



United Nations

**Voluntary funds administered by the
United Nations High Commissioner
for Refugees**

Financial report and audited financial statements

for the year ended 31 December 2024

and

Report of the Board of Auditors

General Assembly

Official Records

Eightieth Session

Supplement No. 5F



**Voluntary funds administered by the United Nations High
Commissioner for Refugees**

**Financial report and audited
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for the year ended 31 December 2024

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Report of the Board of Auditors



United Nations • New York, 2025

Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Letters of transmittal

Letter dated 31 March 2025 from the Controller and Director of the Division of Financial and Administrative Management of the Office of the United Nations High Commissioner for Refugees and the United Nations High Commissioner for Refugees addressed to the Chair of the Board of Auditors

Pursuant to the financial rules for voluntary funds administered by the High Commissioner for Refugees ([A/AC.96/503/Rev.12](#)), we have the honour to submit the financial statements for the year ended 31 December 2024, certified and approved in accordance with rule 602.1 of those rules.

We confirm, to the best of our knowledge and belief, and having made appropriate enquiries with other officials of the organization, the following representations in connection with your audit of the financial statements of the United Nations High Commissioner for Refugees for the year ended 31 December 2024:

1. We are responsible for preparing financial statements that properly present the activities of the organization, and for making accurate representations to you. All accounting records and related information have been made available for the purposes of your audit, and all transactions that occurred in the financial period have been properly reflected in the financial statements and recorded by the organization in the accounting and other records.
2. The financial statements are prepared and presented in accordance with:
 - (a) The International Public Sector Accounting Standards (IPSAS);
 - (b) The Financial Regulations of the United Nations;
 - (c) The financial rules for voluntary funds administered by the High Commissioner for Refugees;
 - (d) The accounting policies of the organization, as summarized in note 2 to the financial statements.
3. The inventories, the property, plant and equipment, and the intangible assets disclosed, respectively, in notes 3.3, 3.5 and 3.6 to the financial statements are owned by the organization and are free from any charge.
4. The value of cash, cash equivalents and investments recorded is not impaired and, in our opinion, is fairly stated.
5. All material accounts receivable are included in the financial statements and represent valid claims against debtors. Apart from the estimated uncollectable amounts, recorded under the allowance for doubtful accounts, we expect all significant accounts receivable as at 31 December 2024 to be collected.
6. All known accounts payable and accruals are included in the financial statements.

7. The commitments of the Office of the United Nations High Commissioner for Refugees (UNHCR) for the acquisition of goods and services, as well as the capital commitments contracted but not delivered as at 31 December 2024, are disclosed in note 9.2 to the financial statements. Commitments for future expenses are not recognized as liabilities.

8. All known legal or contingent liabilities as at 31 December 2024 are disclosed in note 9.3 to the financial statements.

9. All expenses reported during the period were incurred in accordance with the financial rules of the organization and any specific donor requirements.

10. All losses of cash or receivables, ex gratia payments, presumptive fraud and fraud, wherever incurred, were communicated to the Board of Auditors.

11. Disclosures were made in the financial statements of all matters necessary to ensure they present fairly the results of the transactions during the period.

12. Information regarding non-adjusting events occurring since the UNHCR reporting date of 31 December 2024 up to the date of signing these statements is disclosed in note 11 to the financial statements.

(Signed) Hans G. **Baritt**

Controller and Director

Division of Financial and Administrative Management

(Signed) Filippo **Grandi**

United Nations High Commissioner for Refugees

**Letter dated 23 July 2025 from the Chair of the Board of Auditors
addressed to the President of the General Assembly**

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and audited financial statements of the voluntary funds administered by the United Nations High Commissioner for Refugees for the year ended 31 December 2024.

(Signed) Pierre **Moscovici**
First President of the French Cour des comptes
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the voluntary funds administered by the United Nations High Commissioner for Refugees, which comprise the statement of financial position (statement I) as at 31 December 2024 and the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flow (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the voluntary funds administered by the United Nations High Commissioner for Refugees as at 31 December 2024 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing and the International Standards of Supreme Audit Institutions. Our responsibilities under those standards are described in the section below entitled “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the voluntary funds administered by the United Nations High Commissioner for Refugees, in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor’s report thereon

The United Nations High Commissioner for Refugees is responsible for the other information. The other information comprises the financial report for the year ended 31 December 2024 and the statement of internal control, both contained in chapter IV below, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, on the basis of the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The United Nations High Commissioner for Refugees is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the United Nations High Commissioner for Refugees is responsible for assessing the voluntary funds administered by the High Commissioner with regard to the Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless management either intends to liquidate the voluntary funds administered by the High Commissioner or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process for the voluntary funds administered by the United Nations High Commissioner for Refugees.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the voluntary funds administered by the United Nations High Commissioner for Refugees;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- (d) Draw conclusions as to the appropriateness of management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast

significant doubt on the ability of the voluntary funds administered by the United Nations High Commissioner for Refugees to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the voluntary funds administered by the High Commissioner to cease to continue as a going concern;

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the transactions of the voluntary funds administered by the United Nations High Commissioner for Refugees that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and the financial rules for the voluntary funds administered by the United Nations High Commissioner for Refugees.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the voluntary funds administered by the United Nations High Commissioner for Refugees.

(Signed) Pierre **Moscovici**

First President of the French Cour des comptes
(Lead Auditor)
Chair of the Board of Auditors

(Signed) Hou Kai

Auditor General of the People's Republic of China

(Signed) Vital **do Rêgo Filho**

President of the Brazilian Federal Court of Accounts

23 July 2025

Chapter II

Long-form report of the Board of Auditors

Summary

Audit opinion

The Board of Auditors has audited the financial statements and reviewed the operations of the Office of the United Nations High Commissioner for Refugees (UNHCR) for the year ended 31 December 2024. The audit included an examination of financial transactions and operations at UNHCR headquarters in Geneva and the Global Service Centre offices in Budapest. The Board audited six country offices located in Armenia, Burundi, Mozambique, Myanmar, the Republic of Moldova and Venezuela (Bolivarian Republic of) and three regional bureaux, the Regional Bureau for Europe, the Regional Bureau for Asia and the Pacific and the Regional Bureau for the Americas.

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of the voluntary funds administered by UNHCR as at 31 December 2024 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Overall conclusion

In 2024, UNHCR faced 43 emergencies in 25 countries (43 emergencies in 29 countries in 2023). The overall estimate for persons forced to flee, including displaced persons returning home, was 123 million in 2024, against 114 million the previous year. In that context, UNHCR prioritized the delivery of essential services to vulnerable populations, including the distribution of core relief items to approximately 6 million people, the provision of shelter assistance and the creation of livelihood opportunities.

Overall, UNHCR carried out emergency responses properly in most cases and benefited from adapted mechanisms and processes, with some points warranting attention at all steps of the crisis management process. UNHCR was committed to diversifying partnerships and reinforcing collaboration across the humanitarian, development and peace nexus but there were areas for improvement in the different components of cooperation within the United Nations system. UNHCR also needs to continue to strengthen and refine business processes in financial management.

Key findings

In addition to the financial statements, the Board's audit for 2024 focused on the transition to a new information technology environment, cooperation with other entities of the United Nations system and crisis management.

Financial overview

UNHCR reported an annual deficit of \$158.8 million as at 31 December 2024, representing an improvement of \$431.3 million compared with the deficit of \$590.1 million in 2023. This improvement was primarily attributable to a significant reduction in overall expenditure, which decreased by \$402.8 million relative to 2023. Nonetheless, total expenses continued to exceed revenue. As a consequence of the deficit, the asset position declined by \$198.3 million compared with 2023. UNHCR

continued to maintain a high level of current assets in order to meet its short-term obligations.

However, constraints linked to earmarked funding remained significant, given that over 70 per cent of contributions were either earmarked or tightly earmarked. UNHCR remained heavily reliant on a limited pool of donors, with one donor contributing 45 per cent of total funding in 2024, and the three largest donors accounting for nearly 60 per cent of all contributions.

Financial management

Enhancement of bank and investment processes

For the first time in 2024, UNHCR introduced long-term investments into its portfolio,^a requiring enhanced technical expertise to ensure compliance with IPSAS 41: Financial instruments, and accurate financial reporting. While the organization initially engaged an external consultant to support the accounting team, maintaining this expertise over the long term remains essential given the complexity of these investments.

As at 31 December 2024, the total number of bank and cash accounts had reached nearly 900. While efforts to automate global payment workflows through the Digital Hub of Treasury Solutions platform have been under way since 2023, full implementation had not been completed by year end. In addition, updates to bank signatories needed to be properly managed, with stronger internal change identification and closer follow-up with financial service providers.

The review of bank and cash-in-hand reconciliations revealed a high number of discrepancies at year end, unresolved at the time of the final audit mission in April 2025. Although individual amounts were not significant, the process should be strengthened.

Refinement of employee benefit liabilities valuation methods

Prior to 2024, the coverage of workers' compensation benefits was outsourced by UNHCR to the United Nations Secretariat. In 2024, UNHCR began to self-insure the risk with a provision^b that was reclassified during the audit to employee benefit liabilities. The method applied to evaluate the liability and the classification of the benefit components between current and non-current should be reviewed to better reflect the real structure of UNHCR obligations.

The accumulated annual leave balance revealed that a very significant number of employees had a balance of unused leave exceeding 30 days. This pattern of consumption suggested that many employees were accumulating these days until the date of their separation from the entity and that the unused annual leave acquired during a financial year would not be consumed before the end of the following financial year, although it was currently classified as short-term.

Revision of the impairment method for inventories

The inventories impairment review resulted in an overstatement of the impairment amount estimated by UNHCR at \$5.3 million for 2024. The primary cause of this overstatement was the double-counting of the impairment of certain inventory items. UNHCR should enhance its impairment assessment methodology.

Deficiencies in the posting process

Inaccurate coding of purchase order details led to expenses being posted to incorrect accounts.^c Expenses amounting to \$68 million (28 per cent of the initial balance reviewed) had been incorrectly classified under “other expense” accounts. A late accounting adjustment was made to reclassify the expenses to the appropriate account, highlighting the need for enhancements to the current posting process.

Purchase orders relating to goods in transit delivered in late 2024 were incorrectly recorded in January 2025 due to delayed receipting in the Cloud enterprise resource planning (Cloud ERP) system, leading to an understatement of 2024 accrued payables for a total amount of \$2.3 million. This highlights weaknesses in year-end monitoring of goods in transit and inconsistent application of ownership transfer dates in inventory accounting.

Transition to a new information technology environment

The objective of the UNHCR business transformation programme was to enhance operational agility, efficiency and collaboration within the organization. Initiated in 2020, the programme replaced outdated information technology systems with an integrated multi-cloud strategy. Implementation took place between 2021 and 2023.

The introduction of these systems has significantly transformed the operations of UNHCR, by driving automation and improving data management. However, the transition has faced challenges, particularly with regard to user experience, cybersecurity, data management and system integration. Performance issues, particularly during peak reporting periods, have raised questions about the reliability and responsiveness of the systems.

From a financial perspective, the business transformation programme represented a significant investment, with costs increasing from an initial estimate of \$75.6 million to \$118.9 million. Besides, an evaluation of the programme’s value for money revealed a substantial increase in current operational costs. While the business transformation programme successfully modernized the information technology systems of UNHCR, the transition to a fully stable operational state was not yet complete.

Cooperation with other entities of the United Nations system*Strategic partnerships*

Although the effective participation of UNHCR in United Nations country team action requires strategic alignment, UNHCR had not fully aligned its strategic planning at the country level with United Nations country team planning cycles.

The United Nations Common Pledge 2.0, developed as part of the Global Refugee Forum, provides a strong foundation for inter-agency cooperation, as, through it, United Nations entities commit to systematically including refugees in their analysis and plans, and to working with Governments and communities hosting refugees to facilitate their inclusion in national systems. However, the monitoring of the implementation of commitments was generally limited, with interim progress reporting expected in June 2025.

UNHCR operations also lacked adequate tools to measure the financial and administrative impact of their participation in United Nations country team groups and to provide evidence of any excessive burden due to overlaps within the local United Nations architecture. While the responsibilities of various headquarters divisions were described in official internal documents, the practical actions they take as part of inter-agency cooperation work could be further streamlined to avoid any

overlap. UNHCR needed a more robust methodology and clear guidance to measure and control the cost and efficiency of its participation in United Nations country teams and inter-agency cooperation-related work.

United Nations bilateral partnerships

UNHCR partnerships with other United Nations agencies were implemented through a wide variety of documents. In some cases, previous agreements had not been formally updated or reconfirmed, raising questions about their validity. For some agencies, the overlapping frameworks created uncertainty and complexity for the staff responsible for implementation. At the field level, global inter-agency agreements were not widely known or commonly used to structure cooperation efforts.

Cooperation between UNHCR and the International Organization for Migration (IOM) remained critical in 2024. Both the High Commissioner for Refugees and the IOM Director General recognized challenges in the implementation of the 2022 framework of engagement, with further clarity needed on roles and responsibilities. Consistent use of terminology and definitions of migrants and refugees in internal and external communication remained an outstanding issue.

Inter-agency coordination in refugee and non-refugee responses

The update of the Refugee Coordination Model was a positive achievement, but the newly introduced inter-agency scale-up protocol should be carefully coordinated with emergency declaration procedures. Inter-agency evaluation of refugee response was not conducted on a regular basis. Over the last five years, only one inter-agency evaluation in a refugee situation had been commissioned.

UNHCR deployed considerable efforts to simplify and streamline the protection cluster in 2023 and 2024. The proposals of UNHCR were partially implemented. The coordinated response of IOM and UNHCR to the Venezuelan situation was a convincing and innovative example of a way forward to address mixed population movements.

United Nations administrative and technical cooperation

The UN Fleet project launched by the World Food Programme (WFP) and UNHCR was a convincing example of inter-agency cooperation to improve cost-effectiveness in operational support, but its implementation has been time-consuming and has not generated the expected gains so far.

Management of crises

Crisis anticipation and emergency preparedness

The policy on emergency preparedness and response was updated in February 2023. The measures for preparedness are set out in several different documents, which are supposed to be consistent among themselves. Although the policy provides that all country operations ranked as facing high risk of emergency shall have a contingency plan, some had not prepared such a document.

Response tools and solutions

The mechanisms for emergency declarations at the three levels of crisis severity were generally well monitored, although some internal delays could be avoided. No major inconsistencies were noted during the field missions with respect to emergency supply procedures. Relationships with host country authorities were generally well

monitored, even considering the specific difficulties encountered with de facto authorities.

Although cash assistance is considered to be more relevant and is preferred by beneficiaries, UNHCR continued to provide in-kind assistance, at least during the first phases of an emergency. Cash assistance preparedness could be improved through early engagement with financial service providers.

Financial and human resource mobilization

The mobilization of financial resources was conducted through well-monitored processes. UNHCR has a dedicated budget line for the rapid release of emergency funds, the bulk of which comes from an operational reserve (\$56.6 million in 2024).

While workforce mobilization was effective, the management of the transition period after the closure of an emergency, raised issues concerning the slow downsizing of the country office (in the absence of a protracted situation) and the skills required during a transition period when activities are more focused on development.

Emergency exit and post-emergency phase

Real-time reviews after three months in level 3 emergencies and the evaluations of level 3 emergencies were considered good practices. However, only very few level 2 or level 1 emergencies gave rise to these kinds of reviews. While issues related to the transition from an emergency situation to a regular operational response were identified by UNHCR, no guidance has so far been drafted to address the range of challenges raised.

Main recommendations

The Board has made 33 new recommendations on the basis of its audit. Details on how they can be implemented are provided throughout the report. The main recommendations are that UNHCR:

Financial management

Enhancement of bank and investment processes

(a) **Further strengthen the process of bank and cash account reconciliations through: (i) enhanced system integration between banking platforms and the Cloud ERP system, and expedited automation of relevant procedures; (ii) prompt identification and clearance of unreconciled transactions, notably those outstanding for extended periods; and (iii) finalization of technical adjustments to address recurrent reconciliation challenges, particularly those arising from multi-currency transactions and automated revaluations;**

Refinement of employee benefit liabilities valuation methods

(b) **Conduct a statistical analysis of the consumption of annual leave in order to fully comply with paragraph 10 of IPSAS 39: Employee benefits, by evidencing the actual timing of settlement, and discount the long-term portion if applicable;**

Revision of the impairment method for inventories

(c) **Enhance the impairment assessment methodology and implement a formal annual review of inventory shelf lives, in order to ensure that impairment indicators are accurately and consistently reflected in the financial statements;**

Deficiencies in the posting process

(d) **Implement more robust control processes to ensure classification of expenses in the correct general ledger account based on their true nature, either by ensuring that users respect the procurement category mapping to expenditure type when posting a new purchase order (and providing additional training and guidance at the appropriate level) and/or by adapting the systems in order to automatically detect and reject any inconsistent posting;**

Transition to a new information technology environment*Financial consequences*

(e) **Measure the evolution of the direct running costs of the information technology systems involved to monitor and ensure that the cost of services associated with its multi-cloud strategy – which creates strong dependency on its suppliers – remains controlled;**

Governance transition to operational management

(f) **Establish a robust governance structure through a standard operating procedure, ensuring coverage of ongoing issues and actions taken, and fostering a collaborative, coherent decision-making process;**

Information technology/technical security and operational risk management

(g) **Ensure that operational errors related to data integration under the business transformation programme are addressed, as they are identified, and that active collaboration between technical and business units is in place, with the aim of reducing disruptions and ensuring continuity;**

Cooperation with other entities of the United Nations system*Context of United Nations reform*

(h) **Pursue the alignment of its country strategic planning with United Nations Sustainable Development Cooperation Framework planning;**

United Nations partnerships

(i) **Make partnership frameworks accessible, including their updates, and explore the definition of a standard operating procedure on the standard provisions of inter-agency partnership frameworks that best reflect mutual interests and concerns;**

Inter-agency coordination in refugee and non-refugee responses

(j) **Leverage its role on protection, within the Inter-Agency Standing Committee, to accelerate, in close coordination with the Emergency Relief Coordinator, the decision-making process on simplification of the protection cluster and transformation initiatives;**

United Nations administrative and technical cooperation

- (k) **Start leasing vehicles from UN Fleet;**

Management of crises*Crisis anticipation and emergency preparedness*

(l) **At both the headquarters and regional levels: (i) ensure that all country operations ranked as facing high risk prepare a contingency plan in accordance with the 2023 policy on emergency preparedness and response, and regularly update it when needed; (ii) explicitly justify the absence of such a document with strong reasons associated with specific difficulties; and (iii) contemplate the preparation of such a document in medium-risk countries, as recommended in the 2023 policy;**

Response tools and solutions

(m) **Include in its standard operating procedures a specific time frame for the internal decision-making process regarding emergency declarations;**

Financial and human resource mobilization

(n) **Conduct a mandatory and comprehensive staffing review for country operations whose emergency declaration has expired prior to the start of the following implementation year;**

Emergency exit and post-emergency phase

(o) **Draft guidance on the transition from an emergency to a regular operational response.**

Follow-up of previous recommendations

Out of 40 outstanding recommendations, 19 have been implemented (representing 48 per cent of all outstanding recommendations, compared with 59 per cent in the report for 2023), 20 are under implementation (50 per cent) and 1 is considered as overtaken by events (2 per cent) (see annex).

^a The UNHCR investment portfolio amounted to \$405.3 million, including \$256.9 million in long-term investments.

^b The method applied for the 2024 financial statements consists of a “reserve approach” with no “pay as you go”.

^c Expense categorization is performed at a very disaggregated level (i.e. each purchase order line), and is only subject to manual controls. It is not currently supported by relevant automated functionalities to prevent or detect inappropriate overriding of the default mapping of purchase order expenses against purchasing categories and inconsistencies between the general ledger account and the expenditure type selected on each purchase order line.

