

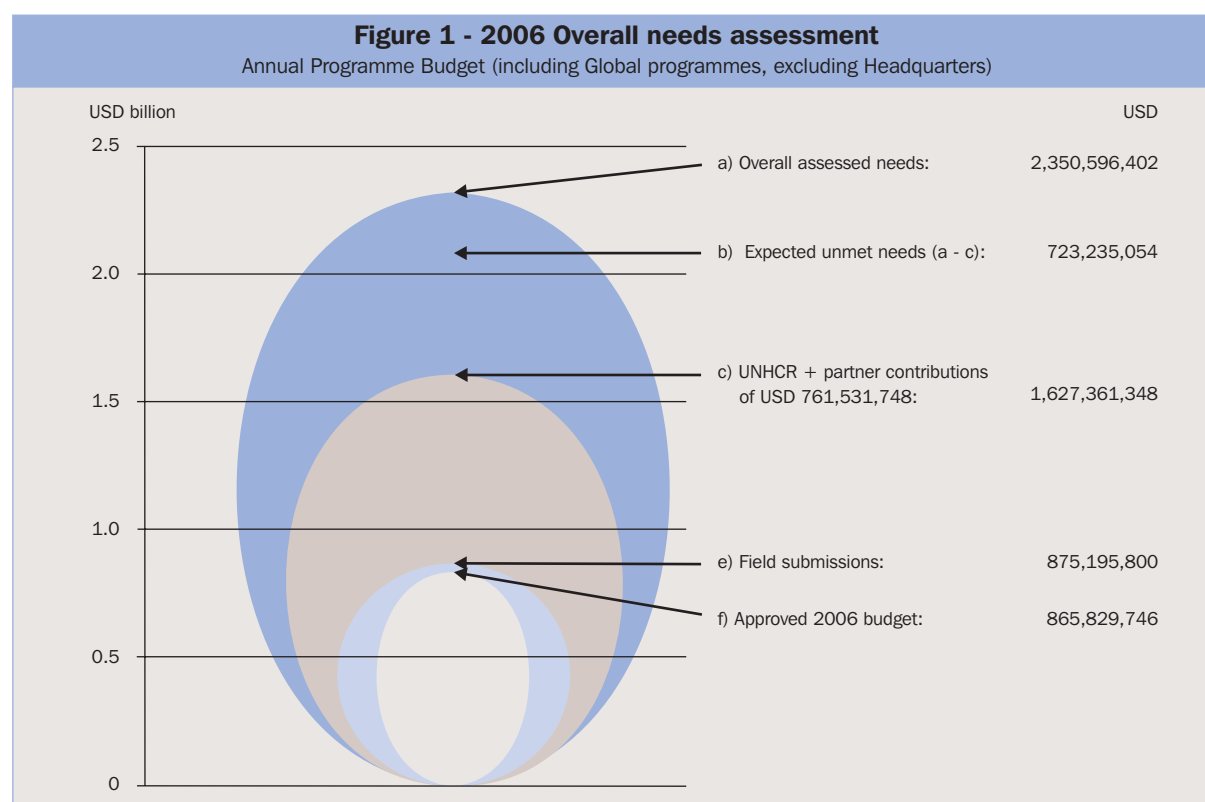
Funding the needs of the world's refugees

Planning and budgeting

Based on the High Commissioner's Global Strategic Objectives for the organization, Regional Bureau Directors established related regional goals in order to help guide country offices with 2006 programming and budgeting. Country offices, in turn, undertook comprehensive needs assessments for each operation, in close cooperation with their partners – governments, NGOs, other UN agencies, and beneficiaries – so as to estimate the overall assistance and protection needs of refugees, returnees, internally displaced people and others of concern. Since 2004, UNHCR has been conducting this exercise in an increasingly systematic manner, identifying gaps in the assistance and protection regime by measuring actual needs against internationally accepted standards. While the methodology requires further refining, particularly to adapt it to non-camp situations, the resulting picture still highlights the challenge UNHCR and others face in addressing the gaps identified, as

these are usually much greater than the resources available. A careful review and prioritization exercise is then carried out to match the assessed needs with resources.

