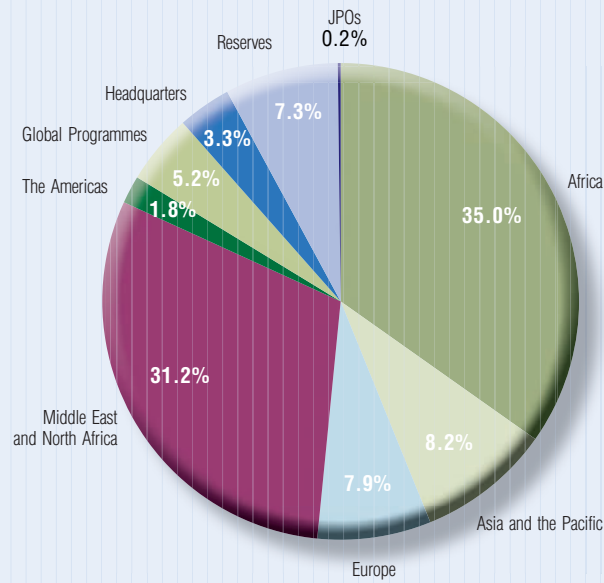
- Field operations - operational activities budgeted by region and carried out in operations around the world;
- Global programmes - technical activities undertaken by substantive divisions at UNHCR Headquarters but that are of direct benefit to field operations globally; and
- Headquarters - work carried out by divisions and bureaux located in Geneva, Budapest and Copenhagen, as well as in offices in other regional capitals, which provides policy guidance, administrative support, and managerial and programmatic assistance to field operations.

OVERALL REQUIREMENTS

The 2016 requirements of USD 6.546 billion are 5 per cent higher than the 2015 revised requirements of USD 6.234

billion (see *Global Appeal 2015 Update*). However, supplementary needs for new emergencies in the course of the present budget year had already brought 2015 current requirements to USD 7.093 billion by 30 June 2015. It should be noted that the 2016 budget adopted by the Executive Committee in October 2015 was drawn up based on information available as of 30 June 2015. Consequently, the financial implications of some situations known today are not fully reflected in the budget proposal for the 2016-2017 biennium. Supplementary requirements have already been presented in the Special Mediterranean Initiative supplementary appeal of 30 September 2015, which is being further revised as the situation continues to evolve, and additional needs for 2016 are already anticipated to respond to the needs of people displaced by the situations in Burundi and Yemen.