Key facts

\$10.79 billion	Final budget based on needs-driven assessment
\$4.74 billion	Revenue
\$4.89 billion	Expenses
\$0.16 billion	Deficit for the year
\$4.88 billion	Assets
\$2.21 billion	Liabilities
\$2.67 billion	Net assets
122.6 million	People forced to flee
19,792	UNHCR global workforce (including 4,643 affiliates)
136	Countries and territories of operation, with offices in 544 locations

A. Mandate, scope and methodology

1. In 2024, the Office of the United Nations High Commissioner for Refugees (UNHCR) provided protection and assistance to approximately 123 million people forcibly displaced¹ within or outside their countries of origin. It is a devolved organization with close to 20,000 staff working in 544 offices located in 136 countries and territories. Its mandate encompasses delivering support to long-term and protracted situations and responding to humanitarian emergencies. The year 2024 has been characterized by protracted displacement and new crises responding to 43 emergencies in 25 countries. UNHCR facilitated the deployment of personnel to numerous emergency missions, notably to protect people affected by the earthquakes in Afghanistan, the Syrian Arab Republic and Türkiye, the conflict in the Sudan, a deteriorating crisis in the Democratic Republic of the Congo, unprecedented mixed movements of refugees and migrants in Latin America and the Caribbean and floods in Libya and the Horn of Africa.

2. UNHCR is funded almost entirely through voluntary contributions, representing \$4.52 billion out of a total of \$4.74 billion in revenue. Recognized revenue from donor agreements included \$1.15 billion relating to future years. Total expenses were \$4.89 billion in 2024.

3. The Board of Auditors audited the financial statements of UNHCR and reviewed its operations for the financial year ended 31 December 2024 in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with the Financial Regulations of the United Nations and the financial rules for voluntary funds administered by the United Nations High Commissioner for Refugees, as well as the International Standards on Auditing and the International Standards of Supreme Audit Institutions.

¹ The total number of forcibly displaced people (123 million) is an estimate and encompasses refugees, asylum-seekers, other people in need of international protection and internally displaced persons. It includes refugees and other displaced people not covered by the UNHCR mandate and excludes other categories such as returnees and non-displaced stateless people.

4. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the financial position of UNHCR as at 31 December 2024 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). This included an assessment as to whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations (ST/SGB/2013/4 and ST/SGB/2013/4/Amend.1) and the financial rules for voluntary funds administered by the High Commissioner (A/AC.96/503/Rev.12). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

5. The Board also reviewed UNHCR operations under United Nations financial regulation 7.5, which entitles the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations. The Board has commented, among other things, on finance, the transition to a new information technology environment, cooperation with other entities of the United Nations system and the management of crises.

6. During the course of the audit, the Board visited UNHCR headquarters in Geneva and the Global Service Centre offices in Budapest. The Board audited six country offices located in Armenia, Burundi, Mozambique, Myanmar, the Republic of Moldova and Venezuela (Bolivarian Republic of)² and three regional bureaux, the Regional Bureau for Europe, the Regional Bureau for Asia and the Pacific and the Regional Bureau for the Americas. The Board continued to work collaboratively with the Office of Internal Oversight Services (OIOS) to provide coordinated coverage. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's report was discussed with UNHCR management, whose views have been appropriately reflected.

B. Findings and recommendations

1. Follow-up of previous recommendations

7. Out of 40 outstanding recommendations, 19 have been implemented (representing 48 per cent of all outstanding recommendations, compared with 59 per cent in the report for 2023), 20 are under implementation (50 per cent) and 1 (2 per cent) is considered as overtaken by events.

8. Out of the 20 recommendations that are still under implementation, 17 relate to the 2023 audit, 1 to 2022 and 2 to 2021. Details of the status of implementation of the recommendations are shown in table II.1 and in the annex to the present chapter.

² The audits of the country offices in Myanmar and Venezuela (Bolivarian Republic of) were conducted remotely.

Table II.1
Status of implementation of previous recommendations

	<i>Total</i>	<i>Fully implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
2019	2	1	–	–	1
2020	1	1	–	–	–
2021	11	9	2	–	–
2022	7	6	1	–	–
2023	19	2	17	–	–
Total	40	19	20	–	1
Percentage	100	48	50	–	2

Source: Board of Auditors.

2. Financial overview

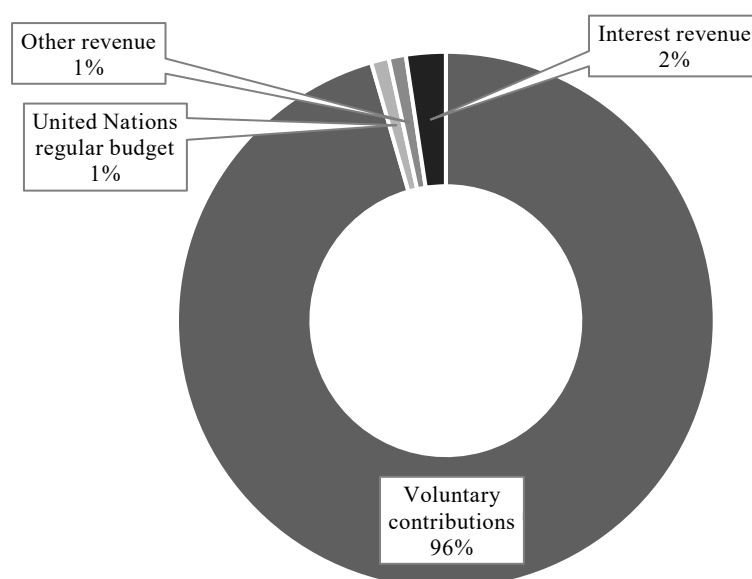
9. The financial year 2024 closed with an annual deficit of \$158.8 million compared with a deficit of \$590.1 million as at 31 December 2023. This was primarily attributable to a reduction in overall expenses of \$402.8 million. Nevertheless, total expenses continued to exceed revenue, which remained stable relative to the previous year.

10. As a consequence of the deficit, the total assets declined by \$198.3 million, from \$5,076.7 million in 2023 to \$4,878.4 million in 2024, mainly due to a reduction in contributions receivable of \$339.5 million. This was partially offset by an increase of \$256.9 million in long-term investments, in line with a strategic shift by UNHCR aimed at financing long-term employee benefit obligations. A revision of the actuarial assumptions underpinning this plan resulted in an increase in liabilities of \$330.5 million. As a result, the net asset position deteriorated by \$528.8 million, from \$3,200.2 million in 2023 to \$2,671.4 million in 2024.

(a) Revenue and expenses

11. Total revenue for 2024 amounted to \$4,735.8 million, reflecting a modest increase of \$28.5 million compared with the figure of \$4,707.3 million for the previous period. Voluntary contributions continue to represent the principal source of income, accounting for 96 per cent of the total. The funding structure remains highly concentrated, with a single donor providing 45 per cent of all contributions and the three largest donors collectively accounting for nearly 60 per cent of the total.

Figure II.1
Analysis of UNHCR sources of revenue



Source: UNHCR financial statements.

12. The level of earmarking remains significant, with over 70 per cent of monetary contributions either earmarked or tightly earmarked.

Table II.2
Analysis of monetary contributions by type of earmarking

(Millions of United States dollars)

<i>Monetary contributions</i>	<i>2024</i>	<i>2023</i>	<i>Variance</i>	<i>Variance (percentage)</i>
Unearmarked	563 945	588 437	(24 492)	(4)
Softly earmarked	634 410	694 284	(59 874)	(9)
Earmarked	2 227 068	2 264 572	(37 504)	(2)
Tightly earmarked	1 010 308	878 894	131 414	15
Total monetary contributions (before adjustments of refunds and discounting)	4 435 730	4 426 187	9 543	–
Refunds to donors and other reductions in prior-year revenue	(1 232)	(331)	(901)	272
Discounting of non-current receivables (IPSAS 41)	(8 978)	(18 540)	9 562	(52)
Net monetary contributions	4 425 520	4 407 316	18 204	–

Source: UNHCR financial statements.

13. Total expenses decreased by \$402.8 million, from \$5,297.4 million to \$4,894.6 million, primarily as a result of efforts to reduce operational costs in the context of ongoing liquidity constraints. Expenses related to implementing partnerships fell by \$219.2 million (a 16 per cent decrease), while cash assistance to beneficiaries was reduced by \$183.7 million (a 25 per cent decrease). Although the workforce declined by 5 per cent, salary and employee benefit costs rose by 3 per cent (an increase of \$39.1 million) compared with the previous year. This expenditure

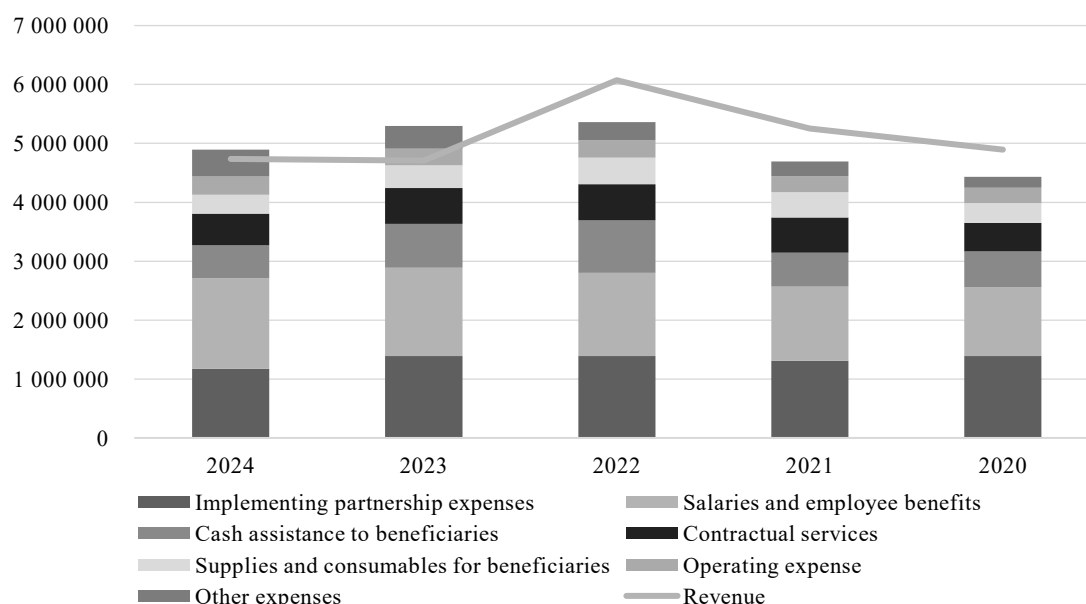
category continues to represent the largest portion of total expenses, accounting for approximately 30 per cent.

14. For the second consecutive year, the net result showed a deficit, although more limited than in 2023. Nevertheless, total fund balances and reserves remain robust, standing at \$2,671.3 million, compared with \$3,200.2 million in 2023, which corresponds to approximately seven months of operational coverage (total fund balances and reserves/total expenses).

Figure II.II

Trend in revenue and expenses over the past five years

(Thousands of United States dollars)



Source: UNHCR financial statements.

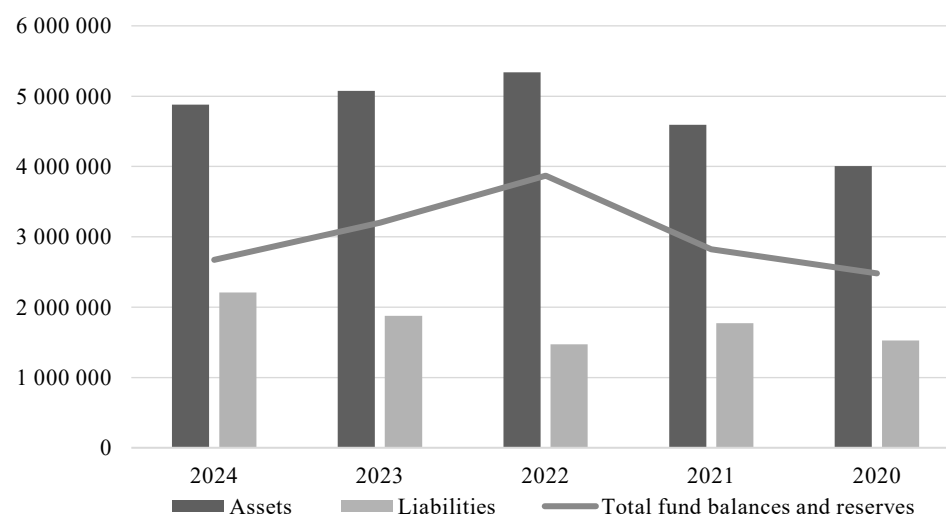
(b) Assets and liabilities

15. Total assets decreased by \$198.3 million from \$5,076.7 million in the previous period to \$4,878.45 million as at 31 December 2024, which was primarily due to a reduction in contributions receivable of \$339.5 million. This decline was partially offset by an increase in long-term investments, following a shift by UNHCR of its investment strategy with the aim of better covering its long-term employee benefit obligations.

16. At the same time, total liabilities rose by \$330.5 million to reach \$2,207.1 million compared with \$1,876.5 million the previous year, largely as a result of revised actuarial assumptions relating to the long-term employee benefit plan. This led to an increase of \$370.0 million in the associated liabilities.

Figure II.III
Level of assets and liabilities and total fund balances and reserves trend

(Thousands of United States dollars)



Source: UNHCR financial statements.

(c) Ratio analysis

17. The Board continued its review of the financial situation of UNHCR through an analysis of key ratios (see table II.3).

Table II.3
Capital structure ratios

Description of ratio	31 December 2024	31 December 2023	31 December 2022	31 December 2021	31 December 2020
Current ratio^a (current assets: current liabilities)	5.6	5.1	8.3	8.0	9.0
Assets to liabilities ratio^b	2.2	2.7	3.6	2.6	2.6
Cash ratio^c (cash + investments: current liabilities)	2.8	2.4	4.4	4.2	4.3
Quick ratio^d (cash + investments + short-term accounts receivable: current liabilities)	4.4	3.9	6.8	6.7	7.6

Source: Board of Auditors, based on UNHCR financial statements.

^a A high ratio (generally at least 1) indicates an entity's ability to pay off its current liabilities.

^b A high ratio (generally at least 1) indicates an entity's ability to meet its overall obligations.

^c The cash ratio indicates an entity's liquidity. It serves to measure the coverage of liabilities by cash, cash equivalents and invested funds available.

^d The quick ratio indicates the potential ability to convert assets into liquidities quickly to face its current commitments. The higher the ratio, the higher the liquid current position.

18. The short-term liquidity ratios (the current, quick and cash ratios) improved compared with the previous year, primarily due to a reduction in accounts payable and accruals. Conversely, the assets to liabilities ratio (total assets: total liabilities) has deteriorated as a result of the increase in long-term liabilities, particularly those related to employee benefit obligations. Nevertheless, the Board's analysis of the key financial ratios demonstrates that, as at 31 December 2024, UNHCR can cover all its liabilities.

3. Financial management

(a) Cash and investments

(i) *Investment policy*

19. In its resolution [79/245](#) adopted on 24 December 2024, the General Assembly requested the Advisory Committee on Administrative and Budgetary Questions to request the Board of Auditors to keep matters related to accrued interests under review and report thereon in its future reports.

20. Total interest income generated from returns on cash, cash equivalents, short-term deposits and financial investments during the financial year amounted to \$80.0 million. Financial investments comprised \$158.1 million in short-term instruments and \$256.9 million in long-term investments.

21. The authority for such investments is established under financial rule 416.1 of the financial rules for voluntary funds administered by the United Nations High Commissioner for Refugees, which provides that “the High Commissioner may make investments of moneys of UNHCR not needed for immediate requirements, having regard to the particular requirements as to the liquidity of funds.” The Controller is responsible for ensuring that investments are managed in accordance with appropriate guidelines, prioritizing the preservation of capital and ensuring sufficient liquidity to meet operational needs. Subject to these criteria, investments must also be aimed at achieving the highest reasonable rate of return and shall accord with the principles of the United Nations.

22. After assessing expected liquidity requirements against actual resources available, UNHCR places time deposits with maturities structured to ensure that each week sufficient funds become available to cover average weekly cash outflows.

23. UNHCR invests in short-term deposits to cover significant employee benefit liabilities, including primarily the long-term after-service health insurance obligation for members of the United Nations Staff Mutual Insurance Society against Sickness and Accident and the UNHCR internal Medical Insurance Plan, and the repatriation benefit. The interest generated on these investments is allocated on a proportional basis to the Medical Insurance Plan and the Staff Benefit Fund.

24. Since 2024, UNHCR has further diversified investments, placing significant amounts with external investment managers. The return earned on these externally managed long-term investment funds is credited exclusively to the Staff Benefits Fund. The interest derived from other investments is allocated based on the share of liabilities not covered by these earmarked investments. For 2024, the Controller of UNHCR decided not to allocate any interest income to the Medical Insurance Plan fund, as the fund was significantly in surplus at the year end.

25. No material discrepancies were identified in the management or reporting of the investment activities of UNHCR for the year under review.

26. For the first time in 2024, UNHCR introduced long-term investments into its portfolio, requiring enhanced technical expertise to ensure compliance with IPSAS 41: Financial instruments. The implementation of that standard entails the recognition, classification and measurement of financial instruments – including fair value assessment, expected credit loss modelling and hedge accounting – for accurate and transparent financial reporting.

27. As at 31 December 2024, UNHCR held an investment portfolio measured at fair value with a total value of \$405.3 million. This portfolio included long-term investments amounting to \$256.9 million, which reflected the adjustment by UNHCR

of its investment strategy with the aim of partially covering its long-term employee benefit liabilities.

28. The management of this portfolio was entrusted to external managers and custodians who provided monthly data updates to UNHCR. UNHCR itself was responsible for all analysis, including compliance with IPSAS 41 and the associated accounting processes.

29. For this first-time implementation of the long-term investment strategy, UNHCR engaged an external consultant to support the accounting team, ensuring a technically sound analysis and mitigating associated risks. However, the sustainability of this approach, particularly in terms of maintaining sufficient in-house technical expertise, must be carefully evaluated for the future.

30. While the option to delegate the entirety of accounting analyses and financial statement disclosures for these investments to an external partner remains open, such an approach carries inherent risks. Most importantly, it would result in a partial loss of control over the integrity and accuracy of data transmitted by the custodians. Furthermore, the custodians themselves are unable to provide the comprehensive accounting advice necessary for compliance with IPSAS 41, which is outside their contractual responsibilities.

31. In this context, retaining external advisory expertise appears to be a prudent course of action, especially given the complexities associated with long-term investments. The application of IPSAS 41 necessitates rigorous analysis and precise valuations, which require a high level of technical expertise.

32. To manage costs effectively, it could be beneficial to explore resource-sharing arrangements, whereby the services of such experts are jointly utilized by UNHCR and other United Nations entities facing similar challenges in accounting for long-term investments.

33. In order to enable UNHCR to address the complexity of valuation and accounting under IPSAS 41, while ensuring the integrity of financial reporting, the Board recommends that UNHCR: (a) assess different options, including that of continuing to use an external consultant with the technical expertise required to ensure the reliability and accuracy of accounting records and information provided in the financial statements relating to long-term investments; and (b) if this option is chosen, explore the possibility of sharing this expertise with other United Nations entities facing similar challenges, in order to optimize costs and resources.

34. The Administration accepted the recommendation.

(ii) Bank signatories

35. UNHCR funds are held in commercial banks. In accordance with UNHCR financial rule 415.2, under the delegation of authority from the High Commissioner, the Controller shall establish all official bank accounts and designate bank signatories to operate the accounts.

36. As at 31 December 2024, UNHCR maintained nearly 900 bank and cash accounts across both headquarters and field offices. Cash management is centralized at headquarters, where the Treasury and Cash Service is responsible for safeguarding and optimizing cash flows, and thereby mitigating credit, liquidity, interest rate and foreign exchange risks. Conversely, payment activities are primarily decentralized at field office level. As at year end, field offices operated 869 accounts, comprising 443 bank accounts and 426 cash-in-hand accounts, representing a 12 per cent increase compared with 2023.

37. Although the Administration has sought to automate integrated banking connectivity for global payment workflows since 2023, notably through the development of the Digital Hub of Treasury Solutions, full implementation had not been achieved by year end. In particular, the updating of bank signatories required strengthened internal procedures for identifying changes and enhanced communication with financial service providers.

38. The failure to update bank signatories in a timely manner, as required by the financial rules and related guidelines, should be corrected by strengthening internal identification processes and closely monitoring communications with financial service providers.

a. Strengthening internal identification processes

39. Bank account signatories are administered by the Treasury and Cash Service within the Division of Financial and Administrative Management. Human Resources and the Treasury and Cash Service coordinates on staff movements affecting signatory status, such as reassignments or separations, with account changes supported by appropriately approved documentation. It is incumbent upon heads of office at field level to inform the Treasury and Cash Service promptly of all relevant staff movements, thereby ensuring the immediate withdrawal of signatory authority where necessary.

