
**Executive Committee of the
High Commissioner's Programme**

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**Standing Committee
Eighty-third meeting**

UNHCR financial regulations and rules**Addendum****I. UNHCR's response to the Report of the Advisory Committee on Administrative and Budgetary Questions and UNHCR**

1. As indicated in the paper on UNHCR financial regulations and rules ([EC/73/SC/CRP.5](#)) prepared for the eight-third meeting of the Standing Committee of the Executive Committee of the High Commissioner's Programme, the proposal to seek the General Assembly's approval for UNHCR to have its own set of financial regulations ([A/76/635](#)) was submitted to the Advisory Committee on Administrative and Budgetary Questions (ACABQ). The ACABQ considered this report on 1 February 2022 under silence procedure.

2. During its consideration of the report, UNHCR provided the ACABQ with additional information and clarification on 4 February 2022. The ACABQ report on this matter ([A/76/729](#)) was published on 3 March 2022.

3. This addendum to the conference room paper presents UNHCR's response to the ACABQ's observations for the information of the Standing Committee, noting that the Fifth Committee is currently scheduled to discuss the agenda item of UNHCR financial regulations on 18 March 2022.

UNHCR response to ACABQ observations

4. Reference ACABQ paragraph 4 *"The Advisory Committee notes that any proposed change to the United Nations Financial Regulations should be based on a well-justified proposal for the consideration of the General Assembly. The Committee emphasizes that the eventual authorization for the establishment of separate financial regulations, as well as the approval and adoption of any revised ones, is under the sole purview of the Assembly. Therefore, the Committee recommends against the proposal at this stage (see also para. 15 below)."*

5. UNHCR would like to highlight that the proposal to the General Assembly is to request authorization to establish financial regulations for UNHCR. The proposal does not suggest any change to the existing United Nations Financial Regulation. In terms of process, UNHCR is following the precedent set by the United Nations Children's Fund (UNICEF), which in 1985 requested a similar authorization. This was granted by the General Assembly and supported by the ACABQ.

6. In March 1985, the ACABQ, in its report to the UNICEF Executive Board (E/ICEF/1985/AB/L.2, paras. 56-57), noted and recommended the following:

"Since it began to review UNICEF budget submissions, the Advisory Committee has noticed the absence of a specific set of financial rules and regulations for UNICEF. While UNICEF operates generally under the Financial Rules and

Regulations of the United Nations, there are many special aspects of the UNICEF programme which are perhaps not adequately taken account of. The Advisory Committee believes the time has come to explore the possibility of drafting a specific set of financial rules and regulations for UNICEF in much the same way as the United Nations Development Programme has done with its own rules and regulations, and to examine the requirements for obtaining appropriate legislative approval. The Advisory Committee recommends that the Executive Board request the Executive Director to take this matter up and to report on it at its 1986 session.”

“The financial rules and regulations, would among other things, spell out the timetable for preparation, review and approval of UNICEF budget.”

7. Once the General Assembly granted the authorization for UNICEF, the agreed process was to submit to the ACABQ for review and comment for any subsequent revisions. The UNICEF Executive Board approves any revisions to its financial regulations taking into account the comments and recommendations made by the ACABQ. It should be noted that the General Assembly does not approve the revision of financial regulations for any of the other United Nations entities (e.g. the United Nations Development Programme (UNDP), the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) the United Nations Population Fund (UNFPA), UNICEF, and the World Food Programme (WFP)) which are not defined as part of the United Nations Secretariat (see [ST/SGB/2015/3](#)).

8. Reference ACABQ paragraph 6 *“With respect to the envisaged timeline, the Advisory Committee was informed, upon enquiry, that pending a decision by the General Assembly, UNHCR had started developing a draft of the proposed financial regulations and would present it in March 2022 to the UNHCR Standing Committee, as a proposed initial working draft serving as the non-binding starting point for consultation with stakeholders. UNHCR would submit, in April 2022, a draft of the proposed financial regulations to the Advisory Committee for its consideration. The Committee was also informed that UNHCR would request that the deliberations and the related report of the Advisory Committee be finalized in time for the July or September 2022 session of the UNHCR Standing Committee, for consideration and approval by the Executive Committee at its seventy-third session, from 10 to 14 October 2022.”*

9. UNHCR would like to note that there has been an update in the process highlighted above by the ACABQ. UNHCR submitted to the members and observers of the Executive Committee a conference room paper (see [EC/73/SC/CRP.5](#)) which included the first working draft of the financial regulations for consultation as outlined in the process shared with the ACABQ.