FIGURE 3 2016 budget by region | USD million

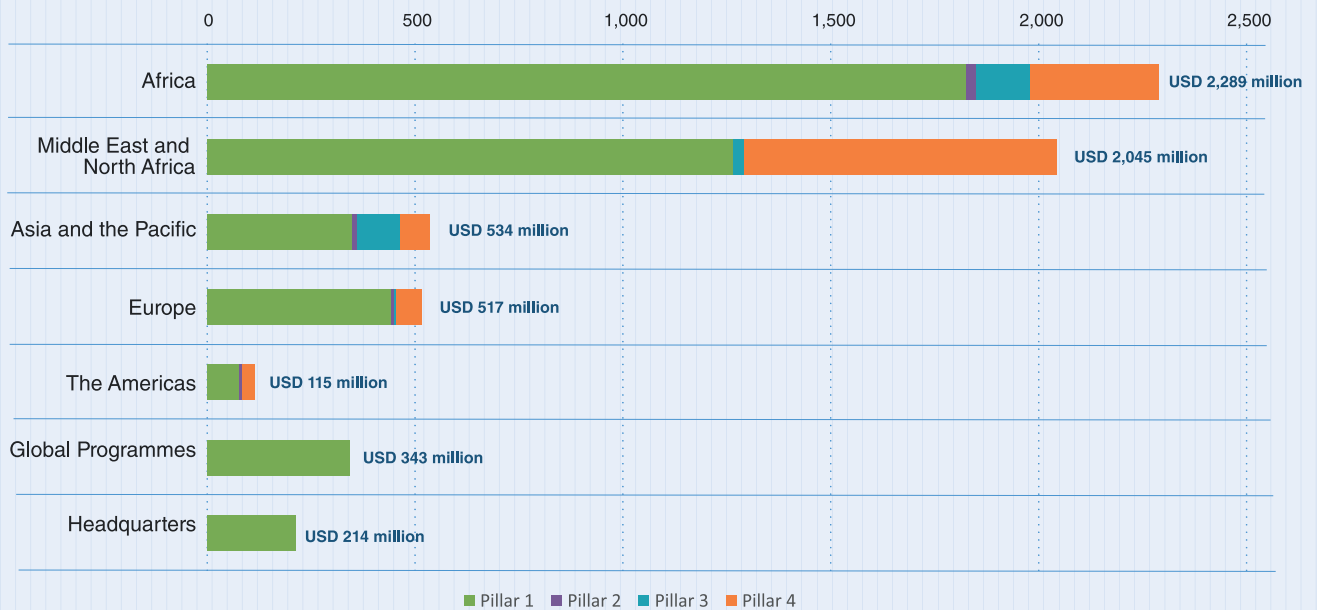


REGIONAL BREAKDOWN

Figure 3 provides a more visual presentation of the percentage breakdown of the various parts of the 2016 budget. This shows in particular the proportion of the budget allocated to each of the five regions. Comments on the evolution of each regional budget are provided below.

Figure 4 displays the regional budgets by pillar, showing the portion of each regional budget that has been allocated to each of the four pillars.

FIGURE 4 2016 regional budgets by pillar



OPERATIONAL FOCUS

Figure 5 presents the consolidated field budgets by rights group, and shows that 54 per cent of the field requirements are for providing basic needs and essential services for which UNHCR depends on predictable and flexible funding in order to assure timely delivery. This will include significantly more efforts in 2016 and beyond to assist people of concern through cash-based interventions where this is the most appropriate modality.

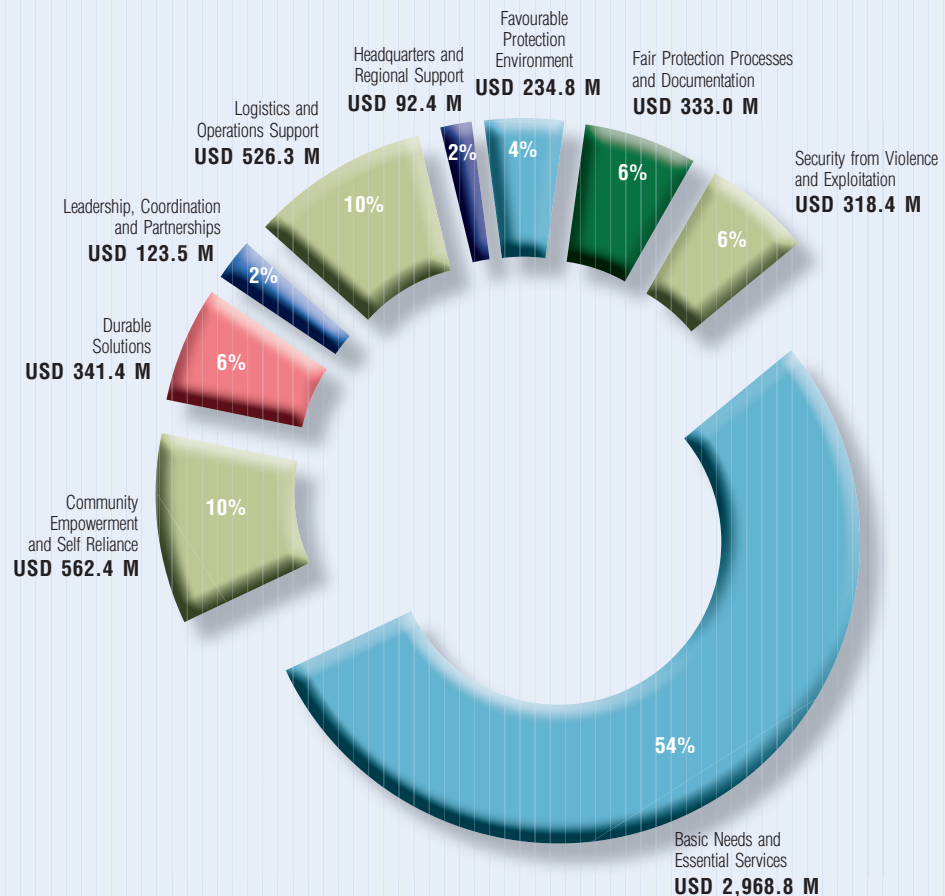
More detailed information on UNHCR's 2016 programmes and priorities at the regional, subregional and operations levels are available in the respective regional summaries in this Appeal and on the Global Focus website <http://reporting.unhcr.org>, UNHCR's main operational reporting platform for donors. Information on Global Programmes is presented in the thematic chapters of this Appeal, and is supplemented by the Themes section of the Global Focus website.