UNHCR is fully aware that it can only address part of the overall needs, and that it must count on the contributions made by others - central and local governments, NGOs, UN agencies, intergovernmental organizations and host communities – if it wants to ensure that refugees and others of concern are protected and assisted. It is therefore crucial for UNHCR to ensure that the most urgent and essential needs are addressed, and that the contributions made by others are well coordinated without duplication of efforts in order to maximize the available resources. Figure 1 illustrates UNHCR's requirements in relation to the global needs of refugees and others of concern, as well as the portion of those overall needs being addressed by others. It also indicates the remaining, unmet needs for 2006, which – to the extent they could be quantified – amount to some USD 723 million.





UNHCR's Executive Committee meeting in October 2005 in Geneva, where budget and funding are two of the issues discussed.
UNHCR / S. Hopper

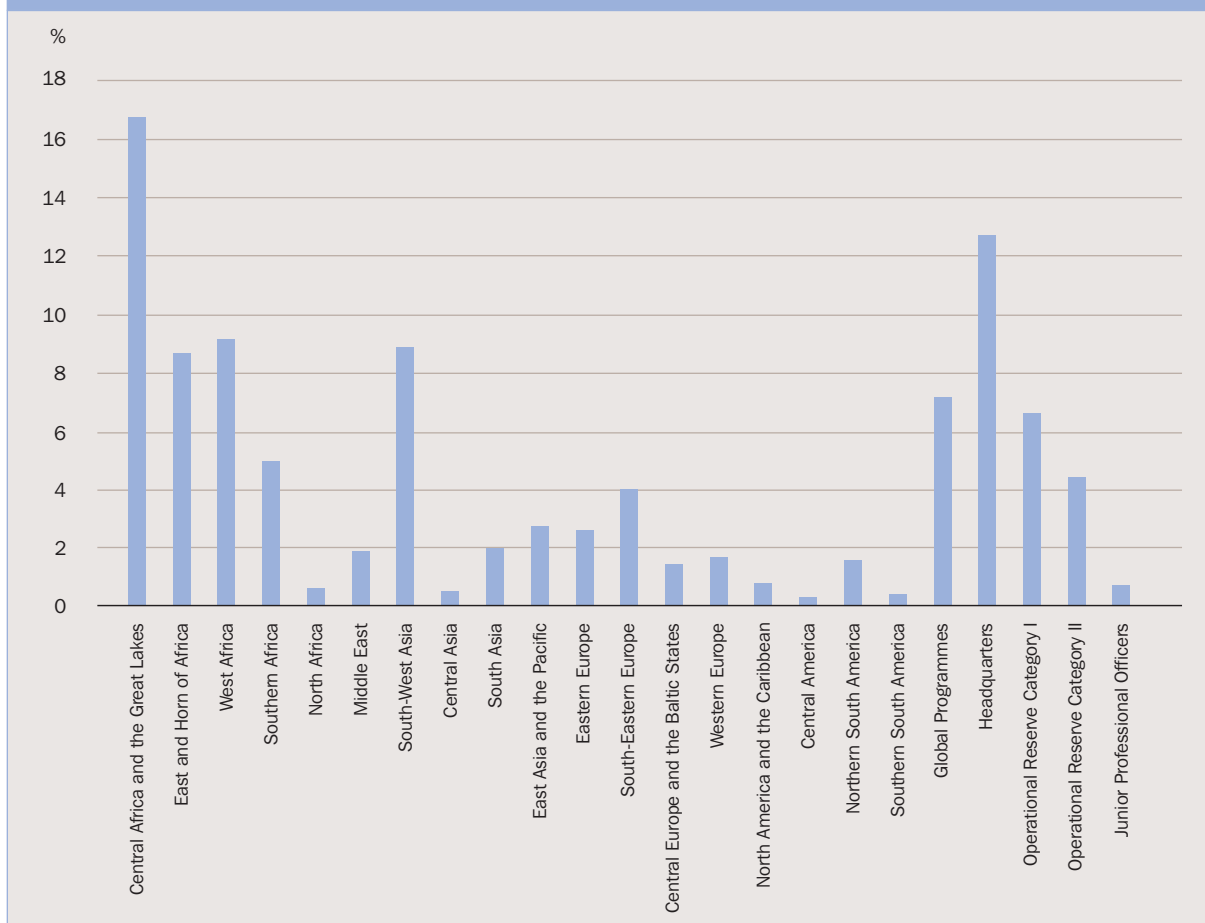
Based on the needs assessment processes undertaken at the field level, the submissions from UNHCR's country offices and Headquarters for their 2006 programmes totalled some USD 1.16 billion (of which USD 875.2 million pertained to the field and global programmes). Following a prioritization exercise and informal consultations with donors, UNHCR's Annual Programme Budget for 2006 was approved by the Executive Committee of the High Commissioner's Programme at USD 1.14 billion (of which USD 865.8 million pertains to the field and global programmes). The 2006 budget is some USD 156 million higher than in 2005, with the increase mainly for programmes in Africa. This is mostly due to the integration into the Annual Programme Budget of activities relating to the return and reintegration of Burundian refugees and the Chad operation, which had been budgeted previously as supplementary programmes (see next page). Programmes in other areas of the world have not registered major upward changes, and it is noteworthy that there will be no increase in the number of headquarters staff for 2006.

