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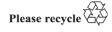
**Executive Committee of the
High Commissioner's Programme**
Seventy-fifth session
Geneva, 14–18 October 2024
Item 6 of the provisional agenda
**Consideration and adoption of the
annual programme budget 2025**

Annual programme budget 2025 of the Office of the United Nations High Commissioner for Refugees (A/AC.96/75/5)

Report of the Advisory Committee on Administrative and Budgetary Questions[*]

I.   Introduction

1.   The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the annual programme budget 2025 of the Office of the United Nations High Commissioner for Refugees. During its consideration of the report, the Committee was provided with additional information and clarification, concluding with written responses received on 29 July 2024.

2.   The Advisory Committee will consider the financial report and audited financial statements for the year ended 31 December 2023 and the report of the Board of Auditors on the voluntary funds administered by the United Nations High Commissioner for Refugees during its fall session in 2024. The Committee will include its main observations on any issues specific to UNHCR in its related report, which will be presented to the General Assembly during the fourth quarter of 2024.

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[*]   The present document is being issued without formal editing.

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Table I
Original and current budgets for 2024 and proposed budget for 2025 - by budget component
(in thousands of US dollars)

| | 2024 budget | | | | 2025 | | Variance Proposed vs Current | | Variance Proposed vs Original | |
| | Original | | Current | | Proposed | | | | | |
	Amount	% over total	Amount	% over total	Amount	% over total	Amount	% change	Amount	% change
West and Central Africa	1,011,401	10%	1,115,137	10%	1,191,027	12%	75,890	7%	179,626	18%
East and Horn of Africa & the Great Lakes	2,149,050	20%	2,189,050	20%	2,167,149	21%	(21,901)	-1%	18,099	1%
Southern Africa	492,154	5%	492,154	5%	451,286	4%	(40,867)	-8%	(40,867)	-8%
Middle East and North Africa	2,341,761	22%	2,341,761	22%	2,122,341	21%	(219,419)	-9%	(219,419)	-9%
Asia and the Pacific	993,215	9%	993,215	9%	957,947	9%	(35,268)	-4%	(35,268)	-4%
Europe	1,466,193	14%	1,466,193	14%	1,247,124	12%	(219,068)	-15%	(219,068)	-15%
Americas	834,571	8%	834,571	8%	815,172	8%	(19,399)	-2%	(19,399)	-2%
Country Operational Technical Support	159,949	2%	160,033	1%	155,057	2%	(4,976)	-3%	(4,892)	-3%
Subtotal country and regional programmes	**9,448,293**	**89%**	**9,592,112**	**89%**	**9,107,105**	**89%**	**(485,007)**	**-5%**	**(341,188)**	**-4%**
Global programmes	406,495	4%	407,002	4%	385,495	4%	(21,508)	-5%	(21,001)	-5%
Headquarters	249,658	2%	249,067	2%	255,501	2%	6,434	3%	5,843	2%
Subtotal programmed activities	**10,104,446**	**95%**	**10,248,182**	**95%**	**9,748,101**	**95%**	**(500,081)**	**-5%**	**(356,345)**	**-4%**
Operational reserve (OR)	505,222	5%	505,222	5%	487,405	5%	(17,817)	-4%	(17,817)	-4%
Junior Professional Officers	12,000	0%	12,000	0%	12,000	0%	-	0%	-	0%
Total	**10,621,668**	**100%**	**10,765,404**	**100%**	**10,247,506**	**100%**	**(517,898)**	**-5%**	**(374,162)**	**-4%**

II. Financial resources

3.   The Office's programme of work in 2025 will continue advancing and delivering on the UNHCR strategic directions for 2022-2026 with the following key initiatives: (1) Advancing the Global Compact on Refugees; (2) Strengthening key areas of the protection response; (3) Engagement with internally displaced persons; (4) Preventing and reducing statelessness; (5) Climate action; (6) Accountability and oversight; and (7) Proactive and comprehensive risk management.

4.   The report presents the consolidated needs-driven 2025 budgetary requirements of the Office of the United Nations High Commissioner for Refugees for country and regional programmes, headquarters and global programmes, amounting to $10,247.5 million. It also reviews the current programme budget for 2024, at 31 May 2024, of $10,765.4 million. This represents the sum of the original programme budget for 2024 of $10,621.7 million, which the Executive Committee of the High Commissioner's Programme (Executive Committee) approved at its seventy-fourth plenary session in October 2023, with an increase of $143.7 million resulting from a supplementary budget to address exceptional humanitarian and protection needs in the emergency situation in the Sudan.