EVOLUTION OF BUDGETS BY REGION

Africa

Africa has the greatest budgetary needs, set initially at USD 2.289 billion. This amounts to 35 per cent of the overall 2016 requirements, 5.5 per cent more than the 2015 requirements presented in the *Global Appeal 2015 Update*. However, this does not include needs for the most recent emergencies, particularly the Burundi and Yemen situations, which were not foreseen in the calculation of the 2016 requirements. In 2015, the emergency in Yemen forced tens of thousands of refugees and people of other nationalities to flee mainly to Djibouti and Somalia. This, together with anticipated new displacements, owing to ongoing emergencies in other parts of the region, has increased the projected numbers of people of concern in Africa to approximately 18 million people by end-2015 from 16.9 million at end-2014. This is projected to remain at a similar level in 2016.

FIGURE 5 2016 field budgets by rights group | USD million



At the subregional level, the major variations in the budget requirements compared to the 2015 current budget are in the East and Horn of Africa (12 per cent less) and in the Central Africa and Great Lakes (25 per cent less). Moderate decreases can also be noted in West Africa (11 per cent) and in Southern Africa (9 per cent).

In the East and Horn of Africa, the budgetary decrease is related mainly to the situation in South Sudan, where the IDP strategy and operational priorities have been realigned, taking into account the volatile operational environment and an expectation that the number of IDPs should fall by the end of 2016 and go down further in 2017. In Ethiopia, while projected refugee numbers have increased for 2016, thanks to considerable investments and cost-efficiency measures undertaken in 2015, the estimated requirements have been reduced. In Sudan, despite an anticipated increase in the number of new arrivals from South Sudan in 2016, further movements from camps to urban areas are expected. Lower budgetary requirements for operations in Eritrea, Djibouti and Kenya were set in relation to an estimated decrease in the planning figures of persons of concern.

For the Chad operation, a rise in requirements for 2016 has been based on moves to integrate refugees into national systems and to promote self-reliance. Chad has also started to implement an out-of-camp strategy for Central African and Sudanese refugees, with an emphasis on strengthening the delivery of services. The overall assumptions for the Nigeria and Central African Republic situations will have to be reviewed as developments unfold. The increase in requirements in Uganda is associated with a rise in the planning figures for persons of concern.

In the Central Africa and Great Lakes subregion, major investments in camps and host community infrastructure undertaken in 2015 have reduced the needs in 2016 in operations such as Cameroon. However, the additional needs for the Nigeria situation, for which supplementary budgets had to be established in 2015, have significantly increased the current requirements for the countries involved. Elsewhere in the

subregion, at the time of planning for 2016-2017, the magnitude and implications of the Burundi emergency were not known, and the associated requirements are not incorporated in the 2016 budget. The needs for this situation will be reassessed in late 2015.

In West Africa, lower budgetary requirements are due to the scaling down of four offices under the Regional Office in Senegal; a reduction in the estimated needs for the Mali operation (related to the recently signed peace agreement which is expected to stabilize the situation); and the planned downsizing of the operation in Liberia following to the repatriation of Ivorian refugees, leading to camp consolidation and anticipated closure in 2016.