40. The UNHCR financial management manual requires that the panel of signatories be updated without delay as changes occur, and that staff leaving on reassignment or separation be removed from the panel immediately. However, the Board's audit identified deficiencies in this process, including discrepancies between records of the overall list of authorized signatories, with some former staff still listed as authorized signatories.

b. Follow-up with financial service providers

41. Pursuant to International Standard on Auditing 505: External confirmations, the Board requested confirmation letters from external banks listing authorized signatories as at 31 December 2024. Discrepancies persisted between the Administration's records and the banks' lists. A total of 77 per cent of the bank confirmations received listing the bank signatories (10 out of 13) did not match the related lists of bank signatories provided by the Administration and effective at year end. Furthermore, given the lack of formal written confirmation from financial service providers required by the Administration throughout the year, especially at field level, the Administration was unable to verify that requested changes had been duly implemented.

42. Rigorous control over the designation and removal of signatory authority is required to reduce the risk of operational disruption, enhance compliance and align with best practices in cash management and account authorization. The Board emphasized the value of obtaining systematic written confirmation from banks when notifying them of signatory changes.

43. The Board recommends that UNHCR: (a) strengthen its procedures to ensure timely and accurate updates of the lists of bank signatories; and (b) obtain written confirmation from financial service providers to verify the implementation of all communicated changes to signatories.

44. The Administration accepted the recommendation.

(iii) Bank and cash in-hand reconciliation

45. Bank and cash-in-hand reconciliation entails the reconciliation of recorded balances with bank statements or cash and petty cash accounts. The review of those reconciliations at year end revealed a substantial number of outstanding discrepancies (36 out of 68, representing 51 per cent of the sample reviewed) that were unresolved as at the final audit mission in April 2025, notwithstanding the limited materiality of individual items. The Administration should address these discrepancies by reinforcing the reconciliation process, with a primary focus on systematic tracking, prompt identification and reduction of unreconciled transactions at each monthly closure, particularly with regard to aged items.

46. Unreconciled amounts in payment transfers and cash receipts are technically accounted for within total cash and cash equivalents. The Administration had to intensify efforts to contain their volume and value at year end, thereby ensuring the accuracy of cash balances in the financial statements.

47. Bank and cash reconciliations are conducted in the Cloud ERP system, by aligning entries in the accounting records with those of bank and cash holdings, pursuant to rule 104.11 of the Financial Regulations and Rules of the United Nations, under which monthly reconciliation of all financial transactions is required unless a specific exemption is authorized.

48. A review of sampled bank reconciliations, including selected cash and petty cash accounts, was conducted, with attention to completeness and the ageing of unreconciled items. Although most items in the sample were substantiated, the ratio of reconciled and unreconciled year-end items – exceeding one third – remains material, with diverse explanatory factors. In particular, one case relating to petty cash revealed a discrepancy where the office in question had been closed since June 2024 and the account should have been cleared by year end.

49. Unreconciled transactions at year end are primarily attributable to aged items, many exceeding three months or dating from 2023, which should have received priority attention. In addition, such transactions stem from recurring process deficiencies, which may in part be addressed by mitigating delays in reconciliation prior to subledger closure, thereby preventing carry-over postings into the succeeding period. In this regard, the technical team, at the request of the Division of Financial and Administrative Management, is developing a dashboard to monitor unreconciled transactions from multiple perspectives. This tool is expected to be fully operational in 2025, enabling timely action at field level to enhance reconciliation quality.

50. Specific process deficiencies may also be addressed by implementing technical enhancements to prevent automated revaluation discrepancies for three US dollar-denominated bank accounts subject to multi-currency transactions, which have required reversals in subsequent periods. The Administration indicated that technical solutions were being developed to address these systemic currency issues.

51. The Board recommends that UNHCR further strengthen the process of bank and cash account reconciliations through: (a) enhanced system integration between banking platforms and the Cloud ERP system, and expedited automation of relevant procedures; (b) prompt identification and clearance of unreconciled transactions, notably those outstanding for extended periods; and (c) finalization of technical adjustments to address recurrent reconciliation challenges, particularly those arising from multi-currency transactions and automated revaluations.

52. The Administration accepted the recommendation.

(b) Employee benefit liabilities valuation methods*(i) Appendix D valuation and disclosures*

53. In accordance with appendix D to the Staff Rules on rules governing compensation in the event of death, injury, or illness attributable to the performance of official duties on behalf of the United Nations, workers' compensation benefits are provided to all UNHCR staff members appointed by the Secretary-General. Depending on the nature of the claim and the dependency status of the staff member, UNHCR is responsible for providing compensation equivalent to between 66.66 and 75 per cent of the final annual pensionable remuneration. Benefits are typically disbursed as recurring payments, to survivors in cases of death and to staff members in cases of disability, but may also be provided as a lump sum in the event of permanent loss of function. The level of coverage generally corresponds to the staff member's remuneration at the time of the incident.

54. Prior to 2024, the financial risk associated with appendix D was borne by the United Nations Secretariat in exchange for a premium equivalent to 1 per cent of annual net salary costs. As this liability was outsourced, no corresponding liability was recognized in the UNHCR financial statements, in accordance with IPSAS. In May 2024, UNHCR made a management decision to self-insure this risk. Consequently, an initial liability of \$7.3 million – representing the cumulative premium of 1 per cent set aside since the transition – was recognized. During the financial audit mission conducted in April 2025, this amount was reclassified from a provision to a long-term employee benefit liability, and a new “service-related insurance coverage” component was established within the Staff Benefits Fund to present separately the associated reserves.

55. For the 2024 financial statements, a reserve approach was adopted, allowing the reserve rate to be monitored and adjusted based on historical and projected claims experience. However, at the time of the financial audit mission, UNHCR lacked sufficient historical claims data following the transition to self-insurance to establish an appropriate reserve threshold. As a result, the 1 per cent charge continued to be applied, resulting in a funded liability of \$7.3 million as at 31 December 2024.

56. The Board noted that while the \$7.3 million liability presented as a long-term employee benefit liability appeared reasonable and mitigated the risk of material misstatement, the methodology used to evaluate the liability and the classification of benefit components between current and non-current should be reviewed. In accordance with IPSAS 39: Employee benefits, the liability should be subject to an actuarial valuation to estimate future claims arising from past service. Long-term components of the liability should be discounted to present value. Furthermore, the financial statements should include the required disclosures under IPSAS 39, including a sensitivity analysis.

57. The Board recommends that UNHCR review the presentation (current vs. non-current), measurement (including discounting of long-term liabilities) and disclosure of the appendix D liability to ensure full compliance with IPSAS 39.

58. The Administration accepted the recommendation.

(ii) Analysis supporting the actual timing of settlement of annual leave

59. Paid annual leave corresponds to the IPSAS 39 definition of vesting accumulating paid absences, for which the expected cost of settlement is recognized when the employees render service that increases their entitlement to future paid absences. This entitlement shall be measured as the additional amount that the entity expects to pay as a result of the unused entitlement that has been accumulated at the end of the reporting period. Given that the nature of this benefit usually involves

settlement before 12 months following the end of the reporting period, the corresponding liability is by default classified as short term. However, IPSAS 39, paragraph 10, provides that “if a change in expectations of the timing of settlement is not temporary, then the entity considers whether the benefit still meets the definition of short-term employee benefits”.

60. In compliance with the Staff Rules and Regulations of the United Nations, UNHCR staff are entitled to 30 days of paid leave per annum, which can be carried forward up to a total of 60 working days by 1 April of the following year, meaning that any excess leave on 31 March is lost and removed from the staff members’ balances and that the maximum year-end balance days reported in the financial statements can reach 82.5 days.³ When leaving the organization, staff members can vest their unused annual leave and monetize the accumulated balance.

61. The Board reviewed the accumulated annual leave balance presented in the UNHCR financial statements as at 31 December 2024, amounting to \$122.1 million, and identified that a very significant number of employees have a balance of unused leave exceeding 30 days. This review suggests that the actual pattern of consumption is for many employees to accumulate these days until the date of their separation from the entity. There is de facto a permanent possibility that the unused annual leave acquired during a financial year will not be consumed before the end of the following financial year, even though it is currently classified as a short-term liability. If this situation is not temporary, the unused annual leave accrual at the end of the reporting period only partly meets the definition of a current (short-term) liability as defined in IPSAS 39.⁴ The Board also considered the fact that, in chapter 6 of the United Nations accounting manual, annual leave is mentioned as a possible “other long-term benefit” and recognized as such by all United Nations Secretariat entities under volumes I and II of the United Nations financial statements.

62. In order to fully comply with IPSAS 39, paragraph 10, UNHCR should periodically carry out an analysis in order to demonstrate the actual timing of settlement of its annual leave liability, involving a differentiation between the current and non-current portions, if not temporary. Although IPSAS standards allow for the possibility of discounting non-current liabilities or not, depending on the materiality of the financial impact, the Board notes that in all cases the United Nations accounting manual requires an actuarial assessment for its non-current annual leave benefit liability.

63. In order both to improve the quality of financial information presented in the financial statements by UNHCR regarding measurement of its employee benefit liabilities and to comply with United Nations accounting guidelines, the Board is of the view that a statistical analysis showing the actual timing of settlement of the annual leave liability should be carried out. This analysis should evidence the “non-temporary proportion” of annual leave liability that is likely to be taken during the 12 months following the end of the reporting period and reclassify accordingly the liability between current and non-current. The non-current portion, if any, should be submitted to an actuarial assessment.

64. The Board recommends that UNHCR conduct a statistical analysis on the consumption of annual leave in order to fully comply with IPSAS 39, paragraph 10, by evidencing the actual timing of settlement, and discount the long-term portion if applicable.

³ Sixty days carried forward from the prior 31 March, plus 9 months x 2.5 days per month for the nine months since the previous cut-off date if no leave was taken during that period.

⁴ According to IPSAS 1: Presentation of financial statements, para. 80 (a), a liability is classified as current when “it is expected to be settled in the entity’s normal operating cycle”, i.e. during the following fiscal year.

65. The Administration accepted the recommendation.

(c) Inventories impairment method

66. The impairment review constitutes a fundamental element of the year-end closing process for inventories, forming a key component of the preparation of the financial statements. A thorough and systematic review enhances the organization's ability to identify and assess impairment indicators

67. The calculation of impairment required by IPSAS 12: Inventories involves comparing the inventory value of the item at the end of the period with its value if it were to be replaced. If the replacement value is lower, the item is impaired. For 2024, an impairment of \$15 million was recognized by UNHCR as at year-end, in accordance with IPSAS 12.

68. In addition to the replacement cost analysis, other impairment indicators must be taken into account, including obsolescence.

69. The Board found that the various impairment analyses, based on replacement cost, on the one hand, and on obsolescence, on the other, were conducted in isolation. Conducting the impairment analyses independently resulted in an overstatement of the inventory impairment amount, estimated by UNHCR at \$5.3 million for 2024.

70. The primary cause of this overstatement was the double-counting of certain inventory items: some items were fully impaired under the obsolescence review and were subsequently subject to an additional adjustment under the replacement cost method. This led to 161 inventory items having a negative book value, amounting to \$0.8 million. The remaining \$4.5 million of the overstatement pertained to 259 inventory items that had been identified as variances during the final inventory count. These items were erroneously accounted for as obsolete, resulting in an inflated obsolescence for impairment. This issue was addressed promptly by UNHCR and corrected in the final financial statements for 2024.

71. In addition, the Board observed that the impairment under the obsolescence review was based on a standard shelf-life table, which has not been formally reviewed for several years. This was not in line with inter-office memorandum No. 99/2012, section VI, paragraph 17, which stipulates that shelf-life criteria "are reviewed annually".

72. The Board recommends that UNHCR enhance its impairment assessment methodology and implement a formal annual review of inventory shelf lives, in order to ensure that impairment indicators are accurately and consistently reflected in the financial statements.

73. The Administration accepted the recommendation.

(d) Accounts payable processes

(i) Year-end manual reclassification of "other expenses"

74. During the review of the initial draft set of financial statements as at 31 December 2024, the Division of Financial and Administrative Management identified unexpected and/or large variations against prior period data under "other expenses" accounts, as disclosed in tables in draft notes 6.4, 6.5, 6.6 and 6.9. A detailed comparative review of the trial balance allowed the identification of the following variances:

Table II.4
2024/2023 initial variances of other expenses

(Thousands of United States dollars)

<i>Account</i>	<i>Name</i>	<i>Trial balance 2024</i>	<i>Trial balance 2023</i>	<i>Variance 2024/2023</i>
649210	CTS – Other – Professional services	105 336	35 924	69 412
649220	CTS (contractual services) – Other services	54 399	58 537	(4 137)
669110	OPX (operating expenses) – Joint UN Activities	30 160	3 412	26 749
669910	OPX – Other operating expenses	37 923	13 653	24 270
699090	OTH – Other expenses – Miscellaneous	4 414	7 108	(2 694)

Source: Board of Auditors from UNHCR trial balance.

75. In a first attempt to identify the root cause of those unexpected variances, the Division of Financial and Administrative Management analysed the transactions posted under those accounts by cost centres. Not having detected any obvious anomaly, the Division pursued its investigations by a review of purchase requisitions and purchase orders. That second review identified several cases where the purchasing category referenced on a given purchase order did not fit with the general ledger account number under which the purchases were expected to be classified, based on their default mappings to a specific expenditure type. Purchase orders with known procurement categories had been wrongly coded to the “other” categories by the user (requisitioner).

76. The expense distribution combination code in the Cloud ERP system includes, among other elements, the “expenditure type” entered in the system at the time a requisition is created and before it is subsequently converted to a purchase order. An “expenditure type” is entered separately for each line item of a requisition/purchase order to enable its costs to be distributed, where appropriate, to multiple general ledger accounts. While selection of the procurement category on the requisition/purchase order is intended to ensure the selection of the appropriate expenditure type and the corresponding general ledger expense account, there is no automated control to prevent or detect a misalignment; a transaction can be posted to one general ledger account (e.g. account 649210 CTS – Other – Professional services) despite the selected procurement category on the requisition/purchase order being mapped by default to a completely different account (e.g. account 641050 AWF – Affiliate Work Force).

77. The manual control of purchase order approvals includes a review of the accounting allocation of expenses. However, the complexity of the accounts mapping, the recent change of enterprise resource planning system and a lack of awareness among users concerning the accounting impact of overriding the default “expenditure type” for each procurement category selected on the requisition/purchase order contributed to insufficient monitoring of this data entry throughout 2024 during documentation and validation of purchase orders. The Division of Financial and Administrative Management performed a detailed review of its 2024 expenses to identify all transactions wrongly allocated to “other” general ledger accounts and classify them appropriately by referring to the underlying purchase order data (i.e. the “purchasing category” selected on the original requisition). The review covered \$229 million of expenses (or 94 per cent of “other” accounts with balances of at least \$244 million before adjustment). A total amount of \$68 million was identified for reclassification as a result of this exercise, which represents 28 per cent of the initial balances examined.

78. In the reallocation, the “other” accounts were credited and each appropriate expense general ledger account was debited on the basis of the true nature of the relevant transactions. The manual entry transferred the recognized excess amounts from “other” expense accounts back to their appropriate expense subcategories, as defined by the “purchasing category” mapping. The Board considers that this issue raises the following risks:

(a) Incorrect presentation and categorization of expenses within footnotes (corrected): The Board considers that the approach adopted for identifying reclassification of expenses is relevant and appropriate, including the scope of expenses subject to review and the method for reallocation based on the “purchasing category”;

(b) From a process/control perspective (under implementation):

(i) Inability of the expense distribution combination (i.e. based on “expenditure type”) to automatically determine the correct classification of expenses in the general ledger and in the project and portfolio management module based on their actual categories, which leads to possible inconsistencies between the general ledger account used for posting and the “purchasing category” documented on purchase orders;

(ii) Ineffective validation of purchase orders, with reviewers unable to spot inconsistencies between “expenditure type” and “purchasing category”. Expense categorization is performed at a very disaggregated level (i.e. each purchase order line) and is only subject to manual controls. It is not currently supported by relevant automated functionalities to prevent or detect inappropriate overriding of the default mapping of purchase order expenses against purchasing categories and inconsistencies between the general ledger account and the expenditure type selected on each purchase order line.

79. The Board recommends that UNHCR implement more robust control processes to ensure classification of expenses in the correct general ledger account based on their true nature, either by ensuring that users respect the procurement category mapping to expenditure type when posting a new purchase order (and providing additional training/guidance at the appropriate level), and/or by adapting the systems in order to automatically detect and reject any inconsistent postings.

80. The Administration accepted the recommendation.

(ii) Recognition of goods in transit

81. During cut-off testing, the Division of Financial and Administrative Management provided a list of purchase orders with dates in 2024 for which invoices were recorded in early 2025. A sample was selected for testing based on supporting documents, and two purchase orders for which receipts were erroneously recorded in 2025 while the transfer of rights and ownership occurred in 2024 were detected. According to the respective Incoterms,⁵ the transfer of rights for the related purchases

⁵ The point at which a seller recognizes revenue, and at which, in turn, UNHCR should recognize an expense or asset, is therefore the point at which the risks and rewards of ownership of the goods are transferred to UNHCR. The precise criteria that determine the correct date of receipt of goods through the transfer of ownership rights to the United Nations are based on Incoterms. These terms of trade are set by the International Chamber of Commerce and represent internationally agreed rules for the receipt of goods. The point of “delivery” of the goods is therefore dependent on the Incoterms set in the purchase contract signed by UNHCR and the supplier and will differ based on the individual Incoterms set each time UNHCR procures goods from a supplier.

occurs at the time when the seller delivers the goods to the freight forwarder hired by UNHCR for transportation.

82. Based on freight forwarder receipts tested by the Board, those transfers occurred respectively on 27 November 2024 and 26 December 2024, while receipts from the Cloud ERP system showed deliveries on 15 and 16 January 2025, respectively. Those correspond to the dates on which the goods were physically received within the UNHCR hub. Given that stock and purchase order accounting is driven by Cloud ERP receipts, which cannot be backdated, goods were only recognized in accounting in January 2025, although they should have been recorded on the date of receipt by the freight forwarder in 2024. The Division of Financial and Administrative Management explained that batches of receipt documents were only received with the goods in January, which is why they were not recorded earlier.

83. However, in line with the administrative instruction on supply chain management activities at financial year end (UNHCR/AI/2018/9/Rev.3), the references should have been included in the transit report, or a “first leg” (paper) receipt should have already been issued in 2024.

84. The Board is of the view that the identified discrepancies led to an understatement of accrued payables for a total amount of \$2.3 million in the 2024 financial statements. From an internal control and process perspective, it underlines an insufficient monitoring of goods-in-transit and accruals processes at the end of the reporting period. In order to identify and avoid possible inconsistencies, a year-end exercise should include a review of receipts issued in early 2025 for goods in respect of which purchase orders were issued in 2024. It also underlines a lack of consideration for the effective date of transfer of ownership in inventory processes, in other words, different dates are considered depending on whether they are based on Incoterms or on freight forwarder receipting.

85. The Board recommends that UNHCR implement, during the first month after closing the accounts, a traceable year-end review of good receipts, allowing a clear identification and recognition of goods in transit based on the effective date of transfer of ownership.

86. The Administration accepted the recommendation.

4. Transition to a new information technology environment

87. The Board reviewed the implementation of the new UNHCR information technology environment through the transition from the business transformation programme to the business-as-usual model.