10. Reference ACABQ paragraph 8 *“The Advisory Committee emphasizes that the aforementioned decision of the Executive Committee does not express an operational urgency to establish stand-alone UNHCR financial regulations. The Advisory Committee emphasizes furthermore that, in accordance with paragraph 8 of General Assembly resolution 1166 (XII), UNHCR may establish, and therefore revise, any financial rules in order to ensure that they are adequate for the continuity of UNHCR operations.”*

11. UNHCR agrees that the decision of the Executive Committee (see [A/AC.96/1220](#)) does not specifically indicate the urgency for the need to have financial regulations for UNHCR. The rationale for the timing is, however, in the report presented to the General Assembly in paragraphs 11-13 of [A/76/635](#). The organization is going through a major transformation with various initiatives (e.g. result-based management) that have gone or will go live in the next 18 months. Thus, the need to have a clear framework at the highest level, the Financial Regulations, would help facilitate reforming all the internal policy and procedures which would reference both the financial regulations and rules. By establishing a comprehensive financial regulations and rules as the United Nations and other United Nations entities have, UNHCR will operate more efficiently in policy development and training for staff at all levels, as well as lessen confusion among the users.

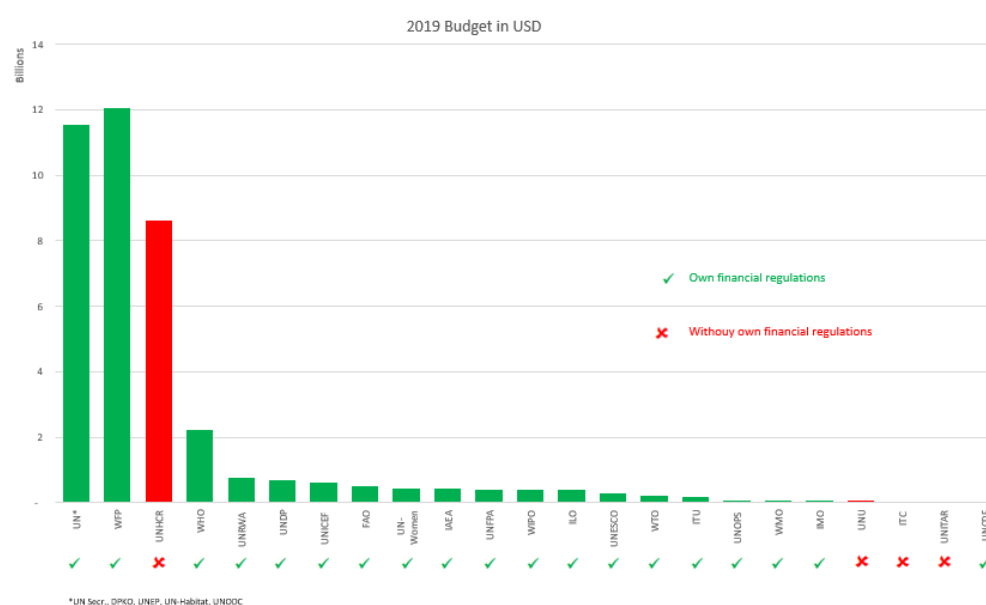
12. UNHCR has the ability to revise its financial rules which are tailored for the needs of the organization. However, the existing inconsistencies between the United Nations Financial Regulations and the UNHCR financial rules are a key factor in the request to have authority over the financial regulations. If the authorization were to be given, UNHCR would finally

be able to prepare an integrated set of financial regulations and rules similar to the United Nations and other United Nations entities.

13. Reference ACABQ paragraph 11 *“The Advisory Committee notes that United Nations Financial Regulation 3.14 addresses voluntary contributions, while Regulation 6.1 states that the financial statements shall be prepared in accordance with the International Public Sector Accounting Standards, notwithstanding the fact that UNHCR has changed its related financial rule accordingly. The Committee stresses that the United Nations Financial Regulations are intended to cover the range of possible system-wide financial scenarios. Nonetheless, the Committee acknowledges the views of UNHCR on the need for tailored financial regulations, as the entity is funded primarily from voluntary contributions. The Committee considers that any limitations in the applicability of the United Nations Regulations may not be unique to UNHCR and may also be encountered to varying degrees by other United Nations system entities.”*

14. UNHCR appreciates that the ACABQ acknowledges the need to have a tailored set of financial regulations for an entity funded by voluntary contributions. UNHCR also agrees that other United Nations entities may have similar needs. As shown in Table. 1 below, while all of the entities defined as part of the United Nations Secretariat (see [ST/SGB/2015/3](#)) follow the United Nations Financial Regulations without exception, UNHCR would like to highlight that the vast majority of the United Nations entities which are not defined as part of the United Nations Secretariat have addressed the limitations in the applicability of the United Nations Financial Regulations by already having their own financial regulations.