In Southern Africa, moderate variances stem from a lower budget for Zambia with the gradual handover of services to national line ministries; and phase-down strategies for Angola and Botswana.

Middle East and North Africa

The 2016 budget for the Middle East and North Africa region stands at just under USD 2.045 billion - approximately 31 per cent of the global requirements. This is 8.4 per cent more than the corresponding 2015 budget as presented in the *Global Appeal 2015 Update*.

At the start of 2015, there were some 16.8 million persons of concern in the region. This figure is likely to remain above 16 million for 2016 and 2017. The operational environment is increasingly volatile, with a complex political outlook and social and economic tensions causing growing numbers and vulnerabilities of people of concern to UNHCR. In addition to the current situations in Iraq and the Syrian Arab Republic (Syria), the conflict in Yemen has increased emergency needs in the region. Further, the continued deterioration of security in Libya and other countries in the region has generated internal displacement and refugee outflows that are currently affecting countries much further afield, notably in Europe.

At the subregional level, budgetary variations compared to the 2015 current budget include an overall decrease 4 per cent in the Middle East. This is mainly due

to anticipated reductions for operations in Yemen (USD 46.2 million), Lebanon (USD 27.7 million), Jordan (USD 10.2 million) and for common regional activities (USD 10.7 million). This is partially offset by an increase for Syria (USD 15.6 million). In Iraq, the requirements for 2016 remain stable at USD 556.0 million, although there has been a shift in needs from pillar 1 (refugee programme) and pillar 3 (reintegration projects) to pillar 4 (IDP projects), owing to the current situation on the ground. The adjustment in Iraq and the reduced requirements for Jordan and Lebanon are the result of thorough inter-agency planning processes.

The magnitude of the needs in respect of the deterioration of the situation in Yemen was not known at the time of planning for 2016; however, it is now clear that supplementary requirements being assessed in the latter part of 2015 will increase the 2016 budget. In the North Africa subregion there is an overall decrease, mainly due to reductions in operational budgets for Algeria and Mauritania. However, the deterioration in the security situation in Libya is generating greater protection needs and inter-agency contingency planning has been conducted in the neighbouring countries of Egypt and Tunisia. With over 200,000 individuals arriving in Europe in 2014 and a higher number expected this year, 2016-2017 planning will be shaped by the evolving scenario of mixed movements.

Asia and the Pacific

The number of people of concern in the region stood at 7.8 million at the start of 2015. The projected numbers by the end of 2016 are expected to be some 7.3 million. With more than 80 per cent of the refugee population in the region living outside camps, UNHCR is exploring a more pragmatic approach towards solutions in 2016-2017.

The 2016 budget for the region overall of USD 534.3 million corresponds to 8.2 per cent of UNHCR's global requirements, 5.5 per cent less than the 2015 requirements (see *Global Appeal 2015 Update*).

In South-West Asia, compared to the 2015 current budget, the 2016 annual budgets for Afghanistan and for Pakistan have been reduced by 9 per cent and 7 per cent respectively as a result of the emphasis on solutions. In South Asia, the 2016 budget is down by 21 per cent from the corresponding current budget in 2015, due to the falling numbers of the population of refugees from Bhutan in Nepal as a result of resettlement. In Myanmar, where ongoing peace negotiations and upcoming elections are expected to have a positive impact, the estimated budget has been reduced by 23 per cent from 2015.

Europe

UNHCR's 2016 budget for Europe was set at USD 516.9 million, accounting for around 8 per cent of global requirements. This is 7.5 per cent more than the corresponding budget for 2015 requirements (see *Global Appeal 2015 Update*).

The region was hosting some 6.5 million people of concern at the start of 2015. However, with the dramatic rise in arrivals of people seeking international protection in Europe, significant budgetary increases are to be expected in 2016 and 2017 in order to support States in the region to deal with the emergency situation.