5.   The budget for programmed activities comprises three components: country and regional programmes, global programmes and Headquarters; reserves and the Junior Professional Officer programme are not included (A/AC.x/xx/x, para. 63). The 2025 programmed activities total $9,748,101,000 reflecting a decrease of $500,081,000 (5.0 per cent) as compared with the current budget of $10,248,182,000 approved as at 31 May 2024, comprising $9,107,105,000 for country and regional programmes; $385,495,000 for global programmed activities; and $255,501,000 for headquarters activities. Furthermore, $487,405,000 pertains to the operational reserve; and $12,000,000 for the Junior Professional Officer Fund. Current resources for headquarters for 2024 amount to $249,067,000, compared to the resources requested for 2025 in the amount of $255,501,000, or an increase of three per cent, while the current 2024 resources for country and regional programmes amount to $9,592,112,000, compared to the resources requested for 2025 in the amount of $9,107,105, or a decrease of five per cent.

6.   Upon enquiry, the Advisory Committee was informed that the increase at Headquarters is primarily driven by a budget transfer within the Division of Human Resources aimed at improving the functional alignment in human resource management and the strengthening of oversight and management, including improved support for workforce planning, staff development and the strengthening of the response to sexual exploitation and abuse and sexual harassment. In addition, a pool of regional talent advisors was created to strengthen DHR's field support partnering with HR partners in the regional bureau and the operations to provide strategic support on workforce matters including policy, occupational health and safety, and targeted regional support. **The Advisory Committee notes the increase in Headquarters resource requirements for 2025 as compared with a decrease in requirements for country and regional programmes. The Committee trusts that the proportions between the three components will continue to be tracked with a view to prioritizing field operations and minimizing management and administrative costs**.

7.   The report indicates that the last 10 years have seen the final programme budget increase at an average rate of 6 per cent, while funds available and expenditure both rose at an average rate of 5 per cent. The final budget for 2023 grew by 2 per cent compared to 2022, reflecting the needs arising from new crises and emergency responses to natural disasters, as well as a reduction in Iraq. Funds available reduced by 8 per cent, with the funding gap increasing to 48 per cent. Expenditure amounted to $5,166.6 million. Implementation continued at a rate of 90 per cent (ibid., para. 15). Upon enquiry, the Advisory Committee was provided with the table below showing the funding gap from 2019 to 2023.

Table II

					(in thousands of US dollars)
	2019	*2020*	*2021*	*2022*	*2023*
Funding gap	44%	41%	44%	42%	48%

8.   **The Advisory Committee notes the increase of the funding gap to 48 per cent, the fluctuations between the level of the overall budget, funds available as a percentage of the budget and the level of the funding gap, as well as the general tendency over the decade of the needs-based programme budget growth continuing to outstrip the available funds (see also para. 21 below)**.

9.   The Committee was also informed that in terms of prioritization, when preparing country plans and budgets, UNHCR enacts a first level of prioritization to make sure that the request for funding represents the most critical work to be undertaken by the Office. The purpose of the planning process is to identify the work that UNHCR must do in a complementary manner to other stakeholders and actors. Based on funding available and on commitments from donors, country operations then further decide on priority interventions or trade-offs based on resources available and earmarking requirements, with support and guidance from Regional Bureaus and based on parameters set by the High Commissioner. All interventions have to fall within the framework of the approved programme budget. Country operations are guided to prioritize by considering the criticality of needs; core protection activities; activities that will reduce needs in the future; and alignment with the High Commissioner's Strategic Directions and eight focus areas. In the context of significant funding gaps, these trade-offs increasingly result in difficult consequences for persons of concern to UNHCR, where needs and priorities are not fully met. As a result, UNHCR highlights the most critical needs to donors through reports on under-funding.

10.   Table I.15 of the report compares the 2025 proposed budget to the 2024 current budget by outcome and enabling areas and core indicators. Upon enquiry, the Committee was informed that many different indicators were considered in the process of internal and external consultation to finalize the indicators, and the list is not meant to be exhaustive or comprehensive of all indicators that may be useful for UNHCR to track management and operational performance. These indicators were discussed with Member States and have been agreed for one-year on a pilot basis. The pilot is being carried out for the year 2024. The results against the core enabling indicators will be published in 2025 in the Global Report for 2024. In the course of 2024 these indicators are being added to the Indicator Guidance document, providing detailed methodology and documentation of the results. There are no targets for any of the indicators. In 2025, once the Global Report is published, it is expected that Member States will provide additional feedback and input on the usefulness of the specific core enabling indicators, including any proposed changes if needed. **The Advisory Committee acknowledges the information provided on core indicators and enabling areas and trusts that the next budget submission will provide an update on the results of the pilot and consultations with Member States**.