In complex emergencies, meeting the needs of those who suffer often goes beyond the competency of UNHCR or any other single agency and

requires that UN agencies and other members of the Inter-Agency Standing Committee (IASC) work together in the framework of a **Consolidated Appeals Process (CAP)**. The CAP, led by the UN Humanitarian Coordinator, results in the establishment of a common humanitarian action plan for a given country or region. It provides both a common assessment of needs as well as a strategy for humanitarian response and identifies the roles and responsibilities of each participating agency. The process also usually leads to the issuing of a Consolidated Appeal (CA) which presents the projects and programmes carried out by different organizations to address the most urgent needs. UNHCR, as a full member of IASC and the relevant UN Country Teams (UNCTs), is an active participant in the CAP, and will present its requirements in 14 of the 15 Consolidated Appeals planned for 2006, where it has both a mandate and programmes.

UNHCR's Annual Programme Budget includes an amount for the **Operational Reserve** which, as in the past two years, has been split into two categories. Category I, amounting to USD 75.8 million in 2006, corresponds to additional requirements that may arise due to emergencies or other

**2006 Annual Programme Budget requirements by subregion and activities
(as a percentage of the total)**



unforeseen developments. Category II, amounting to USD 50 million, is being used, on a trial basis, exclusively to accept additional contributions for expanding or for undertaking new activities which fall within UNHCR's mandate but which are not included in country budgets. While UNHCR does not actively raise funds for Category II of the Operational Reserve, the Office hopes that Category II will allow it to strike a balance between overall needs, resource limitations and specific donor interests to address unmet needs through additional contributions. Initially established as a pilot project until 2005, the use of Category II of the Operational Reserve has been extended for another year so as to allow UNHCR to gather more data before a final decision is made on whether to retain this facility.

In addition to the Annual Programme Budget, the 2006 Global Appeal includes the 2006 component of several supplementary programmes (supplementary programmes are those established

after the approval of the annual programme): the Democratic Republic of the Congo, West Darfur, South Sudan, and Iraq. At the time of writing this Global Appeal, the requirements for supplementary programmes for Iraq, West Darfur and South Sudan had not yet been determined and will be communicated later on through supplementary appeals. Other supplementary appeals may be issued in the months to come, while appeals for funds for programmes relating to internally displaced people will be made through Inter-agency Consolidated Appeals.