The 2016 subregional budget for Eastern Europe is set at USD 407.6 million, including the mainstreaming of the needs for Ukraine. Operations in the region have been significantly affected by the increasing numbers of people seeking international protection crossing stretches of the Mediterranean Sea, notably between Greece and Turkey, and travelling onwards across the continent to Western Europe.

A supplementary appeal for the Special Mediterranean Initiative was launched in September 2015 identifying needs of USD 53.0 million for 2015 and USD 74.9 million for 2016 in order to support operations in countries of asylum or transit in Europe, the Middle East and North Africa, as well as countries of origin and transit in West Africa and in the East and Horn of Africa. Further additional requirements for winterization have since been identified and these, plus any

other new needs, are being presented in new emergency appeals.

The Americas

For the Americas, the 2016 budget is set at USD 115.6 million – 1.8 per cent of global requirements. This is a slightly lower budget in relation to 2015 as operational costs for Ecuador have been reduced (USD 2.2 million) by the successful implementation of durable solutions for Colombian refugees in recent years.

At the start of 2015, there were 6.6 million people of concern in the Americas. This figure is projected to increase to 7.7 million in 2016 and 7.9 million in 2017, as ongoing conflict and violence in parts of the region continue to generate displacement.

Global Programmes and Headquarters

UNHCR undertakes a wide range of global activities that are managed by substantive divisions at Headquarters. The objectives of these global activities remain field-

oriented, in support of global priority areas, both operationally and through policy development. Global activities cover areas such as: the promotion of refugee law and advocacy; refugee registration; the protection and care of refugee children; gender equality and prevention and response to SGBV; resettlement projects; water, health and sanitation; public information; fundraising; and research and evaluation.

The 2016 budget for global programmes is set at USD 342.7 million, 15.3 per cent higher than the corresponding 2015 budget (see Global Appeal 2015 Update). The increase reflects greater investments in the global fleet management and in private-sector fundraising. The 2016 budget of USD 213.7 million for programme support and management and administration at headquarters is 5.4 per cent lower than the equivalent budget set for 2015 (see Global Appeal 2015 update). The global programmes and headquarters budgets are presented in the *Operational Support and Management* chapter.).

| Inter-agency appeals |

Under the refugee coordination model, UNHCR assumes the lead role in refugee emergencies and coordinates both the strategic planning process to develop protection and assistance strategies, as well as joint fundraising and advocacy for refugee responses when appropriate. In 2016, in addition to refugee emergencies that may arise, UNHCR will coordinate inter-agency refugee response plans for the situations arising from the emergencies in Burundi, the Central African Republic, Europe, Nigeria, South Sudan, Syria and Yemen.

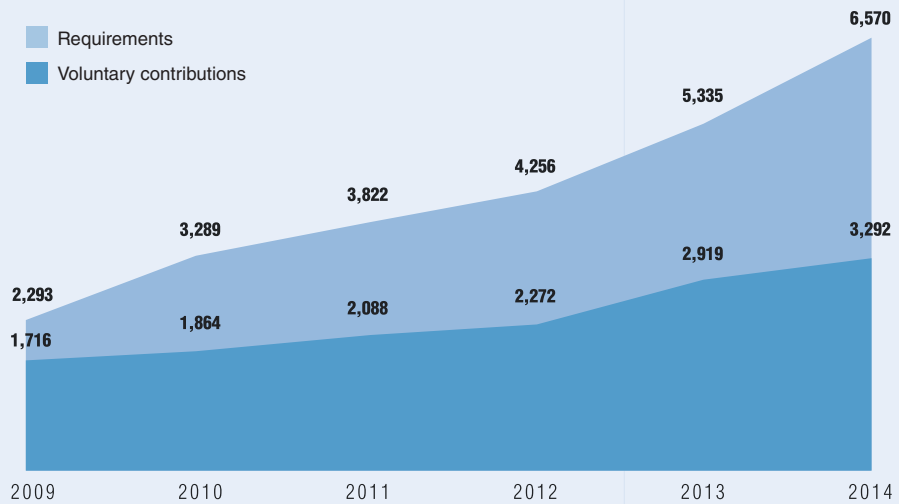
In complex emergencies, UN agencies, NGOs, other international organizations and governments work together to ensure a swift, efficient and appropriate response to the needs and scale of the crisis. Through the Inter-Agency Standing Committee (IASC) coordination mechanism, UNHCR works jointly with other members

throughout the humanitarian programme cycle to contribute to an integrated approach to needs assessment, planning, implementation, monitoring and resource mobilization. Agencies in the response endeavour to ensure that planned activities are coordinated through this process for maximum impact, while avoiding duplication.