11.   The relative share of requirements for the proposed budget ranges from 21 per cent for the Middle East and North Africa and the East and Horn of Africa and the Great Lakes to 4 per cent for southern Africa. Country operational technical support represents 2 per cent of the proposed budget. The global programmes and Headquarters components represent 4 per cent and 2 per cent of the proposed budget, respectively. The proposed programme budget for 2025 for regional bureaux of $158.7 million reflects a decrease of $31.8 million or 17 per cent compared to the 2024 current budget of $190.5 million (ibid., paras. 59 and 74). Table 1 above shows a proposed increase of 7% in West and Central Africa, with decreases for other regions.

12.   Upon enquiry, the Committee was informed that the operational reserve is the only reserve established under the Financial Rules for Voluntary Funds Administered by the High Commissioner for Refugees. The operational reserve is calculated at five per cent of the proposed programme activities in the UNHCR programme budget.

13. The United Nations appropriation to UNHCR covers the cost of the regular posts of the High Commissioner, the Deputy High Commissioner, 218 other management and administration posts at Headquarters, and a portion of recurring non-post administrative costs at Headquarters. The United Nations appropriation reflected in the programme budget for 2025 amounts to $47.2 million, the same level as 2024 prior to recosting. The share of United Nations contributions to UNHCR management and administrative costs is projected to be 23 per cent in 2024 (ibid., paras. 78 and 79). The Advisory Committee provides related observations and recommendation in its report on the proposed programme budget for 2025 (A/79/7 (Section 25)).

14. Regarding the recommendation of the Board of Auditors on improved budgetary reporting, the Committee was informed upon enquiry that UNHCR has continued to examine its amended budget structure over the past budget cycles, with a view to report to the Executive Committee as required. The Executive Committee approved the 2022 and 2023 annual programme budgets, which provided a new opportunity to assess whether Member States have any concerns on the new budgetary structure, its transparency and quality. In its 2024 budget, to improve its budget presentation, UNHCR introduced a new budget line for country operational technical support costs. These costs refer to activities that directly benefit operations in the achievement of their intended results and that were previously reported under global programmes or Headquarters. Country operational technical support costs are now reflected in tables presenting budget, expenditure and posts to the Executive Committee as part of the budget submission and reports, regular updates on budget and other documentation. The Executive Committee approved the programme and budgets for the country and regional programme, global programmes and Headquarters under the proposed 2024 programme budget.

A.   Cost classification

15. Cost categories comprise programme costs, programme support costs, and management and administration costs. Programme costs refer to those incurred as part of country and regional programmes that are directly linked to activities, as well as programmes benefiting forcibly displaced and stateless people. Programme support costs are required to develop, formulate, direct, administer and evaluate programmes budgeted at Headquarters, in regional bureaux and country operations. These costs include those incurred when providing technical, thematic, logistical and administrative support in the delivery of activities to forcibly displaced and stateless people. Management and administration costs are critical for the leadership and management of the organization, such as executive direction, policy, evaluation and oversight, external relations, information technology, finance and administration at Headquarters (ibid., para. 10(b)). Annex II of the report indicates that the classification of budgeted positions is the main driver in ensuring the distinction between the three cost categories. Positions are recorded with the designated cost category depending on location and function, in accordance with the established definitions. When costs are unallocated, these are distributed across the three categories on a pro rata basis. This is undertaken according to the breakdown of staff costs for each cost centre.

16. Upon enquiry, the Advisory Committee was provided with the table below on the relationship between UNHCR's cost categories and budget components.