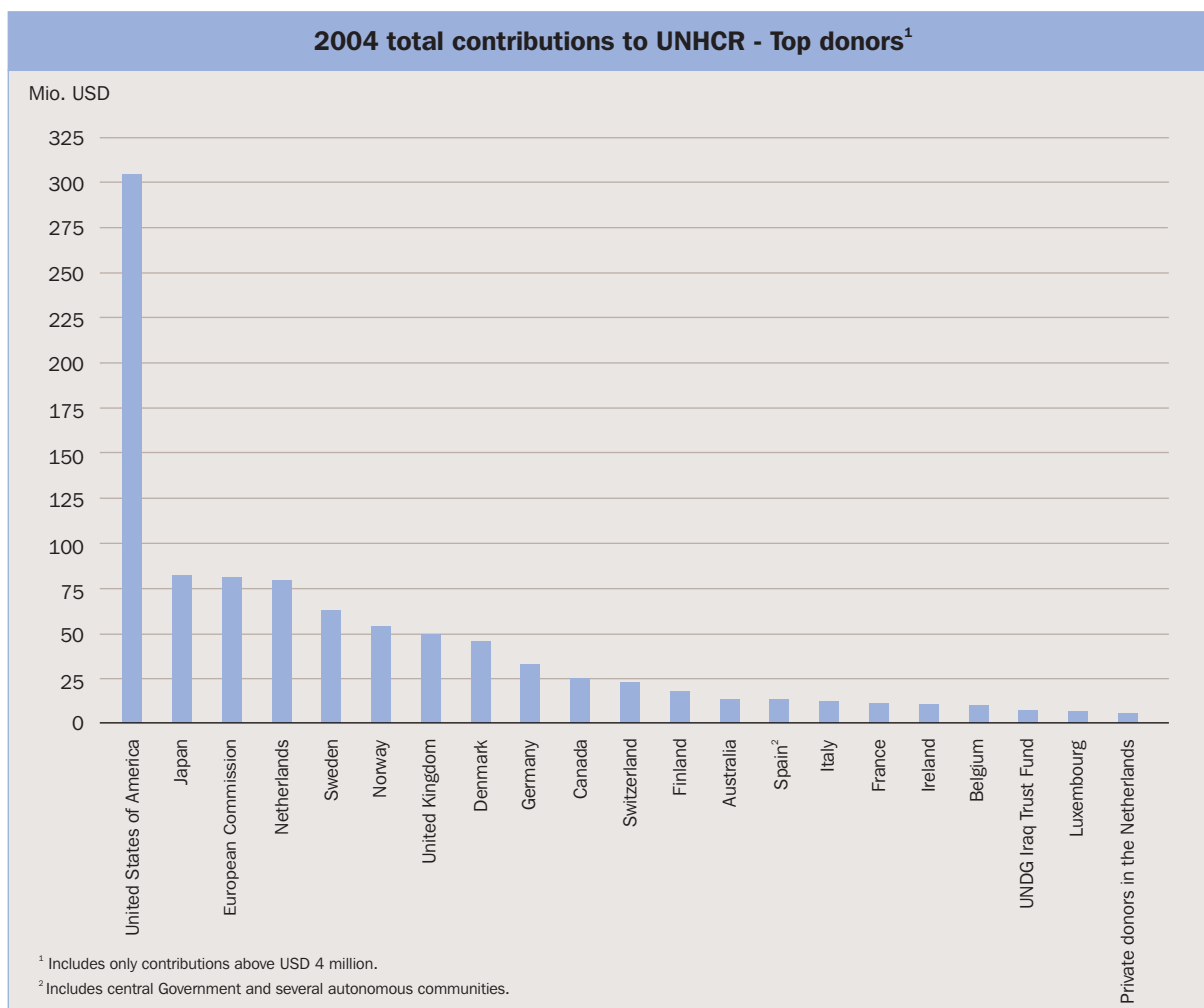
The fund raising process

Once the Annual Programme Budget is approved by ExCom, UNHCR is able to start raising funds for its programmes in the following year. UNHCR is virtually completely dependent on voluntary contributions from governments, intergovernmental

and non-governmental organizations and private donors, with only 2.9 per cent of its total requirements allocated from the United Nations Regular Budget. Despite this dependence on voluntary contributions, UNHCR's donor base is quite narrow, with three governmental donors providing almost 50 per cent of UNHCR's contributions and ten providing close to 80 per cent in 2004.

UNHCR will make every effort to maintain the loyalty and support of its regular donors. At the same time, the Office will continue its efforts to widen its donor base and establish or renew contacts with a larger number of governmental donors and encourage them to provide a minimum level of financial support. In addition, UNHCR has been seeking support from "non-traditional" sources of funding within governments and multilateral organizations, exploring budget lines usually linked with development activities, migration, or justice and home affairs, as well as from municipalities or decentralized government authorities.

Private sector donors accounted for USD 18.8 million, about two per cent of the contributions received, in 2004. In 2006, UNHCR will strive to increase the funds raised from non-governmental sources, including individual donors and some international corporations, to further diversify the Office's donor base. Activities will focus on selected countries to ensure the most efficient use of UNHCR's limited investment resources. Primarily, the Office will concentrate its efforts on fundraising drives to promote monthly giving as the key long-term sustainable source of income, developing marketing materials, such as press releases and TV spots, for national associations and country offices to use for their fund raising appeals for emergencies. In the corporate arena, UNHCR will further develop existing and new international partnerships aiming at increasing its financial resources, as well as gaining access to essential human and technical expertise. Finally, the Office will consolidate the work being undertaken with major foundations.



Obtaining the funds required to implement the planned activities is a long and challenging process. Fund raising for UNHCR takes place throughout the whole financial year and, while the Office has been fortunate to be able to rely on its donors for the greater part of its requirements, there is no absolute guarantee that programmes will be fully funded. Obtaining early assurance of the volume of available funds for its programmes is crucial for planned activities to be sustained and for them not to be curtailed later on in the year because there are not enough funds to complete them.