In 2016, UNHCR will continue to work together with UN Country Teams on humanitarian response plans, including for Afghanistan, the Central African Republic, the Democratic Republic of the Congo, the Sahel region countries, South Sudan, Syria and Yemen, among others. To ensure that the accountability for refugee protection and assistance remains clear, activities responding to the needs of refugees are reflected in a distinct refugee response chapter, developed and managed under the leadership of UNHCR.

| Resource mobilization: a continuing challenge |

FIGURE 6 UNHCR's annual requirements vs. voluntary contributions 2009-2014 | USD millions



As an organization almost entirely dependent on voluntary contributions, UNHCR continues to seek new ways of increasing funding levels and finding new sources of financing, with a view to broadening its donor base and reducing funding gaps.

Figure 6 shows that, while needs have climbed sharply since 2009, donor contributions have also risen, almost doubling during the same period. UNHCR is very grateful to its donors who continue to provide remarkable support for the work of the organization in many different ways. Details of the contributions of UNHCR's main donors can be found on the Global Focus website (<http://reporting.unhcr.org>).

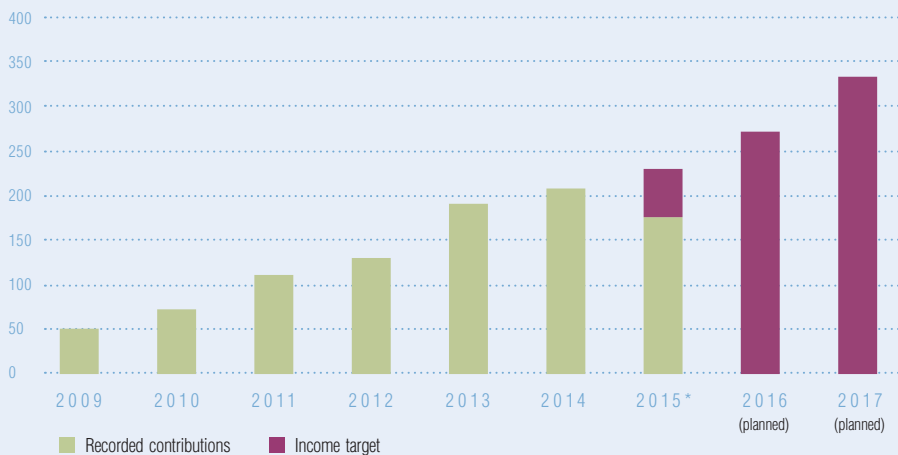
PRIVATE SECTOR CONTRIBUTIONS

UNHCR also welcomes the steadily growing support for its work from the private sector (**Figure 7**). By 30 September 2015, nearly USD 176 million had been received from private donors for operations in 2015. This is expected to increase to at least USD 230

million by the end of the year, representing more than 7 per cent of UNHCR's overall projected voluntary contributions.

Through both individual giving and leadership giving programmes, private-sector fundraising efforts are being undertaken in 27 countries, through a network of UNHCR country offices and six National Partners (see chapter on *Private Sector Fundraising*). A strategic and continued focus on recruiting individual donors has already established a base of over 1 million donors, which continues to grow.

In 2016-2017 UNHCR will pursue its multi-year strategy for increasing income from the private sector, with the aim of mobilizing USD 500 million by 2018 from private sector partners and individual donors. Under this strategy, the organization aims to expand its global outreach to 50 countries and strengthen partnerships with corporations, foundations and influential individuals, bringing visibility, expertise and financial support to UNHCR's operations. Through private-sector fundraising, the Office also hopes to increase the amount of unearmarked funding for emergencies and forgotten crises.