Table III

Programme Costs (PG) *(1)*	
Country offices	Part of costs of Country operations in the Asia Pacific Region, East Horn and Great Lakes Region, Europe Region, Middle East and North Africa Region, Southern Africa Region, The Americas Region, and West and Central Africa Region directly linked to activities, projects and programmes in fulfilment of UNHCR's mandate
Regional bureaux	Part of costs Regional Bureaux for Asia and Pacific, East Horn and Great Lakes, Europe, Middle East and North Africa, Southern Africa, The Americas, and West and Central Africa Region directly linked to activities, projects and programmes in fulfilment of UNHCR's mandate
Global programmes	Part of costs of the Divisions of External Relations, Financial and Administrative Management, Human Resources, International Protection, Resilience and Solutions and Evaluation Service, Global Data Service, Innovation Service, Private Sector Partnership Service directly linked to activities, projects and programmes in fulfilment of UNHCR's mandate
Country operational technical support	Part of costs of the Divisions of Emergency, Security and Supply, International Protection, Information Systems and Telecommunications, Resilience and Solutions and Innovative Partnerships directly linked to activities, projects and programmes in fulfilment of UNHCR's mandate
Programme Support (PS) *(2)*	
Country offices	Part of costs of Country operations in the Asia Pacific Region, East Horn and Great Lakes Region, Europe Region, Middle East and North Africa Region, Southern Africa Region, The Americas Region, and West and Central Africa Region required to develop, forumate, direct, administer and evaluate programmes
Regional bureaux	Part of costs Regional Bureaux for Asia and Pacific, East Horn and Great Lakes, Europe, Middle East and North Africa, Southern Africa, The Americas, and West and Central Africa Region required to develop, forumate, direct, administer and evaluate programmes
Global programmes	Part of the costs of the Divisions of External Relations, Financial and Administrative Management, Human Resources, International Protection, Resilience and Solutions, and Enterprise Risk Management Service, Evaluation Service, Global Data Service, Innovation Service, Private Sector Partnership Service required to develop, forumate, direct, administer and evaluate programmes
Country operational technical support	Part of the costs of the Divisions of Emergency, Security and Supply, International Protection, Information Systems and Telecommunications, Resilience and Solutions, Legal Affairs Service and Liaison Office to Regional Bureaux required to develop, forumate, direct, administer and evaluate programmes
Headquarters: support divisions/ services	Part of the costs of the Divisions of External Relations, Human Resources, International Protection, Information Systems and Telecommunications and Inspector Generals Office required to develop, forumate, direct, administer and evaluate programmes
Management and Administration Costs (MA) (3)	
Headquarters: annual budget	Part of the costs of the Divisions of External Relations, Emergency, Security and Supply, Financial and Administrative Management, Human Resources, International Protection, Resilience and Solutions, Information Systems and Telecommunications, Strategic Planning and Results, Enterprise Risk Management Service, Evaluation Service, Inspector Generals Office, Legal Affairs Service. Costs of the Ethics Office, Executive Office, Governance Service, Budapest Global Service Center, Copenhagen Global Service Center, Liaison Office New York, Office of the Ombudsman, Staff Council Design Development Service. These costs are critical for overall leadership and management of UNHCR

17.   The Advisory Committee recalls that it previously noted that the classification of costs may complicate the attribution of certain categories of operational costs, especially those that are not directly related to posts, to either programme or programme support category. The Committee also noted that establishing a direct link to activities, which should differentiate programme costs from programme support costs, may be more complicated at the regional bureaux and country operations level as certain types of field functions are currently categorized as both PS and PG depending on field location (capital/outside capital). The Committee underscored the importance of consistent application of cost classifications for budgetary transparency. **The Advisory Committee notes the information provided and is of the view that the criteria and the process for the attribution of costs to categories between programme support and management and administration should be further clarified, in particular with regards to the centralized administrative and support functions at the Headquarters and the Global Service Centre**.

B.   Resource mobilization

18.   Upon enquiry, the Advisory Committee was provided with the table below showing UNHCR revenue, by source, from 2020 to 2024.

Table IV

Donor Type	2020	2021	2022	2023	2024
Government	$3,525,672,262	$3,573,760,974	$4,120,264,618	$3,636,224,572	$2,459,984,187
Inter-Government	$532,001,294	$337,298,295	$259,867,128	$265,430,032	$224,934,833
Private	$537,532,106	$625,279,989	$1,245,538,357	$724,452,201	$275,460,419
UN entities	$181,244,181	$143,537,101	$225,221,080	$253,713,086	$98,773,852
Grand Total	**$4,776,449,843**	**$4,679,876,358**	**$5,850,891,183**	**$4,879,819,890**	**$3,059,153,290**

Note: presented by acknowledgement year basis; 2024: as of July 2024.

Inter-Government funding includes entities as for example: EU, IGAD, African Development Bank, Arab Bank for Economic Development in Africa, etc.

19.   The Committee was also informed of the distinction between different level of earmarking of contributions to UNHCR as follows:

(i)   Earmarked: contributions at the country level (including a country/situation combination).

(ii)   Softly earmarked: contributions earmarked at the regional, sub-regional, thematic or situation level.

(iii)   Tightly earmarked: the most restrictive type of funding, limited to a particular population within the country and/or specific objectives, areas or sectors.

(iv)   Unearmarked (in UNHCR terminology "core" refers to "unearmarked"): unrestricted funding that can be used anywhere, for anything within the budget.

20.   Situational funding represents resources mobilized for a particular emergency, new or ongoing, such as the Ukraine situation, Sudan situation and Syria situation. In 2023, voluntary contributions to UNHCR from individuals and the private sector reached $724 million, constituting 15 per cent of UNHCR's overall income. Like many other organizations, UNHCR saw a decrease in private sector funding in 2023. In 2024, UNHCR is expecting to raise an income of $750 million from the private sector, $26 million more than in 2023. This includes $300 million of unearmarked funding.