Predictability and timeliness of funding results in greater credibility and greater confidence, not only for the Office but also for operational partners who implement parts of UNHCR's programmes: they know they will be able to deliver on their promises, thus guaranteeing the desired impact.

Early pledges allow for the smooth running of activities, especially in emergency operations. They avoid implementation delays and enable the Office to allocate funds adequately from the beginning, maximizing the use of resources.

Finally, contributions with minimum restrictions on their use allow UNHCR to direct the funds where they are needed most, particularly ensuring that smaller, older and less visible programmes and activities receive as much attention as recent, more visible and larger crises.

Donors are well aware of the challenges faced by humanitarian organizations depending on voluntary funds to carry out their programmes. Mirroring initiatives led by many humanitarian organizations to establish good humanitarian practices and standards, such as the Code of Conduct for Disaster Relief and the Sphere Project, in June 2003 a group of donor governments launched the **Good Humanitarian Donorship (GHD)** initiative to improve their response to humanitarian crises. Through this initiative, donors have been looking in particular at ways to increase the coordination of their response; to ensure it is equitable for different crises in various parts of the world; that it is delivered as efficiently as possible; that it is effective in both the short

and medium terms and that the response to new crises does not adversely affect assistance provided to meet the ongoing needs in other situations.

At its first meeting in June 2003 in Stockholm, the GHD endorsed principles and good practices of humanitarian donorship. It also established an informal implementation group to coordinate follow-up, of which UNHCR is an active participant. Since then, one of the issues GHD has been concentrating on, and for which UNHCR had been advocating for several years, is the need to harmonize and reduce reporting requirements, thereby reducing costs and efforts for humanitarian organizations. The annual reports of several agencies have been studied in order to determine whether they could be accepted as sole reporting by donor governments, including UNHCR's Global Report, which is already accepted by eight major governmental donors as the only report they require from the Office. Within the context of the GHD principles, UNHCR, together with donors, hopes in 2006 to look at the issue of management requirements, with a view to reviewing and streamlining their requests for organizational strategy papers, logical frameworks and submission formats.

UNHCR hopes that with this initiative, combined with the Office's efforts at improving its own efficiency and accountability to donors, taxpayers and beneficiaries, the gap between needs, programme implementation and resources will increasingly be reduced for the benefit of refugees and other displaced people throughout the world.

Total financial requirements (USD)			
Operations / Activities	Annual Programme Budget	Supplementary Programme Budget²	Total
Central Africa and the Great Lakes	190,158,104	62,780,980	252,939,084
East and Horn Africa	99,206,821	890,890	100,097,711
West Africa	103,900,704	0	103,900,704
Southern Africa	56,157,104	5,952,865	62,109,969
North Africa	7,485,097	0	7,485,097
The Middle East	21,519,221	0	21,519,221
South-West Asia	101,306,261	0	101,306,261
Central Asia	6,743,543	0	6,743,543
South Asia	22,642,389	0	22,642,389
East Asia and the Pacific	31,205,144	0	31,205,144
Eastern Europe	29,943,578	0	29,943,578
South-Eastern Europe	45,141,536	0	45,141,536
Central Europe and the Baltic States	15,729,025	0	15,729,025
Western Europe	19,343,787	0	19,343,787
North America and the Caribbean	8,508,827	0	8,508,827
Central America	2,765,088	0	2,765,088
Northern South America	17,892,192	0	17,892,192
Southern South America	4,110,221	0	4,110,221
Headquarters ¹	145,143,981	1,072,396	146,216,377
Global programmes	82,071,104	0	82,071,104
Total programmed activities	1,010,973,726	70,697,131	1,081,670,858
Operational Reserve Category I	75,823,273	0	75,823,273
Operational Reserve Category II	50,000,000	0	50,000,000
Junior Professional Officers	8,500,000	0	8,500,000
GRAND TOTAL	1,145,296,999	70,697,131	1,215,994,130

¹ Includes an allocation of USD 32,873,515 from the UN Regular Budget.

² The figures refer to the supplementary programme for the repatriation and reintegration of Congolese (DRC) refugees.

The Supplementary Programme Budget does not include a 7% support cost (USD 4,873,731) that is recovered from each contribution received to meet indirect costs in UNHCR Field and Headquarters.