FIGURE 7 Contributions from the private sector 2009-2017 | USD millions

*Recorded contributions as of 30 September 2015

FUNDING GAPS

The scope, scale and geographical reach of humanitarian crises in 2015 have continued to place significant pressure on the global humanitarian system. More than ever before in its history, UNHCR and its partners are stretched to respond to the ever-increasing challenges.

The numbers and needs of people of concern have been growing considerably faster than the level of funding available globally for humanitarian aid. In 2010, funds available to UNHCR represented 64 per cent of its comprehensive budget; while by the end of 2015, the Office anticipates being able to cover only 47 per cent of its comprehensive budget. Thus, more than half of the needs of populations of concern will remain unaddressed, further exacerbating their vulnerability; contributing towards onward displacement; and undermining the potential stabilization of crises and the ever more challenging search for sustainable solutions.

The multiplication of large-scale emergencies has been the main factor behind the sharp rise in UNHCR's budget, which has more than doubled over the past five years.

The three largest emergencies alone – the Syria situation, the South Sudan situation and the Iraq situation – take up 42 per cent of UNHCR's 2015 budget.

This has had a considerable impact on other operations that have to respond to protracted crises, where the response has had to be prioritized to the absolute minimum for urgent life-saving interventions. Planned activities have had to be dropped, often undermining important areas, such as support for self-reliance; the search for durable solutions; support for host communities; the upholding of minimum standards; and efforts to continuously seek to improve the protection of people of concern.

While many donors have continued to increase their contributions, and despite the successful growth of private sector giving, UNHCR needs significantly more funding to adequately address the most basic needs of the people it is mandated to care for around the world.

To address the growing funding gaps in major humanitarian emergencies, UNHCR will continue to work with its donors and partners to urgently find new ways to expand humanitarian funding.