Table V

Acknowledgement Year	Unearmarked	Softly Earmarked	Earmarked	Tightly Earmarked	Grand Total
2014	$508,821,959	$589,657,099	$1,220,825,547	$1,018,486,613	$3,337,791,218
2015	$514,168,229	$723,125,795	$1,239,373,850	$928,464,180	$3,405,132,054
2016	$562,617,449	$786,127,433	$1,438,071,086	$1,156,614,582	$3,943,430,550
2017	$588,717,703	$767,901,770	$1,734,362,353	$851,468,269	$3,942,450,095
2018	$617,441,875	$754,639,564	$1,662,401,575	$1,149,027,220	$4,183,510,234
2019	$659,497,042	$596,632,223	$1,891,263,198	$1,069,790,564	$4,217,183,026
2020	$661,240,221	$715,505,469	$2,161,877,931	$1,237,826,222	$4,776,449,843
2021	$716,749,325	$950,750,998	$1,913,723,927	$1,098,652,107	$4,679,876,358
2022	$763,948,015	$1,655,595,297	$2,289,716,330	$1,141,631,541	$5,850,891,183
2023	$718,456,005	$958,446,971	$2,092,181,318	$1,110,735,596	$4,879,819,890
2024	$509,080,594	$396,834,345	$1,476,188,417	$677,049,934	$3,059,153,290
Grand Total	**$6,820,738,418**	**$8,895,216,964**	**$19,119,985,532**	**$11,439,746,828**	**$46,275,687,743**

21. **The Advisory Committee encourages UNHCR to continue its efforts to strengthen its outreach to donors in order to increase unearmarked contributions, and trusts that further updates will be included in the next budget submission**.

22. Upon enquiry, the Advisory Committee was informed that the current policy on Indirect Support Costs (ISC) on earmarked contributions was endorsed by Member States in November 2019 and became effective on 1 January 2020. The percentage is 6.5 per cent of all earmarked contributions. It is not applicable to i) in-kind contributions, ii) contributions to the operational reserve, and iii) funding for junior professional officers. The new rate of 6.5 per cent was introduced to be in line with that of comparable sister agencies such as WFP. The primary use of revenue from ISC is to cover the management and administration and the programme support costs incurred at Headquarters and at the Regional Bureaux. Any surplus is retained and carried forward to the following year. If the cumulative surplus of ISC revenue reaches the ceiling described above, any further surplus is used to address unfunded requirements in country operations. The balance of ISC after headquarters management and administration and programme support costs are covered is used to finance the cost of regional bureaux, and country operations. The table below shows ISC income and expenditure funded from ISC income for the period 2019-2023.

Table VI

	2019	2020	2021	2022	$ millions 2023
ISC Income	208,361	228,216	213,724	277,161	225,395
Expenditure					
Regional Bureau	29,327	49,730	33,046	63,765	40,059
Headquarters	178,744	161,500	180,605	179,210	184,477
Global Programmes				32,598	859
ISC funded expenditure	208,071	211,230	213,651	275,573	225,395

C.   Post resources

23.   Table III.3 of the report provides an overall summary of posts by cost category, and table III.1 by region, global programmes and headquarters (see tables below).

Table VII
Overall summary of posts for 2024-2025 – by cost category
(in person-years)

	2024 *Current budget*		*2025* *Proposed budget*		*Variance* *2025 vs 2024*	
	Posts	*% over total*	*Posts*	*% over total*	*Posts*	*Percentage change*
Programme	8,669	51%	8,216	50%	(453)	-5%
Programme support	7,573	44%	7,273	45%	(300)	-4%
Management and administration	790	5%	787	5%	(3)	0%
Total	**17,032**	**100%**	**16,276**	**100%**	**(756)**	**-4%**

Table VIII
Overall summary of posts for 2024 and 2025 - by region, global programmes and headquarters
(in person-years)

	2024 *Current budget*		*2025* *Proposed budget*		*Variance* *2025 vs 2024*	
	Posts	*Percentage over total*	*Posts*	*Percentage over total*	*Posts*	*Percentage change*
West and Central Africa	2,105	12%	1,999	12%	-106	-5%
East Horn and Great Lakes	3,714	22%	3,641	22%	-73	-2%
Southern Africa	1,052	6%	929	6%	-123	-12%
Middle East and North Africa	2,685	16%	2,562	16%	-123	-5%
Asia and the Pacific	1,956	11%	1,987	12%	31	2%
Europe	1,994	12%	1,893	12%	-101	-5%
The Americas	1,798	11%	1,623	10%	-175	-10%
Country operational technical support [1]	155	1%	144	1%	-11	-7%
Subtotal country and regional programmes	**15,459**	**91%**	**14,778**	**91%**	**-681**	**-4%**
Global programmes [2]	671	4%	603	4%	-68	-10%
Headquarters [3]	902	5%	895	5%	-7	-1%
Total	**17,032**	**100%**	**16,276**	**100%**	**-756**	**-4%**

(1) Includes posts in divisions that provide direct support to country and regional operations
(2) Includes posts located in country and regional programmes
(3) Includes posts in Geneva, Budapest, Copenhagen and New York.