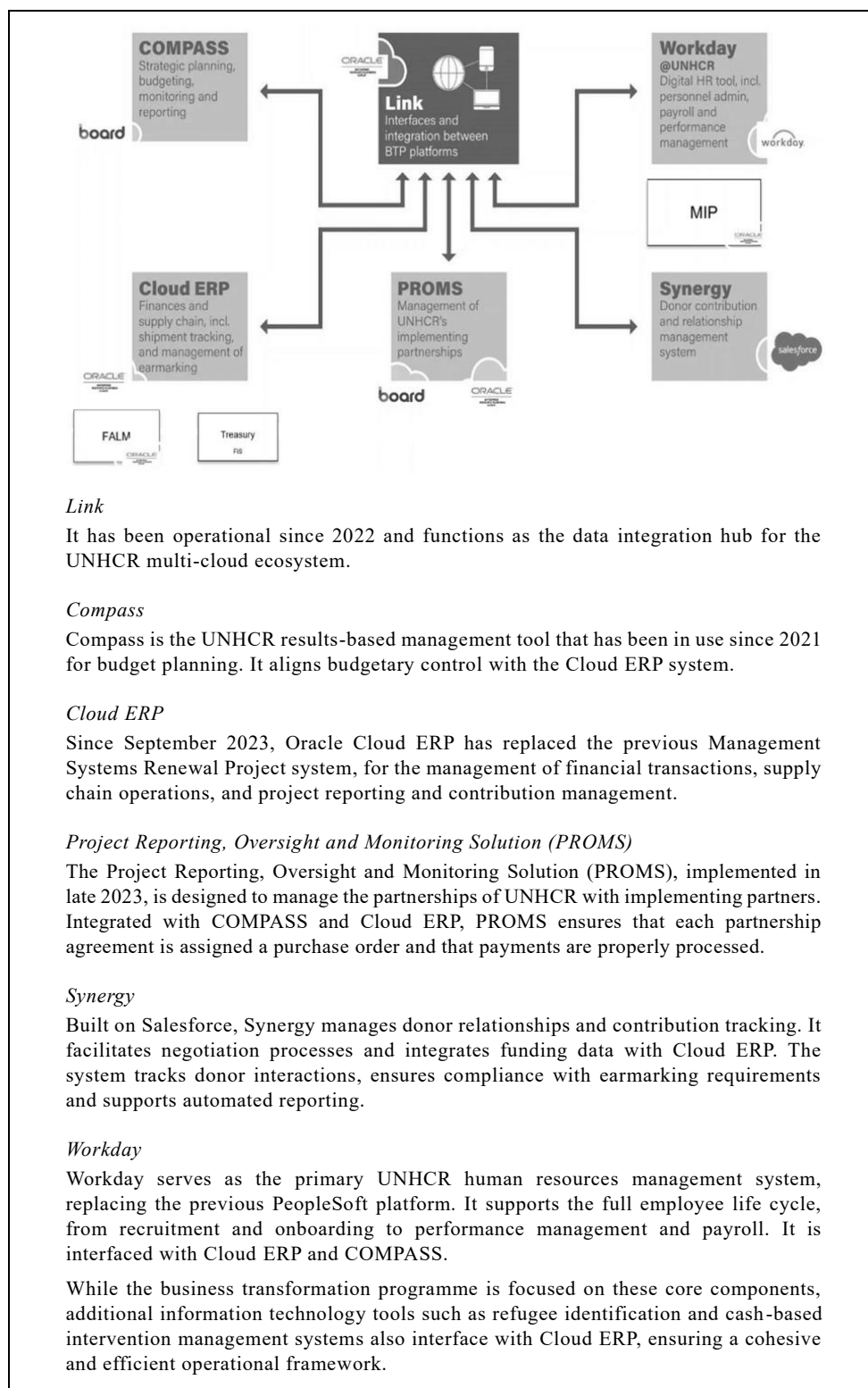
88. The Board’s main observations and recommendations concern follow-up regarding the value for money of the new architecture (see subsect. 4 (b) below), governance (see subsect. 4 (c) below) and operational risk management (see subsect. 4 (d) below).

(a) A massive and swift transformation of outdated systems

89. The business transformation programme emerged as a key strategic initiative within the broader reform agenda of UNHCR launched in 2017. The programme was specifically focused on improving operational agility, efficiency and collaboration by modernizing key UNHCR functions through six major projects.

90. The business transformation programme encompassed the replacement of the 19-year-old enterprise resource planning system, the Management Systems Renewal Project, which was a “PeopleSoft” product. The programme included six components designed to interface with and streamline processes across human resources, finance, supply chain, results-based management, external engagement and data integration.

Figure II.IV

The general architecture of the business transformation programme

Source: UNHCR.

91. The system reached operational capability between February 2021 and September 2023, with the business transformation programme being officially closed on 31 December 2023, at which point the systems were transitioned into the business-as-usual operations of UNHCR.

92. The Division of Information Systems and Telecommunications Strategy for 2024–2026 serves as a comprehensive road map aligning information technology initiatives and investments with the UNHCR Strategic Directions 2022–2026. It provides a framework to facilitate the adaptation of UNHCR to the evolving digital landscape. By strengthening security, enhancing services, supporting field operations, fostering a digital workforce, optimizing business processes and ensuring efficient cloud operations, the strategy is aimed at supporting UNHCR in fulfilling its mission.

93. The initial estimated cost of the business transformation programme was \$75.6 million, with a narrower scope⁶ that evolved during the life cycle of the programme. The final cost was \$118.9 million, covering the four-year period from 2020 to 2023.

Table II.5

Business transformation programme budget estimates

(Millions of United States dollars)

	<i>September 2020</i>	<i>December 2021</i>	<i>December 2022</i>	<i>December 2023</i>
Business transformation programme governance	5.245	6.422	7.662	7.449
COMPASS	17.394	16.044	13.323	13.227
COMPASS realignment	n/a	n/a	8.054	9.317
Management Systems Renewal Project realignment project	1.944	1.597	1.552	1.441
Change management	1.000	n/a	n/a	n/a
Integration project	5.000	n/a	n/a	n/a
Digital HR project	16.452	15.486	18.060	17.642
Digital HR enhancement road map	n/a	n/a	n/a	0.925
Finance, controls and supply chain management project	30.259	n/a	n/a	n/a
Cloud ERP project	n/a	38.519	42.586	44.860
PROMS	n/a	6.606	7.168	8.591
Link	n/a	8.920	8.942	8.048
Synergy	n/a	5.944	6.384	6.723
Business transformation programme support to field	n/a	n/a	n/a	0.700
Programme total	77.294	99.538	113.731	118.923

Source: UNHCR.

94. This cost overrun stemmed from several factors, including overall programme delays due to the interconnected nature of the projects (which were exacerbated by the coronavirus disease pandemic) and the extension of the programme to incorporate other components, such as Synergy and Link, which started later than initially planned.

⁶ To replace Focus with COMPASS and to replace Management Systems Renewal Project – Peoplesoft with Workday and Cloud ERP.

(b) Value for money of the business transformation programme

95. Regarding the expected gains from programme implementation, the business transformation programme closure report, issued on 15 December 2023, announced that UNHCR had initiated an impact gains assessment conducted by the United Nations Advisory Alliance⁷ to capture and understand the impact and benefits of the six projects under the programme.

96. The report of the United Nations Advisory Alliance was issued in December 2024. The Alliance used a methodology based on a retrospective definition of a final set of 51 key performance indicators, as well as the collection of related baseline data, to measure post-implementation values and calculate impact gains as at November 2024.

97. The Board based its retrospective appraisal of the value for money obtained through the business transformation programme on the conclusions of the work of the United Nations Advisory Alliance. However, with regard to the costs incurred to carry out the business transformation programme and manage the system in the new business environment, UNHCR considers that measurement of the total cost of ownership of the business transformation programme systems would be so complex that it would not provide reliable financial information, since it would include not only their direct running costs but also the development costs and the indirect costs, such as business interruption or data errors, incurred by information and communication technology and business users.

98. In the absence of a total cost of ownership, the Board decided to propose a simplified value-for-money appraisal of the business transformation programme, using the following two-step approach inspired by that of the United Nations Advisory Alliance:

(a) Compare the running cost variation before and after business transformation programme implementation (in 2022 and 2024, respectively) with the amount of “monetary” efficiencies identified by the United Nations Advisory Alliance through key performance indicators on efficiency;

(b) Consider any remaining differences in relation to the non-monetary, qualitative gains evidenced by other key performance indicators on effectiveness (see subsect. 4 (b) (iii) below).

(i) Information technology system running costs before and after business transformation programme implementation

99. The Board has evaluated with the Division of Information Systems and Telecommunications, on a comparable basis, the current running costs of the information technology system in place before and after the implementation of the business transformation programme (i.e. in 2022, when business was based on the PeopleSoft enterprise resource planning system, and in 2024, when a new business environment based on Cloud ERP went live).

100. There is an increase in the information and communications technology yearly running costs (i.e. excluding the costs incurred for the programme implementation itself) from \$4.642 million to \$11.878 million per year. However, the functions introduced by the business transformation programme cover a significantly larger scope than the previous Management Systems Renewal Project environment. Many previous manual operations have been replaced by more secure automated new

⁷ The United Nations Advisory Alliance is a network of United Nations staff, hosted by WFP and headed by the Deputy Director of Innovation at WFP.

processes, which deserve consideration in providing a retrospective value-for-money appraisal of the business transformation programme.

101. The overall costings are summarized in the following tables:

Table II.6

Overall information technology running costs for the systems initially covered by the business transformation programme in 2022

(United States dollars)

<i>Service</i>	<i>System</i>	
Software maintenance/support	PeopleSoft finance, human resources and technology	1 126 231
	FOCUS – Annual Maintenance Anywhere Utility	51 000
Hosting service – United Nations International Computing Centre	Managing Systems, Resources and People hosting (12 months)	1 522 584
	Dementra Planning hosting	142 000
	FOCUS hosting	313 000
Application development, support and maintenance service	Application development, support and maintenance services, Managing Systems, Resources and People, and FOCUS (HCL)	1 487 989
Total 2022 running cost		4 642 804

Source: UNHCR.

Table II.7

Overall information technology running costs for the systems covered by business-as-usual operations in 2024

(United States dollars)

<i>Service</i>	<i>System</i>	
Cloud Subscription	Oracle ERP Cloud	3 813 690
	Oracle Platform (LINK – Integration and Data)	380 000
	Oracle Aconex (PROMS)	540 158
	Workday	2 189 980
	BOARD (COMPASS)	1 044 931
	Salesforce	306 436
ADSM Service	Accenture (Oracle, Workday, Salesforce, COMPASS)	2 898 855
	LTI (Link)	704 000
Total 2024 Cost		11 878 050

Source: UNHCR.

(ii) *Efficiency gains*

102. The United Nations Advisory Alliance report provides key performance indicators on efficiency, with the following evaluation of business transformation programme gains. In most cases, these gains are measured in full-time equivalents and then converted into United States dollars.

Table II.8

United Nations Advisory Alliance evaluation of business transformation programme efficiency gains during the period 2022–2024

(Millions of United States dollars)

<i>Key performance indicators</i>	<i>Pre-implementation (2022)^a</i>	<i>Post-implementation (2024)</i>	<i>Impact in full-time equivalents</i>	<i>Impact in millions of United States dollars</i>
Average percentage of delays for international shipments	9 per cent	7 per cent	n/a	(0.3)
Average time spent to process a travel request	58.0 ^b	21.6 ^b	(36.4) ^b	(1.4)
Cost of point-to-point integration for employee data	0.1	0.0	n/a	(0.1)
Cost of updates	1.0	0.0	n/a	(1.0)
Time spent digitizing partnership documents	3.3 ^b	1.8 ^b	(1.5) ^b	(0.1)
Time spent preparing documents for selected partners	2.7 ^b	0 ^b	(2.7) ^b	(0.1)
Time spent amending partnership documents	18.0 ^b	10.2 ^b	(7.8) ^b	(0.4)
Time spent writing off receivables	0.02 ^b	0.01 ^b	(0.01) ^b	n/a
Average time to complete and archive documents	3.3 ^b	1.8 ^b	(1.5) ^b	(0.1)
Total efficiency gains				(3.5)

Source: UNHCR.

^a The full-time equivalents presented in this table for 2022 have been “normalized”. During “Phase B” of the United Nations Advisory Alliance assessment, some data collection complexities prompted adjustments to ensure meaningful and measurable results.

Full-time equivalents are calculated based on an equivalent of 2,088 hours per full-time equivalent, representing 8 hours per day, 21.75 days per month and 12 months per year. For locally recruited personnel, the average personnel cost of G-5 and G-6 positions across UNHCR global operations was used, resulting in a cost equivalence of \$49,977 per local full-time equivalent. For internationally recruited personnel, the average personnel cost of P-3 positions across UNHCR global operations was used, resulting in a cost equivalence of \$196,103 per international full-time equivalent.

^b Full-time equivalent.

103. On that basis, in the face of a gross increase in running costs of some \$7.2 million, UNHCR realized immediate yearly savings of approximately \$3.5 million, leaving an additional yearly net cost of \$3.7 million.

(iii) Effectiveness gains

104. According to the United Nations Advisory Alliance, the key performance indicators on effectiveness were designed to assess improvements in outcomes, risk reduction and the quality of UNHCR services, oversight, and control. Effectiveness key performance indicators capture enhancements in compliance, transparency, risk management, process optimization, digitalization and satisfaction.

105. Most of them show positive results, but because they are purely qualitative, they cannot be measured in monetary terms. The evolution of running costs will largely depend on the commercial and pricing policies adopted by external service providers. Given the close interdependence of the systems, UNHCR will have little flexibility to reopen competition. Therefore, the present appraisal of the value for money of the business transformation programme is not guaranteed in the long term.

106. The Board recommends that UNHCR measure the evolution of the direct running costs of the information technology systems involved, to monitor and ensure that the cost of services associated with its multi-cloud strategy, which creates strong dependency on its suppliers, remains controlled.

107. UNHCR accepted the recommendation.

108. It should be noted that the evolution of business transformation programme costs occurred without a clearly defined initial budget framework. According to the documentation provided to the Board, the programme's scope was adjusted multiple times between 2020 and 2023, with funding requests (operating level/operations plan) submitted on an ad hoc basis.

109. This absence of predefined key performance indicators limited the organization's ability to justify its evolving resource requirements. A lessons-learned exercise conducted by a contractor in May 2024 recommended that, for all future large-scale projects, reference key performance indicators should be defined from the programme's initiation phase.

(c) Governance

(i) Transitioning from programme to operational management

110. During the business transformation programme, a governance structure was in place to address issues identified at the operational level and escalate them to the strategic level as needed. The Programme Management Office reported to the Programme Executive Committee, which handled many issues directly and escalated high-level topics, including action prioritization, funding authorizations and strategic guidance, to the Transformation Governance Board and the programme sponsor, the Deputy High Commissioner.

111. With the closure of the business transformation programme, this structure ceased to function and projects were absorbed by the UNHCR divisions. Oversight responsibilities were redistributed across divisions, resulting in fragmented accountability for cross-cutting issues such as partner payments and workforce planning. The dissolution of this governance structure has made it difficult to prioritize and resolve incidents collectively when they affect multiple modules. The lack of a formal decision-making body with cross-cutting authority has hindered the ability to leverage synergies across systems.

112. As at 31 December 2024, with the transition to business as usual, several issues affecting multiple business transformation programme modules remained unresolved due to a lack of time, such as workforce planning (involving Workday/Division of Human Resources and COMPASS/Division of Strategic Planning and Results), partner payments (affecting PROMS/Division of Strategic Planning and Results and Cloud ERP/Division of Financial and Administrative Management) and expense reporting (affecting COMPASS/Division of Strategic Planning and Results and Cloud ERP/Division of Financial and Administrative Management), among others. Although each division manages its own application, the issues raised concern regarding cross-cutting processes shared by multiple applications and therefore multiple divisions.

113. Governance was mostly organized under the umbrella of different entities.

114. The Division of Information Systems and Telecommunication led the following coordination meetings:

(a) An application development, support and maintenance meeting, held weekly in conjunction with service providers, to monitor operational activities and the resolution of major incidents;

(b) A monthly application development, support and maintenance operations meeting, involving the Division of Information Systems and Telecommunication and application development, support and maintenance providers leadership. This meeting focuses on discussing the previous month's performance under the service level agreement and addressing any necessary actions or escalations to support the business;

(c) A monthly divisional operations review with other divisions facilitates the sharing of challenges encountered and the exchange of potential solutions.

115. The Design and Development Service separately organized the following mechanisms:

(a) Monthly discussions within the Field Reference Group, which existed during the business transformation programme period under the leadership of the Office of the Assistant High Commissioner for Operations. This Group brings together representatives from regional bureaux, country offices and field sub-offices to discuss progress in stabilizing the business transformation programme modules and provides a platform to share emerging challenges;

(b) Monthly meetings of a working group on system coordination with the aim of ensuring effective communication between operations and various UNHCR entities. The working group comprises division deputy directors, change and communication management leads, regional representatives (e.g. controllers and pillar heads), the Deputy High Commissioner's Senior Policy Adviser and other focal points.

116. There was no formal governance body that covered all issues raised during the aforementioned meetings and groups, or at least the most strategic ones, to ensure a comprehensive understanding of the dysfunctions encountered and collectively take decisions on how to prioritize and resolve them.

117. The Board recommends that UNHCR senior management establish a robust governance structure, through a standard operating procedure, to ensure coverage of ongoing issues and actions taken, and foster a collaborative, coherent decision-making process.

118. UNHCR accepted the recommendation.

(ii) *Data governance*

119. The reporting functionality in the Cloud ERP system has not yet been fully leveraged due to short delays in implementation. In the business-as-usual phase, UNHCR prioritized other functionalities that were considered more critical to complete before focusing on reporting-related ones.

120. Consequently, users have resorted to the platform that was used prior to the business transformation programme platform, Power BI, which, although more intuitive, is also more expensive and exposes users to risk of error due to the manual synchronization required for report generation. This situation arises from the lack of a clear and unified approach regarding the use of these various platforms.

121. Notably, at the end of 2024, UNHCR launched the "Str8n" project, which is led by the Division of Strategic Planning and Results, with the aim of stabilizing and optimizing the integrated business transformation programme systems and processes. The project is designed to meet the expectations of field and regional bureaux regarding the availability of both old and new reports, ensuring that reliable data is provided for operational and management needs. It is also aimed at addressing the need for improved system reporting for governance. The project is currently in the initiation phase, and the conceptual note has been shared with the audit team.

122. A data platform, Oracle Fusion Data Intelligence, centralizes all data from the various business transformation programme tools and defines the meaning of each data set (operation plan, operating level, purchase order, open purchase order, etc.). However, rather than extracting data from this centralized platform, divisions and other entities opt to extract raw data directly from the various applications in order to

create their reports. While this method allows for specific analyses, it can lead to inconsistencies between the data presented in one report and those used in another.

123. This situation stems from a siloed approach to reporting, whereby each division or entity develops and uses its own dashboard without systematically consulting other divisions to create shared reports. This lack of collaboration leads to the absence of a unified and coherent vision of the data, leading to inconsistencies in the representation of some information.

124. The Board recommends that UNHCR establish, through the data governance framework, centralized governance for data and reports, promoting and fostering collaboration between the various divisions and entities.

125. UNHCR accepted the recommendation.

(d) Information technology technical security and operational risk management

(i) Management of operational risks related to the business transformation programme

126. The operational risks monitored during the business transformation programme were closed from a project management perspective at the end of 2023 as part of the programme's conclusion. Once in the business-as-usual phase, the operational risks of the business transformation programme were integrated into the risk management of each division and incorporated into their respective risk maps, according to their significance.

127. However, those risk maps do not specifically reflect the inherent difficulty of managing business transformation programme processes, which depend on multiple cloud solutions. Furthermore, despite the fact that business transformation programme solutions are critical for the business continuity of UNHCR, the ability to provide the necessary information technology support during business-as-usual operations was also not identified, in a context of a reduction in allocated human resources.

128. Furthermore, the specificity of the multi-cloud environment under the business transformation programme means that technical evolutions or modifications to one cloud could affect data transmission to or from this platform and thus disrupt certain business processes. Therefore, it is essential for UNHCR to maintain a comprehensive view of the various business transformation programme data paths in the long term to limit such risks.

129. Efforts to identify the person responsible for these data and the associated risks have been unsuccessful. Although the Division of Information Systems and Telecommunications is responsible for the business transformation programme technical environments, the management of risks related to data paths between the various platforms is not formally within its scope. In addition, the Global Data Service only manages data used by front office services, with the associated risks integrated into the Service's operational risk register, which is maintained in the enterprise risk management (ERM) operational risk register tool.

