

Agenda Item 136

Review of the efficiency of the administrative and financial functioning of the United Nations

Proposal to establish Financial Regulations of the Office of the United Nations High Commissioner for Refugees (A/76/635)

Written Statement for Fifth Committee by:

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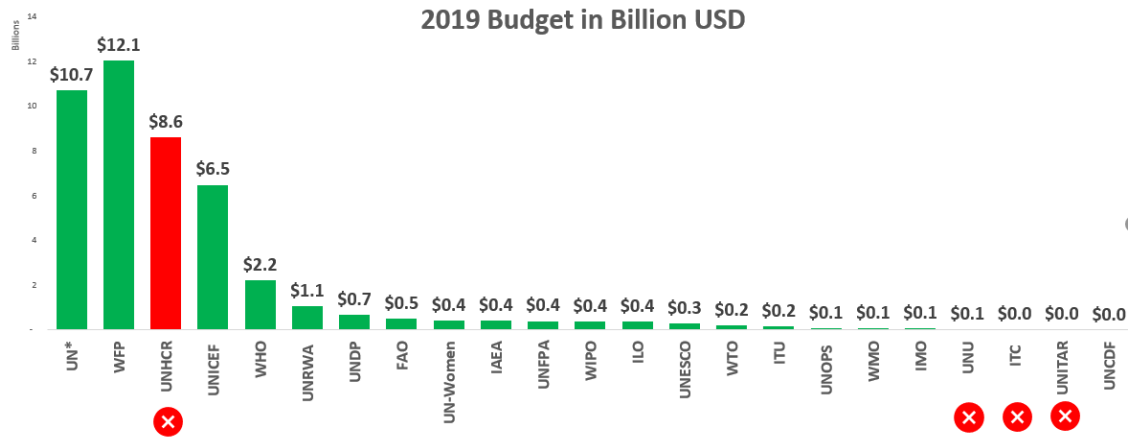
Mr. Chairman, Distinguished Delegates,

1. We have the honour to introduce the report of the United Nations High Commissioner for Refugees ([A/76/635](#)) which proposes the establishment of a set of financial regulations that are specifically applicable to the organization. UNHCR is the only large entity to still use the financial regulations of the United Nations. The paper before you follows the same processes set by other UN agencies, most relevant being UNICEF, to request the authorization from the General Assembly to grant UNHCR the authority to develop and promulgate its own financial regulations.
2. There are some 84 million people forcibly displaced around the world, roughly twice the number of a decade ago. As of today's date, there are emergency situations declared in a record high 21 countries. To support global operations the estimate needs in the current budget stand at US\$9 billion. In 2021 the Organization received approximately \$5 billion (55% of needs) in contributions. While 2021, was a record year in terms of income, UNHCR was still not able to fund 45% of the activities defined in the budget.
3. It is easy to understand why Member States put such immense pressure on UNHCR to be more efficient and to maximize the resources made available to persons of concern. The High-Commissioner recently embarked on a reform agenda called the "Business Transformation Programme" designed to increase efficiencies, responsiveness, transparency, and internal controls. This programme is targeted to be complete in 2023 which is why establishing a solid policy foundation, including financial regulations, is critical to complete in 2022.
4. UNHCR was established in 1950 to be a temporary office to address the refugee problem in the aftermath of the Second World War, and its governance structures were anchored in those of the United Nations. In 1957, the High Commissioner was granted the authority to establish Financial Rules specific to UNHCR. In 2003, to strengthen the mandate of UNHCR, the General Assembly decided to remove the temporal limitation on the continuation of the Office.