24.   Upon enquiry, the Advisory Committee was provided with information on the nationalities of professional and above staff at Headquarters and Regional Offices, as well as the table below on regional groups. **The Advisory Committee encourages UNHCR to intensify its efforts to achieve a more equitable geographical representation of Member States among its staff**.

Table IX

Regional group	Headquarters	Regional Bureaux	Total
African States	8%	8%	16%
Asia-Pacific States	11%	6%	17%
Eastern European States	6%	2%	8%
Latin American and Caribbean States	3%	2%	6%
Western European and other States	40%	14%	54%
Grand Total	**68%**	**32%**	**100%**

D.   Other matters

1.   Coordination with other UN system entities

25.   Upon enquiry, the Advisory Committee was informed that UNHCR works closely with the entire UN system and the broader humanitarian architecture. This collaboration is aimed at designing and implementing programmes for those under its mandate. For example, during the Global Refugee Forum (GRF) in 2023, the UN Common Pledge 2.0 was introduced and endorsed by 32 UN entities and 43 UN Country Teams. These entities made several commitments, including: the promotion of refugee integration in all forms of analysis, policies, and plans; support for host countries to include refugees in national and subnational datasets, plans, budgets and service delivery systems; advocacy for international responsibility-sharing in support of countries hosting refugees; and advancement of refugees' meaningful participation in UN processes and their inclusion in all plans that concern them. In line with UNHCR's multi-year planning approach introduced in 2021, country plans are now developed with greater stakeholder consultation and engagement, including within the UN Country Team. UNHCR therefore supports Resident Coordinators by engaging regularly in UN Country Teams under their leadership. The UNHCR is in the process of revising the Refugee Coordination Model (RCM) Guidance, with a planned launch in the latter half of 2024. The revised guidance will articulate how the RCM structure collaborates with Resident Coordinators and UN Country Teams. A new toolkit will provide tools, templates, and additional resources to aid UNHCR, interagency partners and other stakeholders.

26.   In terms of efficiencies related to inter-agency initiatives, the work to coordinate gathering of efficiencies across the UN System as a result of the Business Innovation Group is coordinated by the United Nations Development Coordination Office (DCO). It gathers figures annually, which are then presented in the Secretary-General's report on the implementation of General Assembly resolution 75/233 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system. UNHCR has a model whereby vehicles are procured centrally at Headquarters and leased to UNHCR operations. The UN Fleet initiative aims to provide the same structure and efficiencies to the rest of the UN system by leveraging the best practices within WFP and UNHCR for internal fleet leasing. Savings for UN Fleet are also coordinated by DCO. UNHCR has partnered with UNDP and for technical support with UNICC to scale up the current implementation of the Digital Hub of Treasury Solutions that provides a Financial Gateway, which aims to improve access to payment rails to directly channel all payment modalities to banks, mobile providers, and other financial institutions. UNHCR estimates this initiative saved the organization $500,000 in 2023, derived from actual throughput in transactional volumes and amounts in improved integration of standardization and streamlining of payment rails.

27.   Upon enquiry, the Advisory Committee was informed that two of the seven UNHCR Global stockpiles are entirely hosted within UN Humanitarian Response Depots (UNHRD) managed by WFP, while the Dubai Stockpile uses UNHRD to store Medical PPE. One suggestion for improvement could be the implementation of alerts for emergency air lift coordination. In times of emergencies, donors usually offer ad hoc airlifts to areas of

response. UNHRD could officially announce the availability of such airlifts and enable UNHCR to strengthen preparedness. In addition, were access to UNHRD ERP system be granted for real time stock reconciliation, this would be helpful. Due to differences in the architecture of ERP systems, that cannot necessarily be linked, however, standard reconciliation information could be strengthened by providing UNHCR Global Stock Management focal points access to UNHRD's ERP to reconcile stock and records whenever needed.

28.   **The Advisory Committee encourages UNHCR to continue its efforts to cooperate with other UN entities in order to seek efficiencies, and trusts that more information will be provided in the next budget submission**.