130. The transition to a multi-cloud environment exposes the organization to the specific risk of disruption to data processing chains. For example, an uncoordinated modification to a component on one platform (e.g. Oracle or Workday) could affect data flows between systems and jeopardize critical processes such as payroll or partner payments. The absence of a consolidated map of technical interdependencies and a clearly designated risk owner is a matter of concern.

131. The Board stresses the importance of appointing a cross-cutting focal point responsible for overseeing the security of inter-cloud data exchanges.

(ii) *Management of access to business transformation programme tools*

132. Each application has its own mechanism for assigning and managing granted rights. When a new profile is created, the assignment of a user role results in the automatic allocation of access rights to the appropriate applications. If a profile requires specific rights, this is validated by the Division of Information Systems and Telecommunications.

133. UNHCR has developed a role matrix for the Cloud ERP tool to prevent the accumulation of incompatible rights (the delegation of authority and role provisioning framework), and has created a similar document for Workday. During the audit of the 2023 financial statements of UNHCR, the Board already highlighted the need to consolidate this framework.

134. Once the stabilization of the framework for delegation of authority and role provisioning is complete, it would be appropriate to develop a matrix of the various business transformation programme tools to ensure segregation of duties between applications, particularly in smaller offices where staff are more likely to accumulate rights on multiple applications.

135. Regarding password policy, application access is via single sign-on after authentication on the Windows session (using multi-factor authentication). This single authentication allows the users to access business transformation programme tools – depending on the rights granted – using the credentials for the Windows session, provided that they are compliant with the UNHCR password policy.

(iii) *Management of integration errors*

136. On average, between 70,000 and 90,000 data flows traverse the integration platform every day. Based on reports for the last six months of 2024, over 99 per cent of transactions were completed without incident, with errors accounting for between 0.01 and 0.5 per cent of the total daily data flows.

137. Integration errors were reported daily to the Division of Information Systems and Telecommunications, which is responsible for analysing and resolving incidents. Incident management has improved significantly in the business-as-usual phase. A decrease in volume of incidents has been observed: there were 651 open tickets in August 2024, compared with 266 in October 2024. The resolution rate is also high. Of the 651 tickets opened in August 2024, 622 were resolved that month, a resolution rate of 95.5 per cent.

138. The analysis of these errors showed that the majority were data entry errors rather than technical errors due to the platform, and that they were mainly format- or data type-related errors. For example, entering a decimal number with a comma instead of a period will cause an error. Another type of error was caused by problems with updates to reference data. For example, a bank account number that has not been updated can cause reimbursement to be blocked.

139. The resolution of these operational errors requires interaction and active collaboration between the Division of Information Systems and Telecommunications and the various business managers. In this regard, UNHCR considers that the role of back-office data manager is performed by the Chief Business Relationship Management Officer in the Division of Information Systems and Telecommunications, a position that therefore appears critical.

140. The Board recommends that UNHCR ensure that operational errors related to data integration under the business transformation programme are addressed, as they are identified, and that active collaboration between technical and business units is in place, with the aim of reducing disruptions and ensuring continuity.

141. UNHCR accepted the recommendation.

142. In conclusion, the transition from the business transformation programme to business-as-usual operations introduced several risks that could affect the stability and efficiency of UNHCR operations. As the organization moves forward with maintaining and optimizing newly integrated systems, certain challenges must be carefully managed to ensure a smooth continuation of activities.

143. While the transition to business as usual marked a significant milestone, the maintenance of system stability and operational efficiency will require resources, continuous effort and adaptive management.

5. Cooperation of the Office of the United Nations High Commissioner for Refugees with the other entities of the United Nations system

(a) Background

144. The UNHCR strategy on partnerships is expressed in UNHCR Strategic Directions 2022–2026, which refers to the Global Compact on Refugees and the reform of the United Nations development system. In 2024, UNHCR reaffirmed its commitment to diversify partnerships and strengthen collaboration across the humanitarian, development and peace nexus. Each year, at the first meeting of the Standing Committee of the Executive Committee, the High Commissioner presents an overview of the implementation of the UNHCR partnership strategy in the previous year, contained in a conference room paper entitled “Strategic partnerships, including coordination”.⁸

145. One of the commitments of UNHCR to implement its strategic objectives is to strengthen and diversify partnerships. United Nations agencies are included under the heading “traditional actors”, a category that also includes non-governmental organizations (NGOs) and Governments. In its strategic framework UNHCR envisages fostering inter-agency humanitarian-development cooperation by requesting United Nations entities to: “Accelerate the transition to sustainable solutions by partnering with us and including the forcibly displaced and stateless in your programmes and plans”.

146. The Board focused its audit of inter-agency cooperation on the key United Nations components of the UNHCR strategy for partnerships, namely: the reform of the United Nations development system (see subsect. 5 (b) below), United Nations bilateral partnerships (see subsect. 5 (c) below) and inter-agency coordination on refugee responses and on internal displacement (see subsect. 5 (d) below). In addition, the Board examined UNHCR cooperation with other United Nations entities for the management of operational functions with the objective of increasing cost-effectiveness, in particular for vehicle lease services under the UN Fleet project with WFP, procurement and premises management (see subsect. 5 (e) below).

(b) Strategic partnerships in the context of United Nations reform

(i) Membership of United Nations country teams

147. At the global level, UNHCR partnerships take place within the general United Nations coordination context, including the United Nations System Chief Executives Board for Coordination and its High-level Committee on Programmes and High-level Committee on Management.

⁸ Latest documents: EC/75/SC/CRP.6, dated 29 February 2024, and EC/76/SC/CRP.6, dated 7 March 2025.

148. At the country level, UNHCR is a member of the United Nations country team and participates actively in the United Nations Sustainable Development Cooperation Framework, which is the United Nations commitment to support countries in pursuit of the 2030 Agenda for Sustainable Development and national development priorities. UNHCR participates in working groups established to implement the outcomes and outputs defined by the United Nations Sustainable Development Cooperation Framework.

149. The contribution of UNHCR to the resident coordinator system for 2024 amounts to approximately \$2.25 million, based on the formula established by the United Nations Sustainable Development Group.⁹ The share of UNHCR in the cost-sharing allocation for 2023, 2024 and 2025 has been stable (2.91 per cent). The Board noted that in the United Nations Sustainable Development Group data table used to determine the allocation for United Nations entities for 2025, UNHCR and WFP, along with the United Nations Relief and Works Agency for Palestine Refugees in the Near East, are entities for which the criterion of entity size is not used.

(ii) *Alignment of strategies*

150. An effective participation of UNHCR in the action of the United Nations country team requires strategic alignment, as was recalled in the annual report of the Chair of the United Nations Sustainable Development Group (E/2024/5). Indeed, UNHCR is committed to aligning its strategic planning cycle with the planning cycle of the United Nations Sustainable Development Cooperation Framework as well as deriving the development-related components of its strategies from outcomes of that Framework. However, at the end of 2024, UNHCR had aligned the duration of its strategic planning with United Nations Sustainable Development Cooperation Framework planning in only 38 countries out of 127 (30 per cent). For 25 countries, UNHCR reported that alignment was not possible for “practical reasons”, such as the fact that the signing of the Framework in some countries could delay the strategy cycle or that the United Nations Sustainable Development Cooperation Framework cycle might have changed. UNHCR also mentioned the case of the 64 countries covered by multi-country offices, where the multi-country office strategic cycle could not be aligned with the strategies in specific countries. However, the Board considers that further efforts are needed to achieve strategic alignment on a wider scale.

151. The Board recommends that UNHCR pursue alignment of its country strategic planning with United Nations Sustainable Development Cooperation Framework planning.

152. The Administration accepted the recommendation.

(iii) *The Global Refugee Forum and United Nations pledges*

153. Under the Global Compact on Refugees affirmed by the General Assembly in 2018, the Global Refugee Forum is held every four years, the most recent session having taken place in December 2023. At the Forum, whole-of-society actors are invited to make pledges towards the realization of the objectives of the Global Compact, which are to: (a) ease pressures on host countries, (b) enhance refugee self-reliance, (c) expand access to third-country solutions and (d) support conditions in countries of origin for return in safety and dignity. UNHCR plays a convening role under the Global Compact on Refugees, bringing whole-of-society stakeholders together in a multi-stakeholder

⁹ According to the criteria agreed by the United Nations Sustainable Development Group principals at their meeting on 5 November 2020, allocations are based on average total expenditure (base fee), agency size (expenditure and staff size) and system load (entity share of total signed United Nations cooperation frameworks).

pledge framework aimed at advancing partners' contributions towards the objectives of the Global Compact in specific locations or thematic areas.

154. A high-level officials' meeting is held between Forums and serves to advance the implementation of pledges made at the Forum, while also helping to pave the way for new pledges, contributions and partnerships and to establish a clear road map for the next Global Refugee Forum. UNHCR regularly requests updates on progress towards the implementation of pledges and transfers to archive any pledge that is not updated after four years. At the end of February 2025, a cumulative total of 3,380 pledges had been recorded, of which 1,773 had been submitted at the last Global Refugee Forum in 2023 and 284 in 2024.

155. At the Global Refugee Forum held in 2019, pledges were made by the Secretary-General of the United Nations and the United Nations Emergency Relief Coordinator, committing United Nations entities to systematically including refugees in their analysis and plans, and to working with refugee-hosting Governments and communities to facilitate the inclusion of refugees in national systems. Through these pledges, commonly referred to as the United Nations Common Pledge, 15 United Nations entities strengthened their support for refugee inclusion. At the Global Refugee Forum in 2023, 50 United Nations country teams and 20 United Nations entities at the global level created a successor pledge, the United Nations Common Pledge 2.0, to promote refugee inclusion. The pledge consists of a commitment to: (a) include refugees in all United Nations plans, including, in particular, the United Nations Sustainable Development Cooperation Frameworks; (b) promote refugees' inclusion in national plans, data sets, budgets and systems; (c) ensure their access to decent work; (d) advocate for international responsibility-sharing in support of refugee-hosting countries; and (e) advance meaningful refugee participation in United Nations planning processes and advocate for their effective engagement in all plans that affect them. The United Nations Common Pledge 2.0 is underpinned by specific, measurable and costed commitments from 50 United Nations country teams in relation to key Sustainable Development Goals.

156. Implementation of the Global Compact on Refugees is reported using the indicators set out in the indicator framework for the Global Compact.¹⁰ The first Global Compact on Refugees indicator report was published in November 2021, ahead of the high-level officials' meeting, and the second in November 2023, before the Global Refugee Forum in 2023. Another is being prepared for late 2025.

157. The most recent report, published in 2023, provided precise information on the situation of refugees worldwide. There was, however, room for improvement on several topics, including refugee children's access to education, since the report did not compare the figures on such access with those of previous years, due to challenges in securing timely, comparable, representative and disaggregated data. Therefore, significant trends were not presented. Where data are available, the next Global Compact on Refugees indicator report should show trends, analysis and insights for the period from 2016 to 2025.

158. Monitoring of the implementation of the pledges, including United Nations pledges, appears to be generally limited. For example, the United Nations Common Pledge 2.0 for refugee inclusion is reported on every two years, due to the long-term nature of successful inclusion. Nonetheless, since the United Nations country team is the initiator of the pledge in a given country, the Board expects a more comprehensive inter-agency assessment of the implementation efforts.

¹⁰ UNHCR, *Global Compact on Refugees Indicator Framework*, 1st ed. (Geneva, 2019) and 2nd ed. (Geneva, 2022).

(iv) *Inter-agency cooperation and risk management*

159. The UNHCR operational risk register includes a risk category 6, “External engagement and resource mobilization”, whose scope is defined as follows: “Strategic and operational engagement by UNHCR with external stakeholders such as UN and other partners, donors, the media and general public and host governments”. This category includes a subcategory 6.1, “Inter-agency and partner collaboration”, the scope of which is defined as follows: “Strategic and operational activities that involve UNHCR working cooperatively with other UN agencies and partners”. UNHCR groups together in its risk analysis United Nations agencies, “other partners” (a wide, undefined, category),¹¹ and host Governments. The inclusion of both United Nations entities and other partners in this category prevented a clear understanding of the risks, and also the opportunities, specific to United Nations partnerships.

160. The Board requested from UNHCR a tailored set of risk data linked to United Nations partnerships, excluding risks and opportunities linked to Governments or NGOs. The data set provided contains 351 risks but only 38 risks are specific to collaboration with United Nations entities. The 313 remaining risks are either partially linked to United Nations collaboration or mitigated by risk treatments with an inter-agency component.

161. In its report on the 2022 financial year (A/78/5/Add.6, paras. 175 and 176), the Board noted the limits of inter-agency cooperation in risk management; however, such cooperation is a key criterion for assessing the maturity of a risk management system, based on benchmark 10 on inter-agency cooperation and coordination on enterprise risk management of the Joint Inspection Unit (JIU/REP/2020/5).¹² This criterion, which was not met by UNHCR, had not been taken into account in the benchmarking analysis provided by the OIOS in its 2022 advisory review on risk management. In its 2022 report, the Board stated that: “developing inter-agency risk management would be useful and UNHCR should play its part in it”. The Board noted, however, that: “At the field level, the inter-agency coordination on risk management is still developing, with few agencies having dedicated risk management personnel on the ground. UNHCR considered, however, that good practices with active UNHCR involvement can be found in countries such as Somalia, the Syrian Arab Republic, Uganda, Ethiopia and Afghanistan.”

162. In 2024, UNHCR participated in inter-agency work on risk management in several ways. UNHCR plays an active role in the Risk Management Forum of the United Nations System Chief Executives Board for Coordination High-level Committee on Management, a discussion forum involving United Nations agencies and NGOs that allows participants to identify good practices and joint risk areas. UNHCR is also an active member of the risk sharing community of practice established in 2020, which started to be fully active in 2023 when the Risk Sharing Platform was established and will be further operationalized in 2025.

163. Based on information provided by UNHCR headquarters, the Board noted that, in some countries, such as South Sudan, UNHCR also participates in dedicated inter-agency risk working groups. In Afghanistan, developed inter-agency cooperation is in place through the risk management team, which includes, along with UNHCR, 26 other members of the United Nations system. The risk management team has notably endorsed a United Nations common risk assessment. In all regions,

¹¹ The unique element of this definition is that the category excludes implementing partners.

¹² A review for the central assurance assessment of UNHCR commissioned by the Foreign, Commonwealth and Development Office of the United Kingdom of Great Britain and Northern Ireland confirmed in 2024 the maturity of the UNHCR risk management system, as previously identified by the Joint Inspection Unit, OIOS and the Board.

UNHCR encourages its regional risk advisers to promote inter-agency exchanges on risk management. In field audits, regional bureau in the Americas and Asia and the Pacific remained cautious about engaging in inter-agency risk management, as risk management is considered more relevant at the country level.

164. In 2024, inter-agency cooperation on risk management also took the form of a comparative review commissioned by WFP to analyse its enterprise resource management policy in comparison with those of the Food and Agriculture Organization of the United Nations and UNHCR respectively. This was the basis of consultation among the three agencies at the global level.

(v) *Coordination costs*

165. The Board noted that in the field there is a risk that the structure of the working groups created to implement the United Nations Sustainable Development Cooperation Framework may lead to duplications with other groups established in the context of refugee or broader humanitarian responses. It is therefore important that UNHCR country representatives be aware of this risk and share with the resident coordinator any concern about potential redundancy created by a specific thematic or priority working group. In Burundi, 41 sectoral and working groups had been established and mobilized by the United Nations system. The UNHCR country office participated in varying degrees in 12 of these groups. There was, however, no comprehensive inventory that listed all coordination and cooperation bodies, their scope, participants and operating procedures. In any case, the high number of groups and committees generated significant coordination costs. In addition, most of the decisions prepared by the groups were, in fact, referred to the United Nations country team, which means that the working groups have no real decision-making responsibility, and does not contribute to the mobilization of participants.

166. UNHCR representatives and their teams lack adequate tools to measure the financial and administrative impact of their participation in United Nations country team groups and to demonstrate, if necessary, any excessive burden due to redundancies in the local United Nations architecture. Adequate tools could include, in particular, updated indicators, initially on the number of United Nations meetings and secondly on staff time dedicated to meeting attendance and to related preparation or reporting work. Currently, UNHCR country operations lack a robust methodology and clear guidance to measure and control the cost of their participation in United Nations country team-related work.

167. The Board recommends that UNHCR continue to improve its efforts to estimate UNHCR staffing and operational costs for coordination services in refugee and non-refugee settings and mixed situations, taking into account the coordination-related outcomes of United Nations system-wide evaluation.

168. The Administration accepted the recommendation.

(c) **United Nations bilateral partnerships**

(i) *Administrative management of United Nations partnerships at headquarters*

169. The relations between UNHCR and other United Nations entities are coordinated by the Partnership and Coordination Service of the Division of External Relations, while other divisions may be substantially involved in inter-agency cooperation.

170. The UNHCR roles, accountability and authorities framework, adopted in 2022, include a chapter on external engagement, partnerships and outreach. Several headquarters divisions have responsibility for managing bilateral United Nations partnerships or multilateral United Nations engagement.

Table II.9

Roles of headquarters divisions in United Nations partnerships defined in their roles, accountabilities and authorities documents (selected examples)

<i>UNHCR service/division</i>	<i>Roles</i>
Division of External Relations	• Issue guidance and work with the regional bureaux to ensure that UNHCR inter-agency commitments are known and respected • Update and disseminate inter-agency guidance and promote UNHCR leadership in inter-agency forums • Coordinate UNHCR input to the launch of humanitarian appeals led by the Office for the Coordination of Humanitarian Affairs • Support regional bureaux in the finalization of regional refugee response plans and joint response plans, and in the review of country refugee response plans • Ensure UNHCR input to inter-agency policies • Coordinate UNHCR position and policies on inter-agency coordination and serve as focal point and coordinator for inter-agency forums, including on mixed flows, refugees, internally displaced persons and stateless persons • Represent UNHCR views in inter-agency forums • Organize, facilitate and coordinate global strategic partnership discussions with other United Nations agencies • Review or prepare new memorandums of understanding between UNHCR and partners
Division of Resilience and Solutions	• Develop relationships with cooperation development agencies (including United Nations agencies) • Establish global partnerships with inter-agency mechanisms and United Nations sister agencies • Work in close collaboration with key United Nations agencies
Division of International Protection	• Consistently engage global stakeholders, representing UNHCR views at bilateral, multilateral and inter-agency forums • Play a coordination role on inclusion and accountability to affected populations within the context of Inter-Agency Standing Committee reform • Manage and support the Global Protection Cluster • Engage with the United Nations Network on Migration and serve as the UNHCR focal point in all migration forums
Division of Strategic Planning and Results	• Represent UNHCR views in inter-agency forums • Represent UNHCR in inter-agency forums • Exercise managerial oversight over inter-agency commitments

<i>UNHCR service/division</i>	<i>Roles</i>
Division of Financial and Administrative Management	• Host UN Fleet, which is a collaborative partnership between WFP and UNHCR
Global Data Service	• Consistently engage with global stakeholders, representing UNHCR views at the global level (in bilateral, multilateral and inter-agency forums) in the area of data and information related to refugees and other affected populations

Source: UNHCR, roles, accountabilities and authorities documents.

171. However, the segregation of tasks in practice could not be clearly evidenced during the audit work. While it acknowledges that a coordination role has been assigned to the Division of External Relations, the Board considers, on the basis of documents provided, that a risk of redundancies may exist and that the actions of the main divisions involved in inter-agency cooperation, namely, the Division of Resilience and Solutions, the Global Data Service, the Division of International Protection and the Division of Strategic Planning and Results, should be more clearly presented.

(ii) *Architecture of agreements with other United Nations agencies*

172. UNHCR partnerships with other United Nations agencies are implemented through a wide variety of documents. Some documents have a legal form, even if they are non-binding (e.g. memorandums of understanding or letters of intent). In other cases, the cooperation is based on joint letters, frameworks and other less formal instruments. The Board is using the generic term “partnership framework”. As an illustration, the United Nations Development Programme (UNDP)-UNHCR Global Collaboration Framework for Inclusion and Solutions, 2023–2025, is presented as a platform, defines seven areas of collaboration, sets out general guiding principles but does not constitute a legal document, and is signed by the Assistant High Commissioner for Operations. In contrast, the 2020 memorandum of understanding between UNHCR and the World Health Organization (WHO) is a legal document that includes relevant provisions and is signed by the High Commissioner.