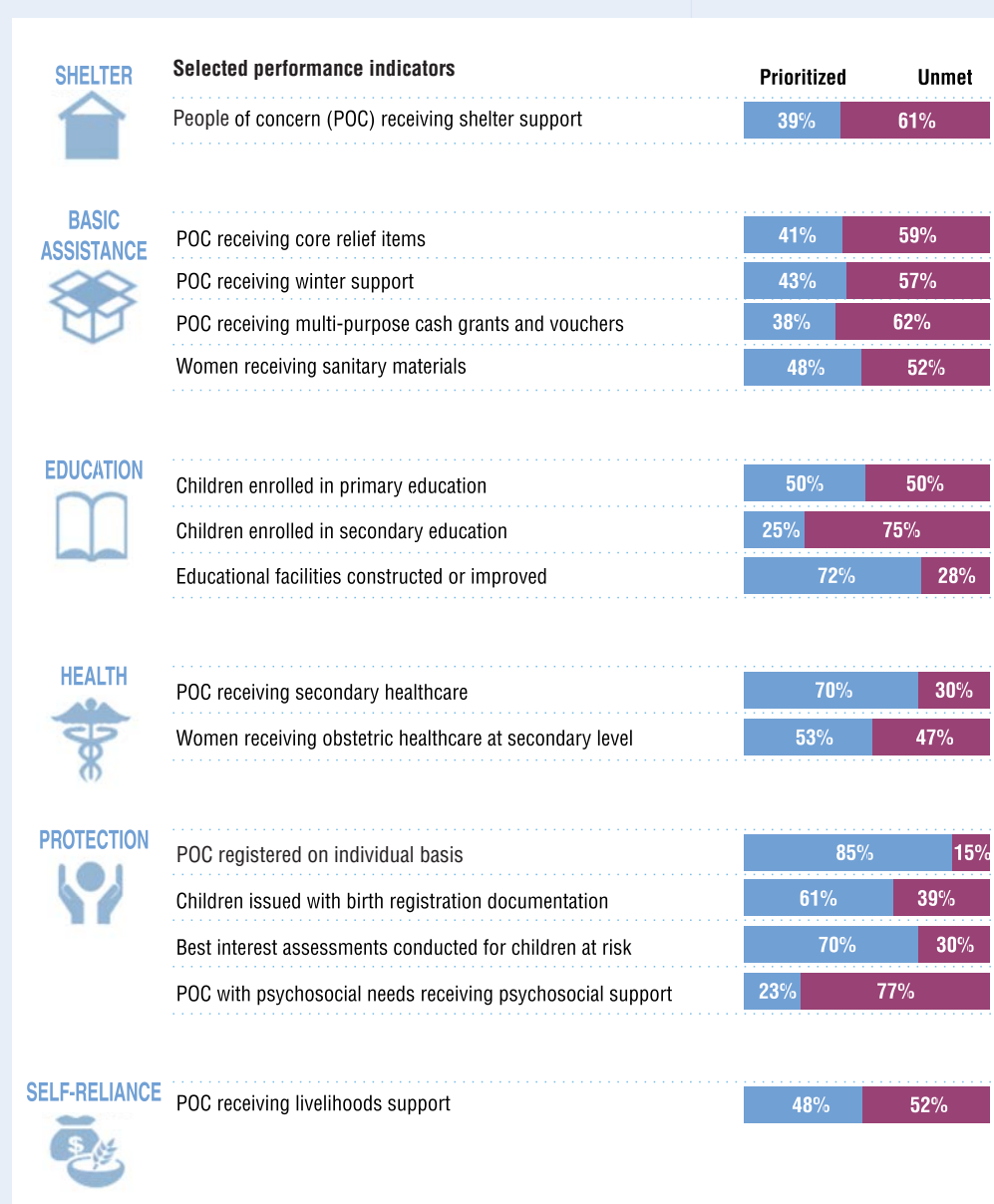
CONSEQUENCES OF UNDERFUNDING

Figure 8 gives an indication of some of the most critical areas of unmet needs in 2015 which are likely to occur again if there continue to be budgetary shortfalls in 2016.

The column marked Prioritized corresponds to the coverage and scope of what UNHCR plans to achieve in 2015 with projected available funding. However, the

actual results are subject to the operational context, access, security, the political will of governments, and other factors beyond UNHCR's control. The column marked Unmet provides an indication of the remaining comprehensive needs that UNHCR considers it would have the capacity to address within the year, were the organization's comprehensive budget to be fully funded.

FIGURE 8 Examples of the impact of funding shortfalls in 2015 | (as of October 2015)



The impact of funding gaps spreads across a wide range of UNHCR's planned activities for protecting and ensuring the wellbeing of people of concern. Some examples of this include the enrolment of children in secondary education where lack of funding has affected many operations, but has been felt particularly in Ethiopia, Chad and Lebanon. Operations most affected by funding shortfalls for shelter support include Iraq, Pakistan and the Democratic Republic of the Congo. In terms of providing psychosocial support to people traumatized by forced displacement, Lebanon, Egypt and Iraq are among the operations most affected by underfunding, where more resources could make a significant difference in supporting particularly vulnerable people.

QUALITY OF FUNDING

As the gap between needs and available humanitarian resources widens ever further, unrestricted support has become even more crucial in providing both the flexibility to implement emergency operations as soon as

possible, and the ability to continue to address ongoing operations including forgotten, protracted situations. The lack of available funding to sustain protection and assistance for people in protracted displacement leaves a gap that risks perpetuating further movements of the kind illustrated so tragically in the Bay of Bengal and Andaman Sea for example.

In these challenging times, therefore, UNHCR relies more than ever on early, predictable and unrestricted income to provide uninterrupted protection and assistance for populations of concern. Today, the major players in the international community's response to the vast challenges of conflict-related displacement are appealing for humanitarian action to be recognized as "a predictably funded public good – not an optional, charitable impulse – that is part of a global system for protecting people and promoting stability and sustainable development" (ECOSOC High-Level Panel Discussion on *The Future of Humanitarian Action*, 16 June 2015). ■