2.   Business Transformation Programme

29.   Upon enquiry, the Advisory Committee was informed that the Business Transformation Programme, completed at the end of 2023, except for Project Reporting Oversight and Monitoring Solutions (PROMS) extended in 2024, is not part of the proposed 2025 programme budget. The Business Transformation Programme has allowed a number of simplifications, including (i) reduced manual data entry (consolidated suppliers data management (Cloud ERP); streamlined partner financial planning, reporting and verification (PROMS); data flow within Workday and across systems (Workday); (ii) improved data analysis and reporting (Oracle Fusion Analytics Warehouse (FAW) which curates/ingests application data from multiple sources to provide cross platform and cross functional analytics; analytical reporting of staffing profiles (Workday); and direct integrations of payable transactions between Cloud ERP and source systems); (iii) improved partnership agreement management; (iv) automated systems (auto generation of documents (Workday); and automated tracking of international shipments; (v) enhanced transaction processing for Cash Based Interventions. The Committee was provided with the table below showing the actual cost for 2019-2023 and budgeted cost for 2024 for the Business Transformation Projects (BTP).

Table X

$ millions

Project	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Budget
Cloud ERP	-	0.063	12.149	16.418	9.461	-
COMPASS	0.950	6.680	4.999	0.597		
COMPASS Realignment				4.389	2.825	
Digital HR		2.891	8.608	6.144		
Digital HR Enhancements Roadmap					0.647	
Link			2.702	2.788	1.394	
MSRP Realignment		0.163	1.118	0.159		
Programme Governance		0.675	1.980	2.440	1.565	
PROMS			2.648	2.600	1.974	1.115
Synergy			1.303	2.866	1.896	
BTP Support to Field					0.700	
Total	**0.950**	**10.472**	**35.507**	**38.401**	**20.462**	**1.115**

30.   A Lessons Learned Exercise identified the following best practices: (i) plan and prepare the programme (including KPIs, a stakeholder map, an overarching programme workplan, and robust monitoring, risk management and reporting mechanisms); (ii) design and test the system (e.g., prioritize and plan for policies and guidance to be issued before the go-live period); and (iii) train users and transition to "business-as-usual" (BaU). **The Committee trusts that UNHCR will continue to develop KPIs and track the impact of the Business Transformation Projects and provide information on the progress of the Project Reporting Oversight and Monitoring Solutions (PROMS)**.

3.   Procurement

31.   With respect to sustainable procurement, the Committee was informed upon enquiry that in 2023, UNHCR conducted the mapping of potential suppliers in countries closer to the point of delivery who could manufacture eight Core Relief Items traditionally centrally

procured. As a result, in 2024, UNHCR has identified 32 new potential suppliers based in the targeted regions and is continuing the assessment to identify other suitable ones. UNHCR also focused on the capacity building of its suppliers to enhance sustainable procurement practices. In addition, UNHCR has started to revise the technical specifications of main Core Relief Items to improve their durability and sustainability, reducing the use of virgin plastics and consequently the impact of its supply chain on the environment. Finally, 34 contracts were amended to incorporate sustainable packaging instructions for buckets, jerrycans, kitchen sets and sleeping mats.

32.   The Committee was also provided with the table below on global and local procurement for the last 5 years.

Table XI

	2020		2021		2022		2023		2024 (*)	
	Amount $	Percentage over total	Amount $	Percentage over total	Amount $	Percentage over total	Amount $	Percentage over total	Amount $	Percentage over total
Global contracts	434,927,354	36%	436,410,751	36%	499,013,968	39%	352,579,415	29%	289,827,249	46%
Local contracts	788,733,884	64%	760,548,212	64%	792,570,368	61%	842,845,256	71%	340,197,547	54%
Total	1,223,663,258	100%	1,196,960,984	100%	1,291,586,357	100%	1,195,426,695	100%	630,024,796	100%

33.   **The Advisory Committee trusts that UNHCR will continue to pursue efforts to expand its procurement from developing countries and countries with economies in transition and that more details will be included in the next budget submission.**

34.   Regarding the recommendations of the Board of Auditors on procurement and inventory management, the Committee was informed upon enquiry that the new UNHCR Supply Strategy was issued in May 2024, and it introduced the new Supply Operating Model, that recalibrates the roles and responsibilities between UNHCR global, regional and local supply teams, ensuring that the day-to-day operations are aligned with the strategic objectives. UNHCR has revised its Administrative Instructions on Procurement, introducing lower financial thresholds for formal methods of solicitation at country operations. UNHCR is working toward addressing planning, training, and staff qualification. The new Supply Operating Model being implemented by UNHCR foresees a stronger role for the regional bureau supply teams to coordinate the annual Procurement Planning and consolidation at regional level. As part of the updating of the regulatory framework, UNHCR will improve procurement planning and develop procedures to plan and track the ordering of goods and services. In addition to the update of the regulatory framework, UNHCR will explore the best solution to use the Demand and Supply Plan based on an ABC categorization. Finally, UNHCR is working toward strengthening the role of the second "line of defence" in key internal controls on procurement processes, including at the regional level, which will be reflected in revised procurement policy, relevant administrative instructions on responsibility, authority, and accountability.