173. In some cases, the most recently issued partnership framework formally replaces the previous ones. The global strategic collaboration framework established in February 2023 with the United Nations Children's Fund (UNICEF) supersedes the 1996 memorandum of understanding, as well as the 2015 letter of intent. The memorandum of understanding entered into with WHO in May 2020 replaces the 1997 memorandum of understanding.

174. In other cases, the most recently issued agreement confirms and complements previous agreements. For instance, the joint letter of IOM and UNHCR in May 2024 confirms the validity of and complements the 2022 framework of engagement, which draws on the 2019 joint letter. Another example is the cooperation understanding signed with the United Nations Population Fund (UNFPA) in April 2018, which built on the 1995 memorandum of understanding and on the 2008 letter of cooperation. In the same way, the joint brochure issued by the International Labour Organization (ILO) and UNHCR in 2025 updates the 2019 joint brochure, which built on the 2016 memorandum of understanding.

175. Cooperation with WFP is structured around the 2018 global addendum on data-sharing to the 2011 memorandum of understanding between UNHCR and WFP, which defines actions, roles and responsibilities for data-sharing and interoperability. It also establishes a joint data-sharing support group between the two agencies and provides detailed annexes of acceptable data-sharing scenarios and templates to facilitate

easier adoption across field operations. Cooperation is also demonstrated through the UNHCR-WFP Joint Programme of Excellence and Targeting Hub initiative and a March 2023 note for the record that defines the objectives and scope of cooperation. The note for the record with WFP does not constitute a formal agreement and does not clarify the legal validity of the 2011 memorandum of understanding.

176. In other cases, outdated agreements have neither been formally updated nor reconfirmed, raising questions about their validity. A joint letter was issued in September 2016 by the Office of the United Nations High Commissioner for Human Rights (OHCHR) and the High Commissioner for Refugees. A joint note on mixed situations was issued by the Office for the Coordination of Humanitarian Affairs and UNHCR in April 2014 and reconfirmed by a joint letter issued in June 2018. The cooperation framework between UNHCR and the Joint United Nations Programme on HIV/AIDS (UNAIDS), formally still in force, dates back to November 1998.

177. For some agencies, overlapping partnership frameworks produce uncertainty and complexity for the staff in charge of implementation. Indeed, some partnership frameworks date back more than five years, while others take different contractual forms and are of varying legal validity. The Board also noted that some confusion is created by the existence of several layers of documents, of different natures, all deemed valid, which entered into force at various points in time. There is a need to clarify the validity and to streamline the architecture of several partnership frameworks with other United Nations agencies.

178. The Board recognizes that, since the first inter-agency partnership frameworks were established, a number of significant developments, including the Refugee Coordination Model, the Transformative Agenda of the Inter-Agency Standing Committee and the cluster approach have significantly changed the overall context of inter-agency cooperation. Inter-agency cooperation tends to develop more multilaterally, through pre-defined instruments that go beyond the scope of two agencies. This is especially true at the country level, which therefore reduces the value of inter-agency country-level agreements. This is further reinforced by the fact that joint actions between two organizations at the country level, in accordance with the rules and principles of the United Nations Sustainable Development Group,¹³ are already required to fit within the United Nations-wide United Nations Sustainable Development Cooperation Framework and are traced in the information system of the two agencies involved.

179. Such a development could call into question the usefulness and relevance of inter-agency agreements, which may appear outdated. However, the Board sees value in these high-level inter-agency partnership frameworks, in terms of the clarification of mandates and responsibilities, definition of joint objectives, governance, provision of regular meetings and dispute resolution mechanisms. The Board is also of the opinion that such high-level inter-agency partnership frameworks are all the more relevant when country-level agreements are less of a priority, since they provide a general framework for country-level actions.

180. The Board recommends that UNHCR make partnership frameworks accessible, including their updates, and explore the definition of a standard operating procedure on the standard provisions of inter-agency partnership frameworks that best reflect mutual interests and concerns.

181. The Administration accepted the recommendation.

¹³ In particular, the internal guidance of the United Nations Sustainable Development Group on the United Nations Sustainable Development Cooperation Framework, 2019.

(iii) Key provisions of agreements with other United Nations agencies

182. All the agreements that the Board has reviewed properly describe the principles of partnership and call for respect for the mandates, strategic objectives and mission statements of each partner entity, which serve as an agreed reference in addressing potentially controversial issues that may require further clarification.

183. All these agreements set joint objectives (e.g. seven specific objectives to be achieved by 2030 have been set with UNICEF) and describe the responsibilities of both organizations in terms of support and coordination, with the level of granularity depending on the type of cooperation between the two agencies.

184. Some partnership frameworks (e.g. those with WHO and UNFPA) encourage secondment or staff loans with the objective of sharing an understanding of practices and technical expertise across both organizations.

185. There is no specific provision on data-sharing with either WHO or UNFPA. For OHCHR, information-sharing is a priority objective to support early warning and advocacy. The partnership framework with UNICEF defines a number of aims related to enhanced collaboration on data-sharing and interoperability, in addition to regular information exchange to support resource mobilization.

186. The partnership frameworks with WHO and IOM include a dispute resolution mechanism. This not the case with UNFPA. The partnership framework with OCHA refers to specific individuals for high-level interfaces, rather than functional roles.

187. The Board has also observed different provisions with respect to duration. The UNAIDS partnership framework is revised at the request of either party. The UNICEF partnership framework, which is open-ended and has no expiry date, is regularly reviewed, with a formal review of progress and the partnership as a whole already planned for 2030. The validity of the UNFPA partnership framework is set at two years. The partnership with WHO includes a provision allowing either party to terminate the agreement. The OHCHR and OCHA partnership frameworks do not mention any validity or termination mechanism.

188. A number of key provisions regarding duration, committees, senior leads, secondment of personnel, data-sharing and dispute resolution mechanisms are addressed in a heterogeneous manner. This could reflect a particular rationale and specific situations, but could also simply result from the ad hoc way in which these partnership frameworks have been negotiated, without an overarching logic over time and across the various agencies.

189. The Board considers that it would be beneficial to define a UNHCR policy covering the main clauses of inter-agency partnership frameworks. However, the Board acknowledges the risk of entering into lengthy discussions at headquarters level, without immediate benefits for the field and beneficiaries and the variety of situations regarding cooperation with other agencies. Nevertheless, the Board considers that UNHCR would benefit from a comprehensive, streamlined approach to partnership frameworks, which could be more systematically based on clauses that have either proved to be good practice or to convey UNHCR key priorities (e.g. protection impact, data-sharing, system interoperability, exchanges of staff). A key step would then be to conduct a comprehensive mapping review of all inter-agency partnership frameworks to address, when feasible and appropriate, the issues identified above.

190. During its field visits, which covered a sample of nine countries, the Board observed cases of inter-agency cooperation to improve relations with donors. The country office prepares and participates in regular United Nations briefings with donors, as in the case of Myanmar, but it would be useful for it to set itself the

objective of intensifying its participation in the active search for donors by entities of the United Nations common system and to explore new initiatives in partnership with one or two United Nations agencies. The Moldova Support Platform was launched in April 2022 by France, Germany and Romania to mobilize and coordinate political, technical and financial support. In Mozambique, UNHCR is not a member of the donor coordination platform in which most United Nations agencies participate.

(iv) *Analysis of selected bilateral United Nations partnerships*

a. Cooperation with the International Organization for Migration

191. According to its Constitution,¹⁴ the purposes and functions of IOM shall be:

“(a) to make arrangements for the organized transfer of migrants, ... to countries offering opportunities for orderly migration;

“(b) to concern itself with the organized transfer of refugees, displaced persons and other individuals in need of international migration services ...;

“(c) to provide, at the request of and in agreement with the States concerned, migration services ...;

“(d) to provide similar services ... for voluntary return migration, including voluntary repatriation;

“(e) to provide a forum to States as well as international and other organizations for the exchange of views and experiences, and the promotion of cooperation and coordination of efforts on international migration issues”.

In 2022, UNHCR and IOM signed a framework of engagement to strengthen their collaboration in specific areas: mixed movements of migrants and refugees, durable solutions for internally displaced persons, and data.

192. Cooperation between UNHCR and IOM remained critical in 2024, particularly in mixed movements and internal displacement situations. However, both the High Commissioner for Refugees and the Director General of IOM, in their joint letter of 14 May 2022, recognized challenges in the implementation of the framework of engagement, with further clarity needed on roles and responsibilities. These challenges reflect a certain level of ambiguity regarding the respective roles of UNHCR and IOM. The Board took note of the comment by UNHCR, according to which IOM and UNHCR co-lead the global camp coordination and camp management cluster, which focuses only on the response to internal displacement, and that there is no ambiguity. Consistent use of terminology and definitions of migrants and refugees in internal and external communications remains an outstanding and controversial issue.

193. The dissemination of the 2022 framework of engagement within the two organizations merits greater attention. The overall relationship with IOM, unlike that with other United Nations agencies, is personally managed by the High Commissioner for Refugees and his Chief of Staff, which reflects its high sensitivity.

194. The joint letter of 14 May 2022, which reconfirmed, after review, the 2022 framework of engagement was supposed to serve as a strong message to all. However, UNHCR provided no evidence to the Board that a specific internal communication campaign, including contributions from the regional bureaux and supported by a strong “tone from the top”, had been developed to reflect the importance of the topic. The Board was also not provided with evidence that the four specific areas referred

¹⁴ Constitution of 19 October 1953 of the former Intergovernmental Committee for European Migration, and successive amendments adopted on 20 May 1987, 24 November 1998, 21 November 2013 and 28 October 2020.

to in the letter of 14 May as deserving greater clarification – namely, terminology, the role of the United Nations Network on Migration, mixed movements and data – have been developed into a joint action plan with IOM. The joint letter was intended to launch a process within the two organizations to address issues as they emerged and to provide clarity.

195. The Board considers that, due to the criticality and the centrality of the relationship between UNHCR and IOM, all efforts must be made to strengthen this partnership and pave the way for more robust cooperation. Indeed, the existing situation calls for pragmatic action that would also allow the staff of the two organizations to improve their mutual understanding and knowledge.

196. The Board recommends that UNHCR prioritize the most critical issues addressed by the joint letter of 14 May 2022 on UNHCR-IOM cooperation (terminology, role of the United Nations Migration Network, mixed movements and data) and promote continuous communication at the field level to improve UNHCR-IOM relations.

197. The Administration accepted the recommendation.

b. Cooperation with the United Nations Development Programme

198. The partnership between UNHCR and UNDP has evolved in recent years through successive agreements. The UNDP and UNHCR Global Collaboration Framework for Inclusion and Solutions, 2023–2025, emphasizes operational alignment and joint programming in displacement-affected contexts, across the key thematic areas of: (a) livelihoods; (b) Sustainable Development Goals integration; (c) rule of law and local governance; (d) conflict prevention and peacebuilding; (e) nature, climate and environment; (f) internal displacement; and (g) statelessness. The two entities foresee, in particular, specific forms of cooperation such as annual strategic dialogues and joint missions, joint governance arrangements, a partnership framework, programme tools and approaches for humanitarian-development-peace interventions developed, and establishment of a knowledge resource platform.¹⁵

199. In line with the new Global Collaboration Framework, several actions have been initiated, in particular high-level joint missions, a knowledge platform and a plan to operationalize the humanitarian, development and peace nexus. In 2023, a joint mission to Jordan advanced the integration of refugee issues into national development strategies and served as a platform for joint advocacy. In 2024, another joint mission to Ethiopia, also involving IOM, focused on internal displacement strategies under the Office of the Special Adviser on Solutions to Internal Displacement. A third joint assessment mission to eastern Chad was conducted in 2024 at the request of the Deputy Secretary-General of the United Nations, with UNDP and UNHCR positioned as lead coordinators. With regard to the knowledge platform, the launch of the UNDP-UNHCR global collaboration network (SparkBlue platform) constituted a significant step towards institutional knowledge-sharing, bringing together tools, guidance and case studies to support joint implementation and regional peer-to-peer exchange. As for the operationalization of the humanitarian, development and peace nexus, the endorsement by UNDP of the Organisation for Economic Co-operation and Development Common Position on Forced Displacement provides a foundation for aligning development financing with forced displacement contexts, along with the joint report of UNDP, UNHCR and ILO on emerging practices to improve access to and working conditions on digital labour platforms for

¹⁵ UNDP and UNHCR Global Collaboration Framework for Inclusion and Solutions, 2023–2025, p. 19.

refugees and host communities.¹⁶ Examples of joint humanitarian-development-peace initiatives include:

(a) The Lake Chad Basin Nexus Funding Facility, funded by Germany and implemented by UNDP, with UNHCR participating in its governance structures and UNDP engagement in regional Sudan refugee response plans (Chad, Central African Republic, South Sudan, Egypt, Ethiopia, Uganda and Libya) expected to be formalized by 2025;

(b) The Regional Refugee and Resilience Plan in response to the Syrian crisis (Lebanon, Türkiye, Jordan, Egypt), co-led with UNDP since 2015;

(c) A new joint programme in Somalia focusing on governance, livelihoods, peacebuilding, climate and rule of law.

200. These efforts illustrate increasing coherence between institutional mandates and field-level operations.

201. Notable progress should also be acknowledged in climate action and solutions to internal displacement. UNDP and UNHCR, with support from the Government of Japan, are developing a proposal to the Green Climate Fund, with the aim of channelling climate financing to displacement contexts, for instance in Ethiopia. This initiative contributes to a broader Global Refugee Forum pledge co-led by UNDP and Japan. The agencies also support national strategies for durable solutions to internal displacement, which include co-chairing working groups, supporting resident coordinator/United Nations country team road maps and contributing to area-based coordination. These efforts are also reflected in the joint guidance on solutions of the Inter-Agency Standing Committee and United Nations Sustainable Development Group, which is aimed at balancing humanitarian protection and Government-led development approaches.

202. Despite these advances, the Board noted persistent challenges in operational coherence, monitoring and evaluation. With regard to monitoring and evaluation, while it was emphasized in the UNDP-UNHCR Global Collaboration Framework for Inclusion and Solutions, 2023–2025, that “progress in implementing the Framework should be measured using shared UNDP and UNHCR indicators”, no such indicators currently exist to measure concretely and precisely the relevance of the collaboration with UNDP.

203. The Board recommends that UNHCR, at the time of the upcoming revision of the cooperation framework with UNDP, explore the feasibility of establishing quantitative and qualitative indicators to better measure outcomes of joint actions.

204. The Administration accepted the recommendation.

(v) *Data-sharing and system interoperability with other United Nations agencies*

205. Data-sharing is a common objective set forth in most inter-agency partnership frameworks. In the case of many agencies (e.g. UNICEF, UNFPA in its new draft document and OHCHR) the scope of data-sharing is defined in the partnership framework, while in the case of some others (e.g. IOM), the definition of the scope is expressed in general terms. The Board acknowledges that there cannot be a unique standard approach to data-sharing, especially when it involves the sharing of personal data, and that it must be adapted to the various types of joint actions implemented by partner agencies, consistently with their respective mandates.

¹⁶ See <https://www.unhcr.org/innovation/wp-content/uploads/2024/10/Emerging-practices-to-improve-access-to-and-working-conditions-on-digital-labour-platforms-for-refugees-and-host-communities-%E2%80%93-Joint-Report.pdf>.

206. However, beyond data-sharing in the strict sense, the objectives, terms and conditions of systems interoperability across agencies should be formalized, including the budgetary requirements for an evolution towards interoperability. While system interoperability was consistently mentioned as a concern by UNHCR management during the audit interviews, limited evidence was provided showing that it was addressed as such. The Board considers that system interoperability will progressively become necessary for UNHCR in order for it to cooperate efficiently with other United Nations agencies, given the growing volume of data to be managed and the coming introduction of artificial intelligence.

207. In 2018 UNHCR and WFP signed a global addendum on data-sharing to the 2011 memorandum of understanding to formalize data-sharing and interoperability between the agencies. The global addendum also provided for the creation of a data-sharing support group to support country offices in the implementation of interoperability and data-sharing, beyond the templates and pre-authorized data-sharing scenarios set out in the addendum and its annexes. The interoperability road map has been tracked in prior and subsequent high-level meetings between principals of UNHCR and WFP, and implemented in several country operations to date.

208. Using donor funding from the United States of America, UNHCR developed first an interoperability platform (data transfer platform) which was deployed to UNHCR-WFP joint operations in Bangladesh, among other places, as well as joint data access provided for the provision of assistance in Uganda and numerous other countries. Since 2021, UNHCR has been upgrading the interoperability platform through its Population Registration and Identity Management Ecosystem (PRIMES) interoperability gateway, which was a flagship project under the UNHCR Digital Transformation Strategy 2022–2026¹⁷ and is intended to be a low-code, easy-to-deploy interoperability solution developed for other interoperability arrangements with WFP and other partners. It is now deployed in Tanzania and deployment is ongoing in many other operations.

209. Separately, UNHCR has developed, jointly with IOM, a referrals and information system, the Safe Mobility Initiative – the precursor to the Digital Gateway, another flagship project of the UNHCR Digital Strategy – which has revolutionized how the agencies have interacted with forcibly displaced and stateless people when remote, and how they have managed joint referrals.

210. UNHCR would benefit from a dedicated framework supporting sustainable, scalable and secure systems interoperability, while respecting respective agency mandates and personal data protection and privacy frameworks.

211. The Board recommends that UNHCR, building on its existing work on interoperability standards, engage in inter-agency coordination forums to co-develop a modular framework of defined principles and technical standards on interoperability.

212. The Administration accepted the recommendation.

(d) Inter-agency coordination on refugee and non-refugee response

Participation of the Office of the United Nations High Commissioner for Refugees in coordination systems

213. UNHCR participates in the two main coordination systems established to provide a United Nations response to humanitarian crises, namely, the coordination system for refugee response and the coordination system on internal displacement.

¹⁷ See www.unhcr.org/digitalstrategy/.

214. The framework for inter-agency cooperation in refugee situations is the Refugee Coordination Model, under which UNHCR must interact with other United Nations agencies, as well as with other partners, to ensure the availability of risk analyses, contingency plans and needs assessments to develop a common protection and solutions strategy, coordinate inter-agency funding appeals, define the sectoral and inter-agency architecture of interventions, steer working groups and supervise the action of partners in charge of certain sectors.

215. As defined by the Inter-Agency Standing Committee, for humanitarian crises that do not involve refugees,¹⁸ which in practice covers internal displacements, UNHCR leads the protection cluster,¹⁹ co-leads the shelter cluster with the International Federation of Red Cross and Red Crescent Societies (UNHCR leads in conflict settings and the Federation in natural disasters) and co-leads the camp coordination and camp management cluster with IOM (UNHCR leads in conflict settings and IOM in natural disasters). Segregation of tasks between co-leading entities at the field level may reflect other arrangements if agreed by the global clusters lead agency according to field presence and capacity.

216. United Nations responses to refugees and non-refugee humanitarian crises have specific features, such as humanitarian needs, in common, although available protection, inter-agency cooperation and leadership differ, given the different status and applicable frameworks for the various population groups. Once responses are activated, inter-agency sector groups and coordination structures are deployed in the field. UNHCR has a leading role on protection issues, in light of the mandate given to it under the 1951 Convention Relating to the Status of Refugees and the UNHCR statute,²⁰ its leadership in response sectors in refugee settings and in the global protection cluster, and its field leadership of the camp coordination and camp management cluster and the shelter cluster in conflict situations, in addition to the field protection clusters as part of the humanitarian cluster system. In refugee settings, the structure is different, with UNHCR being accountable for the overall leadership of coordination under the Refugee Coordination Model.

(i) *Relations with other United Nations agencies in the coordination system for refugees*

a. The Refugee Coordination Model

217. The Refugee Coordination Model gives UNHCR primary responsibility for supporting government leadership in responding to refugee crises. The High Commissioner for Refugees is responsible for activating the Refugee Coordination Model and for appointing as refugee coordinator either a country operation representative and/or a regional bureau director. As of January 2025, six country refugee response plans and eight regional refugee response plans – covering 50 host countries – were being implemented. In 2024, UNHCR also supported four regional support platforms led by Governments.