5. Over the years, the alignment of the entire financial regulatory framework has become challenging as the United Nations Financial Regulations and Rules are designed to rather provide guidance for an organization funded by assessed contributions from Member States, whereas UNHCR is nearly 99 per cent funded by voluntary contributions, with a significantly different governance structure to that of the United Nations Secretariat.
6. In 2021, the Executive Committee of UNHCR deliberated on the need to have a set of financial regulations developed which match the needs of UNHCR. The Committee agreed that having these regulations would strengthen UNHCR and took the unanimous decision to request the General Assembly for authorization for UNHCR to establish its own set of financial regulations.
7. The United Nations Financial Regulations is a high-level document (only 82 paragraphs) which have been designed primarily to support an entity funded by assessed contributions. Based on our analysis we see that there are 44 regulations which relate specifically to the budget process for the Regular Budget and Peacekeeping. There are only two paragraphs (3.12 and 3.13) which relate specifically to Voluntary Contributions. The UN Regulations do not contain any guidance on the submission of a programme budget funded by voluntary contributions.
8. It is in this context that UNHCR decided to request the General Assembly to grant UNHCR the authority to develop its own Financial Regulations. UNHCR's assessment, as elaborated in this report, is that the United Nations Financial Regulations are no longer fully adequate and fit for purpose for our Office's current needs. UNHCR would benefit from regulations that are designed to address the specific programmatic environment in which it operates, with financial rules that complement them. It will effectively assure optimal support for persons of concern, as from the outset UNHCR personnel will be working with the most optimal financial framework.
9. It should be noted that the use of the United Nations Financial Regulations does not directly prevent UNHCR from providing assistance to those in need. However, the use does create a certain amount of inefficiencies as well as the risk for misinterpretation. For example, the regulations speaking about appropriations, allotments, and commitments have a fundamentally different meaning for an assessed entity versus a voluntary funded entity. The working capital fund of the UN is based on assessed contributions whereas the working capital funds for voluntary entities are to provide liquidity pending receipt of voluntary contributions. Field staff who negotiate agreements with donors and even partners have to ensure that language is consistent with the financial regulations while not fully understanding how to properly interpret the UN financial regulations for the UNHCR context.
10. UNHCR recognizes that there needs to be a level of consistency between the financial regulations of the various entities. It is for this reason that we would like to follow the same process as UNICEF and others whereby any modifications of the financial regulations

would go to the ACABQ for review. Their expert review is necessary to ensure to the governing bodies that the financial regulations established by UNHCR are consistent with those of the United Nations.

11. Given the time pressure to hopefully have the financial regulations ready by early 2023, we have created a working paper and have started soliciting feedback from the membership of UNHCR. We see that 34 of the UN Financial Regulations would only need a small modification (e.g. change Secretary-General to High Commissioner). There are only 9 regulations where we feel some sort of editing is required to reflect the existing structures and governance of UNHCR. There are 39 paragraphs that are proposed to be deleted as they are specific to concepts related to the Secretariat (e.g. assessed contributions, Peacekeeping, or ICJ). We have also suggested 6 new regulations be incorporated to strengthen accountability and to reflect the grant UNHCR receives from the United Nations Regular Budget. For the regulations on external audit we are proposing language saying we follow fully the regulations contained in Article VII of the United Nations Regulations.
12. We acknowledge there may be concerns related to the “One UN” agenda and there may be a risk that by granting UNHCR its own financial regulations that this would prevent us from working on the ground. UNHCR works closely with UNICEF, WFP, UNDP, UNFPA, UN Women and WHO at the field level. There are no specific regulations that prevent us from working efficiently with them. The true issue to work as “One UN” at field level are divergent practices and operating policies and procedures.
13. UNHCR has been working very actively with the Business Innovation Group. One of the key success stories of this effort is the statement of mutual recognition. This statement has been signed by all of the large field-based agencies and allows us to recognize the operating policies and procedures of each other and to avoid potential issues to work as one. This is an important part of the reform agenda.
14. We would also like to highlight that there are only two financial regulations (5.12 and 5.13) that relate to procurement. The first regulation has four general principles which shall be given due consideration when exercising the procurement functions of the United Nations: (a) Best value for money, (b) Fairness, integrity and transparency, (c) Effective international competition, and (d) The interest of the United Nations. The other regulation speaks to need for tenders for goods and services to be invited by advertisement. These regulations on procurement are already similar across entities. UNHCR has no intention to make any changes to these two regulations on procurement.
15. We do understand the concern of a potential for a proliferation of entities requesting their own financial regulations. However, other than UNHCR, there are only three small entities (UNU, ITC, and UNITAR) that are not part of the UN Secretariat and do not have their own regulations. All other agencies (UNICEF, UNFPA, WFP, UN Women, UNDP, etc) have their own financial regulations.



16. Should our proposal be approved, we will continue to work on the draft of the UNHCR Financial Regulations in consultation with our Standing Committee, for approval at our annual Executive Committee.

17. We look forward to your support for this proposal. We remain available to answer your questions and facilitate your decisions.

Thank you.