Table. 1



15. Reference ACABQ paragraph 12 *“With respect to the system-wide coordination on various matters pertaining to all United Nations system entities, the Advisory Committee recalls its observations and recommendations in the context of its report on the financial reports and audited financial statements, and reports of the Board of Auditors for the period ended 31 December 2020, which were endorsed by the General Assembly in its resolution 76/235, paragraph 2, that information on system-wide initiatives aimed at consolidating efficiency gains and improving coordination had not been provided by the Secretary-General, as it had previously requested. The Committee also recalls its recommendation that the Assembly request the Secretary-General, in his role as Chair of the United Nations System Chief Executives Board for Coordination, to present a separate report on system-wide initiatives, as well as operational and cost-sharing arrangements, and any potential opportunities for cooperation, including on administrative and budgetary matters, in particular procurement and information and communication technology (A/76/554, para. 70). The Committee further recalls that efforts aimed at system-wide harmonization and “delivering as one” were initially set out in the report of the Secretary-General on the High-level Panel on United Nations System-wide Coherence*

(see A/61/583) and endorsed by the General Assembly in its resolution 64/289, and have to date included, for example, the reform of the development system, including with respect to the resident coordinator system and the harmonization of back offices.”

16. UNHCR would like to highlight that the ACABQ reiterates its recommendation for a matter which is related to the United Nations programme budget in A/76/554, para. 70 as follows:

“The Advisory Committee also recalls that, in the context of the proposed programme budget for 2022, it noted that information on system-wide initiatives aimed at consolidating efficiency gains and improving coordination were not provided, as it had previously requested (A/76/7, para. 85, and A/75/7, para. 77). The Advisory Committee reiterates its recommendation that the General Assembly request the Secretary-General to provide, in future proposed programme budgets, detailed information on system-wide initiatives pertaining to administrative and budgetary matters that are intended to consolidate efficiency gains and improve coordination, including cost-recovery and cost-sharing arrangements (see A/76/7, para. 85). The Committee also recommends that the Assembly request the Secretary-General, in his role as Chair of CEB, to present a separate report on system-wide initiatives, as well as operational and cost sharing arrangements, and any potential opportunities for cooperation, including on administrative and budgetary matters, in particular procurement and ICT, at the earliest occasion.”

17. The Office is fully committed to supporting the efforts of system-wide harmonization, and the proposal for UNHCR to have its own financial regulations does not impede the harmonisation effort in any manner.

18. Reference to ACABQ paragraph 14 *“The Advisory Committee emphasizes the important role of the United Nations Financial Regulations in ensuring that all United Nations system entities, including field-based entities such as UNHCR, are able to operate effectively and efficiently. The Committee expresses concern that the establishment, and resulting proliferation, of separate and different financial regulations among the entities of the United Nations system may lead to inconsistent standards and norms, and to incoherence of financial reporting systems, and may have an impact on the efforts to increase harmonization and efficiency as part of the reform initiatives of the Secretary-General and the system-wide ability to deliver as one, as well as pose challenges to the ability of the Member States to engage with the United Nations system as a whole. The Committee therefore recommends that the General Assembly request the Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, with the support of the Director of the United Nations Sustainable Development Group, to commence a system-wide initiative and identify the limitations, challenges and specific needs of United Nations system entities in that respect, and develop, for the consideration of the Assembly, a proposal for the consolidation and promulgation of financial regulations for the United Nations system, in particular its funds and programmes, and other entities as appropriate (see also A/76/554, para. 70).”*

19. UNHCR understands that the ACABQ is concerned that the authorization for UNHCR to have its own financial regulations would result in a proliferation of separate regulations amongst the entities of the United Nations system. The Office conducted a review of all entities of the United Nations system and confirms that the vast majority already have their own financial regulations. UNHCR is the only entity of its size (in excess of \$1,000 million budget) that does not have its own financial regulations.

20. With regards to the work of the United Nations Sustainable Development Group, UNHCR is keen to seek solutions that bring efficiencies across agencies. The Office is closely involved with the Business Innovation Group (BIG), which looks at cross-agency solutions, especially at the field level. In the various working groups at the field level, UNHCR has not witnessed any issues as a result of difference in the financial regulations across the United Nations system, with entities having their own financial regulations. The financial regulations are high level and focus more on corporate matters, which include general provisions, budget, accounting and oversight (the annex provides a complete overview). Policies and procedures affect staff in the field where efforts for harmonization

should be made. It should be noted that the BIG agreed on mutual recognition principles which seek to solve many of the inconsistencies in regulations.