4.   Common premises/common back offices

35.   The Committee was provided upon enquiry with the list below of locations where the premises are shared, and the list below of ongoing common premises projects involving UNHCR with status updates in parentheses.

(a)   Egypt, New Administrative Capital (construction);

(b)   Kenya, Nairobi (construction);

(c)   Pakistan, Islamabad (feasibility study);

(d)   Senegal, Diamniadio (moving-in soon);

(e)   Uganda, Kampala (design stage);

(f)   Algeria, Algiers (feasibility stage);

(g)   Bangladesh, Dhaka (moving-in soon);

(h)   Burkina Faso, Ouagadougou (feasibility stage);

(i)   Gabon, Libreville (feasibility stage);

(j)   Guatemala, Guatemala City (market assessment).

36.   The Committee was informed that most of the work that has been undertaken with regard to the common back offices, has been to pilot the set-up of the model, while actual implementation is only getting underway in the latter half of this year. The Common Back Office concept has the biggest potential and relevance in locations where a great number of UN agencies are co-located within the same common premise and therefore can share location-specific common services. UNHCR, like other UN agencies, has carefully assessed each of the services being proposed to be managed and delivered through a CBO to assess whether they are services that would apply to UNHCR's set-up in the country, could yield efficiencies compared to UNHCR's current costs for the same service and are not otherwise covered through a UNHCR regional or global managed service. In situations where the UNHCR country office is not located within a common office premise with other UN agencies, the UNHCR office has opted out of all the services that were designed to be delivered to agencies who were located within a common premise. UNHCR country offices have also opted out where the services proposed is managed centrally by UNHCR, as is the case for most aspects of travel management, procurement and HR services. In situations where the services were batched together, and included some services that are managed centrally, UNHCR country offices have had to opt out. Finally, after a careful comparison with the current "internal" costing to the UNHCR office of the equivalent service, the UNHCR offices have opted out of services that have been calculated not to yield any efficiencies. **The Advisory Committee notes the expected implementation of the Common Back Office concept in late 2024 following the pilot of the model and looks forward to an update in the next budget submission**.

5.   Global Service Centre and Finance Hub

37.   Upon enquiry, the Advisory Committee was informed that UNHCR established a Global Service Centre (GSC) in Budapest in 2008. The GSC centralizes functions such as procurement, human resources, payroll, global learning, accounts payable and finance. Although the GSC has existed for many years, many administrative and finance functions continue to be performed at country level. With more countries going digital, there is an opportunity to centralize more functions, ultimately bringing greater efficiencies. In response to the Ukraine emergency in 2022, UNHCR created a "Finance Hub" within the GSC to manage invoice processing and payments for the main countries involved in the response. The Finance Hub was a pilot project to help UNHCR determine whether a global rollout would be possible. Due to the economies of scale and the ability to leverage more advanced technologies, the Finance Hub achieved much higher processing volumes per full-time equivalent than the average country offices performing the same function. UNHCR has just recently started a project to look at how it could further centralize invoice processing, payments, bank reconciliations and travel claims globally. The first phase is scheduled for 2024 is to be focused on fine-tuning and upscaling existing services in the GSC by improving processes and systems and also leveraging scale and automation. UNHCR would gradually transition offices to the Finance Hub in the GSC over a three-year period to ensure a smooth transition. Once complete, the Hub will offer services to all operations, leading to significant efficiencies globally. UNHCR is also currently evaluating whether a similar approach could be taken for certain non-locational specific transactional tasks in the areas of supply, travel, and human resources. The Advisory Committee notes the progress made on the Global Service Centre and Finance Hub and trusts that further improvements will be made in order to generate efficiency gains. The Committee trusts that more information will be provided in the next budget submission.

6. Sustainable programming

38.   Upon enquiry as to sustainable programming and UNHCR's plans in respect of the new financing model and the needs-based budgeting approach, the Advisory Committee was informed that this involved putting basic services such as education, health care, housing and water on a sustainable footing. UNHCR will foster a "whole of government" leadership of the refugee response to ensure line ministries and local governments are supported, and will also work to facilitate and catalyse development actors and private sector to provide sustainable services and employment opportunities to IDPs and refugees. With regards to the new financing models, these are still being designed and developed. **The Committee trusts that more information on sustainable programming and the new financing models will be provided to the Executive Committee at the time of their consideration of the programme budget**.

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