218. After a long development process, UNHCR released new guidance on the Refugee Coordination Model in the last quarter of 2024. The previous version dated back to 2019. A dissemination plan has been adopted, including information sessions for UNHCR headquarters, country operations, regional bureaux and NGOs. United Nations entities were included from the beginning of the review process. Given its

¹⁸ See subsect. 5 (d) (ii) b. “Challenges of mixed situations”.

¹⁹ The cluster approach is used by the Inter-Agency Standing Committee for coordinating responses in non-refugee humanitarian emergencies. Accountability for the delivery of services (healthcare, shelter, etc.) is spread across different cluster lead agencies and no single agency is accountable for an entire response.

²⁰ Established pursuant to General Assembly resolution 319 (IV) and set out in General Assembly resolution 428 (V).

recent release, the effective implementation of the revised Refugee Coordination Model will need to be assessed in the future.

219. UNHCR took the valuable decision to upload online the main guidance and its numerous annexes. The documents are freely accessible to any person interested in, or needing to obtain, information on the Refugee Coordination Model. This contributes to increased transparency and facilitates the activities of UNHCR country operations, regional bureaux and inter-agency partners, including United Nations entities, in refugee settings.

220. The revised guidance on the Refugee Coordination Model contributed to achieving two key objectives. It formalized many of the best practices and lessons learned already in use in operations in several regions, and it introduced new mechanisms and practices that still need to be tested.

221. The revised guidance provides a clear framework to existing practices that previously were not defined. The previous guidance had been insufficient, lacking a clear framework for the involvement, roles and responsibilities of partners in the response. The new Refugee Coordination Model formalizes the principles of coordination between partners in key areas of responsibility and globally, by the inclusion of an entire detailed section on the coordination structure of the model. In addition, UNHCR issued guidelines and document templates, including generic terms of reference, for each thematic working group and coordination group (such as the regional refugee coordination forum, the refugee coordination forum and the inter-sector working group), refugee response plan templates and other tools and templates.

222. UNHCR used the review of the Refugee Coordination Model guidance as an opportunity to introduce new mechanisms and practices. Regarding United Nations cooperation, a key improvement is the refugee emergency response scale-up protocol, the purpose of which is to “clarify the roles and principles of collective action and allow for a more predictable and inclusive joint response to refugee emergencies”.²¹ The protocol can be activated by the High Commissioner for Refugees at the request of the country representative within 72 hours of a refugee influx or a significant deterioration of the situation. An initial needs assessment, including a consultation with partners, is attached to the request. The purpose, the principles and main milestones of the protocol are outlined in the guidance document and in a dedicated annex. Additional internal guidance is being developed. At the time of the audit, the protocol had not yet been activated and tested. The Board warns of potential interactions in some surge situations between the scale-up protocol and the UNHCR emergency declaration mechanism that can create duplication of activities and extra activities for UNHCR country operations and regional bureaux. This risk will need to be monitored carefully.

223. The 2024 guidance on the Refugee Coordination Model addresses protracted situations from a programmatic perspective. It emphasizes the need to engage in transition planning from the outset of an emergency, requiring rapid thinking on sustainable responses and on the scaling up of local partners. UNHCR is therefore continuing to advance its localization agenda with other United Nations entities. Moreover, it encourages all stakeholders to opt for a flexible structure as the coordination structure of the Refugee Coordination Model is flexible by design. However, further guidelines on how the coordination structure is to be simplified in protracted situations would be useful.

²¹ 2024 Refugee Coordination Model guidance, annex I.

224. The Board recommends that UNHCR complement the 2024 guidance on the Refugee Coordination Model with best practices and guidelines on the necessary simplification of the coordination structure in protracted situations.

225. The Administration accepted the recommendation.

b. Areas of cooperation to be explored in emergency preparedness and response

226. The Board identified two areas in which inter-agency cooperation, including multi-partner cooperation, could be further explored, namely contingency planning and evaluation.

227. Inter-agency contingency planning is of great value for emergency preparedness and response. It promotes efficiency, by clarifying roles and leadership ahead of a surge situation; burden-sharing; strengthened preparedness; and pre-positioning of strong partnerships with various key stakeholders. However, the number of inter-agency contingency plans remains limited. As of 2024, 27 such plans were active across 22 country operations.²² Of these, 17 were strictly dedicated to responding to a risk of refugee influx, including four plans for preparedness for a Myanmar refugee influx and three for preparedness for an influx from the Democratic Republic of the Congo. The Board understands that the feasibility of inter-agency contingency plans is context-dependent, particularly in situations of internal displacement, as contingency planning can present sensitivities with respect to Governments. Yet, several countries facing a high risk of refugee emergencies do not have an active contingency plan.²³ Meanwhile, the 2024 guidance on the Refugee Coordination Model states that UNHCR is accountable for preparedness for refugee emergencies. In particular, where there is a high risk of a refugee emergency, UNHCR leads and coordinates necessary joint preparedness measures, scenario-based inter-agency contingency planning and other anticipatory actions. Therefore, UNHCR should further advocate with United Nations entities for the extension of inter-agency contingency plans, especially where the risk of refugee influx is high or very high.

228. Inter-agency evaluation of refugee response is not conducted on a regular basis. Over the last five years, only one inter-agency evaluation in a refugee situation was commissioned, jointly with UNDP, on the regional refugee response plan for the Syrian situation in 2022. Evaluation of refugee responses is not systematic insofar as UNHCR conducts systematic evaluation only for level 3 emergency declarations (see sect. 6 on management of crises). However, a situation may not be under a level 3 emergency declaration, especially once the surge phase is over. Otherwise, evaluations are commissioned at the discretion of UNHCR regional bureaux and country operations. Also, the initiation of inter-agency evaluation represents an opportunity to improve the impact of the response by assessing the leadership, the coordination architecture and the operational architecture of the United Nations response, and more broadly, the response of the humanitarian stakeholders. The 2024 Refugee Coordination Model guidance recognizes the need for this without requiring the regional bureau and the country operations to actively develop inter-agency evaluation.²⁴

²² The operations in Bangladesh, the Democratic Republic of the Congo, Kenya, Mozambique and Uganda have two inter-agency contingency plans each.

²³ For example, in the Americas: Colombia; in East Africa and the Horn of Africa: Burundi, South Sudan and the Sudan; in the Middle East and North Africa: Jordan and Libya; in Europe: Türkiye; in West and Central Africa: Cameroon and the Niger; and in Asia and the Pacific: Iran (Islamic Republic of).

²⁴ The 2024 Refugee Coordination Model guidance promotes a review of the coordination structure within 12 months of the initiation of the coordination architecture and an annual review process during the transition phase (but gives no further information on how to carry out this process).

229. In refugee settings, UNHCR is accountable for the effective coordination of responses.²⁵ Critical reflection has been initiated but is not as advanced as for the cluster system. The available evaluation of refugee responses highlights duplication and sometimes lengthy coordination. As from the update of the Refugee Coordination Model guidance in 2024, UNHCR is only promoting more flexibility in the Refugee Coordination Model structure and has opened up the possibility of refugee coordinators merging working groups if possible, especially after a surge period. These new guidelines still need to be implemented and assessed.

230. In Armenia, UNHCR launched a lessons-learned exercise on refugee response and coordination, involving refugee response plan partners, namely, government officials, focus groups, international NGOs and local NGOs.

231. The Board recommends that UNHCR, in liaison with other United Nations entities: (a) conduct inter-agency contingency plans in countries assessed as being at high risk of a new or escalated refugee emergency, and (b) commission periodic inter-agency evaluations of refugee response plans and regional refugee response plans.

232. The Administration accepted the recommendation but noted that such initiatives may be constrained by the availability of funds and can only be pursued if resources become available.

(ii) *Relations with other United Nations agencies in the coordination system for internal displacements*

a. Protection cluster structure

233. The cluster system, operating under the guidance of the Inter-Agency Standing Committee and restructured by the 2005 humanitarian reform, addresses humanitarian issues that do not pertain to refugees. When a humanitarian situation requiring international relief does not involve refugees,²⁶ the Emergency Relief Coordinator activates the mechanism and appoints a national or regional humanitarian coordinator, supported by the Office for the Coordination of Humanitarian Affairs. International deployment is structured with a humanitarian needs and response plan. Decision-making, coordination and operational groups gather partners, including United Nations agencies, at the global and the field level, including both the national and local levels if needed. As of December 2024, 24 humanitarian needs and response plans were being implemented.²⁷

234. UNHCR piloted in Afghanistan, Chad and Mozambique, a protection assessment tool developed in cooperation with other agencies and aimed at analysing the capacity of a country to transition to durable solutions and to support resident coordinators and humanitarian coordinators. In addition, in Mozambique UNHCR piloted a tool designed to identify the intentions of internally displaced persons, which is a good practice to be expanded. UNHCR is a member of the steering group on solutions to internal displacement established in line with the Action Agenda on Internal Displacement. As such, UNHCR contributed to the United Nations-wide approach to internal displacement, supported by the High-Level Committee on Programmes of the United Nations System Chief Executives Board for Coordination. To follow up on the mandate of the Special Adviser of the Secretary-General on Solutions to Internal

²⁵ 2024 Refugee Coordination Model guidance.

²⁶ Some movements involve both refugees and internally displaced persons. In 2014, UNHCR and the Office for the Coordination of Humanitarian Affairs issued a joint note on coordination in mixed situations. The Refugee Coordination Model is focused on refugees and those affected by refugee influxes, while clusters address internally addressed persons and populations affected by internal displacement.

²⁷ United Nations, Office for the Coordination of Humanitarian Affairs, Global Humanitarian Overview 2025, 4 December 2024.

Displacement, an inter-agency mechanism, which included UNHCR, was established in 2024 to support country-level efforts aimed at resolving internal displacement in line with each agency's institutional plan on solutions to internal displacement.

235. In 2024, UNHCR co-led the Protection Expert Group for Internally Displaced Persons with the Special Rapporteur on the human rights of internally displaced persons, and co-led the task force on the centrality of protection established by the Inter-Agency Standing Committee.

236. In 2016, the Inter-Agency Standing Committee adopted a policy on protection,²⁸ applicable to all humanitarian action as a collective responsibility of all humanitarian actors. However, in a May 2022 independent review²⁹ commissioned by the Inter-Agency Standing Committee principals, the review team found that, while there had been significant effort and investments, they had been incoherent, inadequate and ineffective and concluded that the ambition and intent of the policy had not been met. They underlined that “protection as an outcome is a complex concept and is not well understood or owned” and formulated a recommendation, directly addressed to UNHCR³⁰ to “simplify and streamline the protection architecture to ensure more coherence while maintaining technical specialist support and coordination”.

237. The recommendation in the review of the implementation of the Inter-Agency Standing Committee is of particular significance, with UNHCR leading, in 2024, 30 of the 32 protection clusters, with each protection cluster accommodating up to four subclusters, each of which is supported by its own strategic advisory group (SAG). In addition, when the cluster system is activated at the capital city level, subnational cluster groups (and their respective subclusters) are activated at the subnational level as needed, generally at the epicentre of the humanitarian internally displaced persons crisis, such as in the city of Pemba, Mozambique.

238. In the review recommendation, UNHCR is requested to propose an action plan, together with agencies and entities leading the areas of responsibility, including the United Nations Human Settlements Programme (UN-Habitat), UNICEF, UNFPA, the Mine Action Service and the Norwegian Refugee Council. In December 2024, after intense consultations held by UNHCR, those stakeholders agreed on 35 proposals to simplify and streamline the protection architecture, which were shared with the Emergency Relief Coordinator. The only recommendation on which consensus was not reached was the one that called for the simplification of existing coordination mechanisms at the country level.

239. It took six years for the gravity of the situation to be recognized and for recommendations to be made. It took more than two more years of lengthy and time-consuming discussions, led by UNHCR, before these recommendations were shared with country operations, though without a confirmed road map for implementation.

240. UNHCR proposed to other agencies that the protection cluster, the four subclusters, and the strategic advisory groups be merged into a single protection cluster, co-coordinated at country level, on a rotating basis, by several entities involved, including UNHCR. Such delays and difficulties in addressing an objective of simplification, when simplification and cost optimization are, more than ever, a

²⁸ Inter-Agency Standing Committee policy on protection in humanitarian action, 14 October 2016.

²⁹ Jane Cocking and others, *Independent review of the implementation of the IASC Protection Policy*. HPG commissioned report (London, ODI, 2022).

³⁰ The other recommendations have been handled by the Inter-Agency Standing Committee principals through the task force on the centrality of protection, co-led by UNHCR and the NGO InterAction. A action plan for 2023–2025 was issued in November 2023 in follow-up of the recommendations, except for the one on the simplification of the protection architecture, which was assigned to UNHCR.

shared vital objective, illustrate the challenges associated with the reform of the United Nations system. Moreover, the level of effort that UNHCR has deployed is disproportionate to what has been achieved.

241. The partial reform of the governance of protection clusters could be used by UNHCR as a lessons-learned exercise. The reform was pushed back for various reasons: (a) a systematic opposition to change, aimed at protecting the status quo at the strategic and coordination levels, at the expense of actions directly serving the beneficiaries; (b) the misuse of the coordination role to leverage donor mobilization; (c) the absence – at least up to the last phase of discussions – of a top-down process of convergence at the Inter-Agency Standing Committee level, led by the Emergency Relief Coordinator and supported by the High Commissioner in his specific role regarding the centrality of protection; and (d) as formulated in the 2022 independent review, a need to simplify and clarify the objectives.

242. In addition to the responses to the independent review, UNHCR, in collaboration with IOM and the Office for the Coordination of Humanitarian Affairs, led the revision of the 1999 Inter-Agency Standing Committee policy paper on the protection of internally displaced persons. The updated policy was published in November 2024.

243. The Board recommends that UNHCR leverage its role on protection, within the Inter-Agency Standing Committee, to accelerate, in close coordination with the Emergency Relief Coordinator, the decision-making process on simplification of the protection cluster and transformation initiatives.

244. The Administration accepted the recommendation.

b. Challenges of mixed situations

245. As mentioned in the Refugee Coordination Model guidance, population movements are not necessarily homogeneous. Some movements may involve both refugees and migrants, others may involve refugees and internally displaced persons, and, in some situations, displacement may result from or overlap with climate-related and other natural hazard-related emergencies. These situations present complex challenges for affected States. For UNHCR, they involve operating and coordinating with numerous partners, especially the Office for the Coordination of Humanitarian Affairs and IOM.

246. In 2022, UNHCR and IOM released a shared framework of engagement, which contains a section on coordination and describes responsibilities and coordination principles, especially regarding leadership roles, strategic planning and accountability in the context of mixed movements of migrants and refugees. UNHCR and IOM, as part of their efforts to find solutions to these situations, defined in 2024 a new approach called the “route-based approach”,³¹ which considers people’s needs, along with other considerations such as status in movement along main routes in countries of origin, asylum, transit and destination. Nevertheless, divergences of opinion with regard to terminology persist,³² affecting agencies’ capacity to respond jointly to mixed movements in an effective manner.

247. In recent years, a coordination approach has proved to be innovative and effective in the case of the Inter-Agency Coordination Platform for Refugees and Migrants from Venezuela, which the Board was able to analyse at the Regional Bureau for the

³¹ The route-based approach was introduced in 2024 by UNHCR and IOM, and was operationalized in the Americas, as well as in other regions such as the Mediterranean and South-East Asia.

³² For example, UNHCR considers that migrants (although the term is not officially defined at the international level) benefit from the protection of Governments, while IOM considers that migrants may need specific protection in accordance with humanitarian principles and rights.

Americas. In 2018, the Secretary-General of the United Nations, during a meeting of the Executive Committee on 12 April 2018, asked UNHCR and IOM, in keeping with their mandated accountabilities, to co-lead and coordinate a regional joint response, acknowledging the population flow outside the Bolivarian Republic of Venezuela as a mixed refugee and migrant situation. In the wake of this directive, the Inter-Agency Coordination Platform for Refugees and Migrants from Venezuela was established as a platform to coordinate the response efforts across countries of Latin America and the Caribbean. The Platform is in charge of implementing the regional refugee and migrant response plan. UNHCR and IOM are coordinating a response involving 248 organizations (among them there are 132 national NGOs, 57 international NGOs and 15 United Nations agencies), across 17 countries. The regional platform is complemented by local coordination mechanisms at the national and subregional levels.

248. The Inter-Agency Coordination Platform for Refugees and Migrants from Venezuela is innovative in the UNHCR context. It faces mixed population movements, comprising a majority of Venezuelans, but also many other nationalities, not all, by far, seeking or being eligible for refugee status. The flexibility of the Platform's structure allows for the implementation of suitable adaptations. The Coordination Platform applied the route-based approach, a comprehensive strategy to address the needs and protect the rights of migrants and refugees at every stage of their journey, in countries of origin, transit, destination and return, and which applies in both the Americas region and other regions. Considering the needs of people throughout their journey, and not just at their destination, is a relatively new approach for UNHCR.

249. The Inter-Agency Coordination Platform for Refugees and Migrants from Venezuela can be taken as an example of good practice for the level of data transparency which it provides by publishing and updating a large amount of data and information online. These consolidated data from all countries and partners allow a comprehensive approach to the migration crisis. The inter-agency regional refugee and migrant needs analysis allows for the annual publication of these data in an aggregated version and strengthens the accountability to affected populations, host Governments, donors and other stakeholders.

250. In 2024, a review³³ was conducted to assess ways to expand the Inter-Agency Coordination Platform to more countries, namely Guatemala, Honduras and El Salvador. The review team considered the possibility of replicating, adapting or building on lessons learned from the Platform. The Board considers that the conclusions of the report are relevant for drawing the contours of a new platform. However, it is essential to ensure that a new, reformed, regional platform allows for a simplification of the coordination structure since partners and agencies have reported certain cumbersome aspects of the current structure.

251. The Board considers that the Inter-Agency Coordination Platform could be replicated in other mixed movement situations, such as the Afghan situation, based on the lessons and successes of the existing Platform. The Board is of the opinion that the route-based approach jointly developed by UNHCR and IOM would support such an agreement. A clarification between UNHCR and IOM of the "status-based" and "needs-based" approaches would however be useful in the context of the above-mentioned joint letter of May 2024.

252. The Board recommends that UNHCR strengthen the systematic implementation of the joint note on coordination in mixed situations, jointly with the Office for the Coordination of Humanitarian Affairs.

³³ Review of regional coordination mechanisms in response to mixed movements in the Latin America and the Caribbean region, Institute of Studies on Conflicts and Humanitarian Action (IECAH), Spain, 2024.

253. The Administration accepted the recommendation.

254. The Board recommends that UNHCR actively explore, when convenient, schemes similar to the Inter-Agency Coordination Platform for Refugees and Migrants from Venezuela, involving agencies other than UNHCR and IOM, to avoid an additional layer of governance.

255. The Administration accepted the recommendation.

(e) Administrative and technical cooperation

(i) A partnership dedicated to cost effectiveness: the UN Fleet project

256. In 2022, UNHCR and WFP launched the UN Fleet, a collaborative partnership based on the principles of United Nations reform. Both agencies took advantage of their combined experience to lease vehicles to the wider United Nations family through a single point of contact, the UN Fleet joint initiative. The project includes common procurement activities, advising United Nations agencies on the best choice of vehicle, leasing vehicles to them and providing ancillary services such as insurance, shipping and training. In addition, by introducing standard models and having a common pool of available vehicles, country offices benefit from economies of scale and faster delivery. Based on the fact that United Nations agencies worldwide use some 30,000 vehicles, UN Fleet is intended to provide significant savings and a better optimization of fleets. UN Fleet is open to all interested United Nations agencies.

257. However, at the end of 2024 the UN Fleet had not been implemented in several countries. Both WFP and UNHCR have mature internal rental programmes and are committed to moving to UN Fleet services; however, priority has been given to the onboarding of other United Nations agencies. Country offices were not aware of the implementation timeline although they recognized that UN Fleet services would be feasible. This was the case in Armenia, Burundi, Moldova, Mozambique, Myanmar and Venezuela (Bolivarian Republic of).³⁴

258. UN Fleet provides a five-year lease contract, including insurance, transport and delivery of the vehicles to their destination, collection, disposal and replacement of the vehicles after five years. The service does not include the management and maintenance of the vehicles once they have been made available to clients.