II. Conclusion

21. UNHCR notes that the ACABQ raised three main concerns in its report [A/76/729](#). Below UNHCR provided a short summary response to each of these concerns for the consideration by the Member States:

a. ***Authority of the General Assembly:*** The concern from the ACABQ appears to be based on the assumption that the General Assembly has to approve all future revisions of financial regulations for entities outside the United Nations Secretariat. UNHCR is following the same process agreed for UNICEF. The General Assembly granted UNICEF the authorization to have its own financial regulations in 1985. The current regulations of UNICEF (Regulation 2.2) only require consultation with the Advisory Committee and do not require the General Assembly's approval. The process is consistent with all other entities outside the United Nations Secretariat.

b. ***Proliferation of more entities with their own financial regulations:*** As highlighted in table 1 above, UNHCR is the only one of the larger entities (with the budget of more than \$1,000 million) that does not have its own financial regulations. There are only three entities outside the United Nations Secretariat that still apply the United Nations Financial Regulations. These three entities have much smaller operations than UNHCR, which has a global field presence. The annual budget of these three entities are; \$56.1 million for the United Nations University, \$38.8 million for the International Trade Centre, and \$29.5 million for the United Nations Institute for Training and Research (see [A/75/373](#)). UNHCR believes the risk for proliferation to be minimal as the vast majority of agencies already have their own financial regulations.

c. ***Inconsistencies and incoherencies:*** The concern seems to be that authorizing UNHCR to establish its own financial regulations would create inconsistencies in norms and standards across the system and incoherent financial reporting systems, thus leading to challenges to the principle of "Delivering as One". The financial regulations are for use at a high level which focuses on budgets, accounting, oversight, and internal controls. UNHCR believes that "Delivering as One" is more related to processes and procedures at the operational level.

22. In conclusion, UNHCR firmly believes that the authority to have its financial regulations is critical to more efficiently manage and govern an organization as large and complex as UNHCR. Financial regulations are the foundation on which all other financial policies and procedures are built. UNHCR should be entitled the same authority granted to UNICEF, UNDP, UNFPA, and UN Women, which all have integrated financial regulations and rules, designed specifically to meet the needs of each organization.

Annex

Summary Overview of the UN Financial Regulations.

Section	Regulations	Count	Comment
I. General Provisions	1.1-1.4	4	The general provisions cover applicability (i.e. to the United Nations), the financial period, the budget period, and date they are affective
II. Budgets	2.1-2.14	14	Outlines the process for preparing and submitting the Programme Budget of the United Nations which forms basis for Assessed Contributions. Does not define budgetary process for a voluntary funded entity.
III. Contributions and other income	3.1-3.14		
<i>Assessed Contributions</i>	3.1-3.11	9	Relates only to the United Nations Assessed Contributions for Regular Budget, Peacekeeping and Working Capital Fund.
<i>Voluntary Contributions</i>	3.12-3.13	2	General statements on voluntary contributions.
<i>Other / Miscellaneous Income</i>	3.14	1	Defines a “catch all” category for moneys not received for assessed or voluntary contributions. These would offset the Assessed Contributions (Regulation 3.3).
IV. Custody of Funds	4.1-4.18		
<i>Funds</i>	4.1-4.12	12	Regulations 4.1 to 4.11 define the high level fund structures used to budget and account for the United Nations (General Fund, Working Capital Fund, Peacekeeping Fund, and Tax Equalization)
<i>Trust Funds</i>	4.13-4.14	2	There are two regulations that govern trust funds (i.e. all voluntary contributions).
<i>Banking</i>	4.15	1	High level regulation saying the SG may open bank account
<i>Investments</i>	4.16-4.18	3	Regulation allowing the SG to make investments as well as defining where income from investments should be credited for the United Nations.
V. Utilization of Funds			
<i>A. Appropriations</i>	5.1-5.8	8	Defines how appropriations for assessed contribution budgets are managed.
<i>B. Commitments and Expense</i>	5.9-5.11	3	5.9 Regulation on committing in future years, 5.10 on Peacekeeping reimbursements, 5.11 Ex Gratia payments.
<i>C. Procurement General principles</i>	5.12-5.13	2	5.12: Four high level principles on procurement: (a) Best value for money, (b) Fairness, integrity and transparency, (c) Effective international competition, (d) The interest of the United Nations. 5.13. Tenders for goods and services shall be invited by advertisement
<i>D. Property Management</i>	5.14	1	Relates only to Peacekeeping.
<i>E. Internal Audit</i>	5.15	1	Defines role of Internal Audit
VI. Accounting	6.1-6.5	5	Defines how the financial statements are prepared, the accounting, and the writing off of losses.
VII. Board of Auditors	7.1-7.12	12	Defines role of BOA.
Total		82	