259. UN Fleet is not currently a separate legal entity, but, according to UNHCR, it could become one in the future. The governance of UN Fleet is carried out by several bodies. The Governing Board brings together the Deputy High Commissioner of UNHCR and the Assistant Executive Director, Workplace and Management Department, WFP. The UN Fleet Management Board, which meets once a month, brings together the UNHCR Deputy Director and Head of Service of the Global Mobility and Infrastructure Service in the Division of Finance and Administration and the Director, Management Services Division, Management Department, WFP. The UN Fleet team, which is responsible for the day-to-day management of the project, was formed by taking part of the fleet management teams of the two agencies and includes 15 staff members. The UN Fleet Advisory Board must bring together representatives of the client agencies with those of UNHCR and WFP, but had not yet been formed at the time of the audit.

260. In addition to the UN Fleet unit, UNHCR includes an asset and fleet management unit which, among other activities, is currently in charge of the vehicles.

261. UNHCR describes UN Fleet as “non-profit”. Vehicles are purchased directly from the manufacturer, with a volume effect and the price charged to client agencies shall

³⁴ On the other hand, UN Fleet has been implemented in Colombia.

include the purchase cost, any adaptations, transport and insurance costs. The business case under discussion (and therefore unofficial) in October 2020 provided for several sources of savings: (a) a reduction in the number of vehicles thanks to an optimization of the fleet enabled by centralized monitoring; (b) a choice of vehicles better adapted to needs owing to the avoidance of unnecessary specifications; (c) a reduction in unit costs through direct purchase from the manufacturer, standardization and economies of scale; and (d) optimization of the life cycle of vehicles, which is limited to five years, leading both to resale under better conditions and to lower maintenance costs as older vehicles are written off. Based on this rationale, estimated gains have been calculated.

Table II.10

UN Fleet expected gains

(Millions of United States dollars)

<i>Recurring gains</i>	<i>Range</i>
Right sizing	2.2–5.9
Right profiling	1.5–4.4
Better procurement	2.4–3.6
Lifecycle management	11.2–14.3
Total	17.3–28.2

Source: UNHCR.

262. In total, the range of expected long-term recurring gains, according to two scenarios, one conservative and the other more ambitious, was between \$17.3 million and \$28.2 million. In addition, a non-recurring gain of between \$25.0 and \$69.5 million, linked to the proceeds from the sale of vehicles no longer needed due to fleet optimization and shared between other United Nations agencies, was defined.

263. The first service agreements were concluded by UN Fleet with UNFPA and UNICEF on 4 October 2022. As of February 2025, 18 United Nations agencies³⁵ had signed a service agreement with UN Fleet. A total of 487 vehicles were actually leased to United Nations agencies. Including the vehicles ordered, 813 vehicles had been or would be distributed in 88 countries.

264. Based on a case study carried out by the Business Innovation Group, UN Fleet estimates the average gain at \$204 per vehicle per month. This point will have to be confirmed when more data are available.

265. One company supplied the vast majority of vehicles obtained by UN Fleet. UNHCR justified the use of this supplier due to the low total cost of ownership of its vehicles as a result of low purchase prices and very strong residual values, supported by a very strong and widespread aftersales network and the willingness of the supplier to be particularly flexible in the face of UN Fleet requirements. Other suppliers were used on a smaller scale. From a risk mitigation perspective, it remains important that UN Fleet does not depend on any single supplier.

³⁵ UNICEF, UNFPA, the United Nations Verification Mission in Colombia, WHO, the Food and Agriculture Organization of the United Nations, IOM, ILO, the United Nations Office at Nairobi, the Office for the Coordination of Humanitarian Affairs, the United Nations Office to the African Union, OHCHR, the Resident Coordinator's Office in the United Arab Emirates, the International Fund for Agricultural Development, the United Nations Industrial Development Organization, UN-Habitat, the United Nations Educational, Scientific and Cultural Organization, WFP and UNHCR.

266. UN Fleet collects the opinions of its customers regularly, including through quarterly and year-end reviews. Initial feedback is requested two weeks after the delivery of a vehicle. Out of 87 responses received by February 2025, the average satisfaction rate was 4.4 out of 5, or 88 per cent.

267. For 2025, UN Fleet anticipated an additional volume of 350 to 450 vehicles from client agencies. This should also include volumes from UNHCR and WFP as they transition to the UN Fleet system. UNHCR estimates the expected additional number of vehicles at 375 in the first year (which is not a full year). UNHCR annual volumes for new vehicles from 2026 will be between 450 and 650 units, depending on the right sizing exercise and the adjustments to the new funding landscape, which are still ongoing.

268. The Board noted with concern that the agencies that founded UN Fleet, UNHCR and WFP, have themselves been very slow to take advantage of its benefits. UNHCR explained to the Board that the strategy for UN Fleet was to establish services for client agencies first and then transition to UNHCR and WFP in 2025 to ensure that client agencies had confidence that UN Fleet would not prioritize the needs of its parent agencies over them.

269. The 2023 accounts of UN Fleet show an annual deficit of \$2.48 million, which increased to \$2.66 million in 2024. UNHCR explained that the deficit was mostly attributable to a decision to contain prices in the initial phase, in order not to dissuade the initial customers. The business model foresees recovery of the upfront capital investment over a five-year period through lease payments and end-of-life disposal of vehicles. Until UN Fleet reaches the scale to operate the activity on a self-financing basis, the deficit is being financed by the two founding agencies, which represents seed funding for the joint initiative. UN Fleet is expecting to reach break-even by 2027. For a project aimed at generating gains, a time frame of five years for achieving financial balance is too long. This time frame could be shortened if UNHCR and WFP, which together are using vehicles equivalent to almost half of the total UN Fleet, were to start leasing from UN Fleet immediately.

270. In summary, the UN Fleet project is an example of cooperation between United Nations agencies as it can bring significant gains in terms of both vehicle acquisition and management. However, its implementation is time-consuming, with adverse financial consequences in the short term for the two agencies that initiated the project.

271. The Board recommends that UNHCR start leasing vehicles from UN Fleet.

272. The Administration accepted the recommendation.

(ii) Cooperation on procurement

273. In the guidelines entitled “Common UN Procurement at the Country Level” issued in March 2015, the development of joint procurement was recommended. In the United Nations Procurement Manual,³⁶ chapter 14.1, on cooperation with United Nations organizations, the interest of collaborative procurement is recalled and the possible modalities within the framework of “Delivering as One” are specified. It is recalled that the “Mutual Recognition” statement issued in 2019 formalizes the commitment of organizations of the United Nations system to use or rely on the policies, procedures, system contracts and related operational mechanisms of other organizations of the United Nations system for the implementation of activities “without further evaluation checks or approval being required, to the greatest extent practicable”.

³⁶ DOS/2020.9/Amend 1, amended 30 June 2024.

274. In the revised version of the UNHCR policy on procurement,³⁷ issued on 7 February 2025, it is emphasized that UNHCR and its operations must: (a) engage other United Nations agencies on contracts or frame agreements held or being pursued that may be used in a “piggybacking” arrangement; (b) review options for collaboration on tenders that could be beneficial for UNHCR; (c) subject to appropriate approvals, share contracts and relevant documentation with other United Nations agencies, where relevant; and (d) actively promote and participate in United Nations groups on procurement-related matters.

275. The Common Procurement Activities Group brings together the procurement departments of the United Nations agencies based in Geneva as well as those of several other international organizations located in Switzerland – 20 in total – which cooperate through the exchange of information and experiences as well as the conclusion of contracts common to several entities.

276. In its 2023 report, the latest available, the Common Procurement Activities Group cites in particular some 200 exchanges of information between members and savings of SwF 39.9 million achieved thanks to 27 common contracts.

277. UNHCR has concluded 284 joint procurement agreements (framework agreements) with more than 20 other United Nations agencies, including UNICEF, WFP, UNDP, IOM, WHO and UNFPA. These agreements are divided into 142 framework agreements concluded at the global level, 117 agreements concluded at the country level and 25 agreements concluded at the regional level.

278. The most important framework agreements at the global level are dedicated to: (a) a contract for the establishment of cooperation on the procurement of eco tarpaulins for a proximity project; (b) freight forwarding services; (c) hosting and support services; (d) mobile telecommunications services; and (e) landline telephone services.

279. At the country level, the amounts involved are much lower, and the most important framework agreements are dedicated to: (a) provision of fuel to UNHCR Rwanda vehicles; (b) provision of transport services to UNHCR Rwanda operations; and (c) security services for the UNHCR offices in Burkina Faso. At the regional level, the number of contracts is also small. The most important framework agreements, in terms of amount, are dedicated to translation services and event management.

280. Recent audits of country offices revealed an unequal volume of purchases or shared logistics resources. The Bolivarian Republic of Venezuela office has several joint purchasing agreements, was discussing other such agreements in the last quarter of 2024, and also uses WFP storage resources. The Bangladesh office in 2023 shared its storage with other agencies but made little use of joint long-term agreements, with the exception of a financial piggyback operation. More generally, the Board noted the lack of efficiency indicators in country offices and noted that the reasons why joint purchases are not more developed are rarely explained, while the interest in the principle of joint procurement is hardly contested.

281. In its report entitled “Review of the implementation of the principle of mutual recognition within the United Nations system” (JIU/REP/2024/4), the Joint Inspection Unit noted the lack of comparable data on the efficiency gains from the implementation of mutual recognition. It noted that few organizations produce reports on mutual recognition. On the other hand, it noted that three of them, UNDP, UNFPA and the United Nations Office for Project Services (UNOPS), were notable examples of organizations that present annual reports on joint procurement to their executive boards.

³⁷ UNHCR/PL/2025/01.

(iii) Cooperation for premises

282. In his 2017 report entitled “Repositioning the United Nations development system to deliver on the 2030 Agenda: our promise for dignity, prosperity and peace on a healthy planet” (A/72/684-E/2018/7, para. 45), the Secretary-General of the United Nations set a target of 50 per cent common premises by 2021.

283. According to the Handbook on Leasing and Facility Management (May 2024), UNHCR operates some 550 offices in over 130 countries.

284. In its report of 12 November 2024 on the audit of arrangements for acquisition and management of office premises at the Office of the United Nations High Commissioner for Refugees, OIOS indicated that UNHCR needed to better define a clear strategy for its premises. It highlighted the contribution resulting from the implementation in 2023 of the online facilities platform UNIFIER, which brings together essential information on premises worldwide. It noted the need for a strategy to direct the common office premises initiative.

285. The UNIFIER portal contains a list of all UNHCR premises, including summary information on: (a) location: 535 office buildings; (b) staffing level for each location: a total of 19,282 staff; (c) area: a total of 540,296 square metres; and (d) annual costs: a total of \$130,463,000. The main characteristics of each premises are specified: location, function (country office, sub-office, field office), status (owned or leased), insurance, structure, number of floors, surface area, year of construction, staff hosted, and whether or not the premises are shared with other agencies. The portal provides access to a wealth of information, including security and sustainability of the premises.

286. The Board extracted data on common premises from this portal, which show 140 shared offices, including shared country offices and headquarters offices (Copenhagen, Budapest).

287. Considering all premises and not only country offices, according to the data extracted from UNIFIER, shared offices (common premises) represented 26 per cent of all UNHCR premises in 2023.

288. Sharing premises with other United Nations agencies has several advantages: (a) increased efficiency through the pooling of support services, such as security, cleaning and meeting rooms; (b) optimized use of space through leverage of larger staff numbers; and (c) increased fluidity through closer relationships between agencies sharing the same premises.

289. However, regrouping the premises of different agencies entails several challenges: (a) the inherent slowness of real estate transactions, in particular, given the length of leases and varying deadlines; (b) the specific needs of certain agencies, particularly UNHCR, to be able to receive refugees discreetly, as emphasized to the Board by the UNHCR Office in the Bolivarian Republic of Venezuela to explain its desire to maintain its own premises; (c) staffing changes based on the needs of different agencies, which can affect the need for premises and, consequently, the sharing of common expenses; (d) rents that are sometimes, in practice, higher in new premises than in existing premises provided free of charge; (e) changes in the policies of certain Governments, which may modify their pricing policy for the provision of premises, as has been the case with the Governments of Senegal and even Kenya; (f) insufficient space available in a building already occupied by several other agencies (which is also the case in the Bolivarian Republic of Venezuela); and (g) the significant financial commitment during the construction or even the lease of new premises, as is the case in Uganda for WFP and UNHCR.

290. Another challenge is often the unwillingness of some other agencies to share their premises, as is the case with UNICEF in Copenhagen.

291. UNHCR reported to the Board two cases of consolidation of premises with other United Nations agencies. In Thailand, UNHCR is transferring office space to UNOPS, resulting in savings of \$17,800 for the year. In Bangladesh, UNHCR is relocating to the One UN House in Dhaka, with estimated annual savings of \$74,000 from 2025.

292. The Board noted the low proportion of shared premises at UNHCR and the slow pace of change.

6. Management of crises

293. The Board understands by “crisis” events where there is a massive influx of refugees and displaced persons into a given country, whatever the causes (e.g. famine, war, drought, floods or earthquake), and for which a response is required. UNHCR also refers in its internal and external communications to “situations”; situations concern crises that are triggered by a particular event or by a geopolitical context and have consequences for several countries. The Sudanese crisis is an example of a “situation” that activated declarations of emergency in 5 countries, while the Ukrainian crisis is a situation with emergencies that have affected or are affecting 10 neighbouring countries.³⁸ In some cases, UNHCR declares an “emergency situation” in order to mobilize, for a limited period of time, additional specific means and tools to respond to the crisis.

294. UNHCR has had to face numerous emergencies in which the speed of the response was crucial to saving lives while respecting the fundamental humanitarian principles of humanity, impartiality, independence and neutrality. Crises require quick decision-making and a tailored response, as well as procedures and mechanisms through which exceptional measures can be undertaken and exceptional means deployed. Since 2017, UNHCR has declared 215 emergencies. In 2024, UNHCR declared 26 new emergencies. The number of declared emergencies has significantly increased in recent years, with an average of about 30 emergencies per year since 2021.

295. The scope of the audit was to look at the continuum of crisis management, which extends from emergency preparedness to management of the emergency and the exit from the emergency phase, which may not coincide with the end of a crisis.

(a) Crisis anticipation and emergency preparedness

296. The policy on emergency preparedness and response (UNHCR/HCP/2023/01) was updated in February 2023 and guidance on emergency preparedness was issued in April 2023. The policy covers the engagement and actions of UNHCR in anticipating and responding to emergencies in which advanced preparedness actions and/or an urgent operational response are required. The guidance provides a practical framework to support effective operationalization and implementation of the policy. As stated therein, “While the Emergency Policy provides the overarching framework, the guidance is a tool that will assist UNHCR [personnel] in fulfilling their responsibilities under the Emergency Policy, as relates to preparedness measures.”

297. The measures for preparedness are set out in several different documents, which are supposed to be linked and consistent among themselves: risk analysis, risk register, contingency plan and business continuity plan. Despite an updated policy and the attention paid by most of the regional bureaux and country offices to emergency preparedness, the Board found that shortcomings had been identified in some steps of the process.

³⁸ In addition to Ukraine, Bulgaria, Czechia, Estonia, Hungary, Latvia, Lithuania, the Republic of Moldova, Poland, Romania and Slovakia. See Regional Refugee Response Plan for the Ukraine Situation, January 2025–December 2026.

(i) Risk analysis

298. UNHCR determines a ranking of high, medium or low risk for each agreed emergency scenario based on its likelihood and potential impact.³⁹ At headquarters level, these rankings are based on humanitarian situational reports, news outlet reports, think tank political or conflict forecasts, among other information, and are then complemented by the assessments of regional bureaux and country operations.

299. Regional bureaux play a critical role in assessing the magnitude of the risks in a country, as they have, by definition, an overview of the risks encountered in the region and may compare risks in a given country with those identified in a neighbouring country. For example, the Division of Emergency, Security and Supply produces regular snapshots in cooperation with the regional bureaux. The risk assessments consider all types of risk, from armed conflict to the frequency of natural disasters in the region. Each snapshot identifies three categories of risk, ranked by degree of severity: countries under emergency (level 1, 2 or 3); countries with high risks of emergency and countries under watch. Over the period 2022–2024, the snapshots trace changing situations, which sometimes reflect rapid developments. For example, while five countries were considered as being at high risk in March 2024, there were only three such countries by July 2024.

(ii) Risk registers

300. In all regional bureaux and country operations visited,⁴⁰ a risk register was in place and updated quarterly. However, not every major risk was identified and managed. The Board gathered examples of this issue. In the Republic of Moldova, only two high risks had been identified, an influx of refugees from Ukraine and people served by UNHCR at risk of gender-based violence. However, the most pressing crisis at the time of the audit (December 2024), which was likely to affect the most vulnerable refugees, namely the gas crisis, was not identified. In other instances, risks, in particular socioeconomic risks, were not taken into account. For example, in Burundi the deterioration of the country's monetary situation was not analysed in the risk register.

301. UNHCR is monitoring the risk assessment and is aware of required improvements. In its analysis of the 2024 risk review, UNHCR recognized that the quality of the emergency risks identified is clearly improving, indicating an increased understanding among operations about the need for comprehensive emergency preparedness and response. Nevertheless, it noted that, like risks in other categories, there are instances of risks remaining static and treatments remaining unimplemented, suggesting the need for more proactive engagement in clarifying risks and implementing treatments.⁴¹

302. The Board highlighted the importance of maintaining comprehensive and up-to-date risk registers. However, the Administration emphasized that the absence of a

³⁹ UNHCR rates the likelihood of risks on the following scale: Very low: barely likely to occur; Low: very unlikely in the next one year, but possible in the longer term; Medium: possible in the next one year, and/or reasonably likely in the longer term; High: likely in the next year and/or very likely in the longer term; Very high: Very likely in the next year and/or almost certain in the longer term (UNHCR/HCP/2020/2, annex B – Terms and definitions). Moreover, in its policy for enterprise risk management, UNHCR has identified risk categories related to the operational context, to the planning, programme and support processes, to protection and solutions, to delivering assistance, to people and culture, to external engagement and resource mobilization, and to data and information. UNHCR/HCP/2020/02/Rev.2, annex 1 – Risk categories.

⁴⁰ Armenia, Burundi, Republic of Moldova, Mozambique, Myanmar and Venezuela (Bolivarian Republic of).

⁴¹ For UNHCR, risk is defined as: “An uncertain event or condition that, if it occurs, has a positive or negative effect on objectives” (UNHCR/HCP/2020/2/Rev.2, annex B – Terms and definitions).

particular risk in a national risk register did not mean that the risk was not monitored or managed. Although UNHCR remained committed to regularly reviewing and updating risk registers, if a risk register were to be a complete and exhaustive list of all risks, it would cease to be an effective management tool.

(iii) *Contingency plans*

303. According to the 2023 policy on emergency preparedness and response, only country operations that face a high risk of a new or escalated emergency must develop a scenario-based contingency plan in collaboration with government counterparts and other partners. However, the development of a contingency plan is strongly recommended when the risk level is determined to be medium. These obligations and recommendations are applicable in all situations (refugee, internally displaced persons, mixed situations and mixed movements). Emergency preparedness and contingency planning has been identified as a recurring measure to mitigate high risk in this area of preparedness.⁴²

304. A standard operating procedure for contingency planning is annexed to the guidance on emergency preparedness and has also been disseminated through the Emergency Handbook. This standard operating procedure explains the entire planning process and clarifies the roles of the various stakeholders (country operations, regional bureaux and divisions). It points out in particular that contingency planning is an integral part of the work of UNHCR. If a contingency plan is not in place at the time of an emergency, UNHCR encourages the use of a preparedness action list to identify necessary actions to inform the response (annex 7 of the guidance on emergency preparedness). In a 2023 report entitled “Emergency Preparedness and Response – Recurring Issues & Lessons Learned 2021–2023”, UNHCR acknowledged the need for more proactive, systematic preparedness. It noted that contingency plans are not developed and updated regularly, and where contingency plans do exist, they are often not costed or stress tested.

305. The Board noted the variety and unevenness of the situations related to the elaboration of contingency plans. At the time of the audit, according to UNHCR interlocutors, there were 47 high-risk situations identified in 33 country operations; 35 contingency plans (28 active and in process, covering 85 per cent of high-risk operations), and 73 per cent of high-risk operations had up-to-date contingency plans.⁴³

306. A number of country operations with high-risk situations, such as those in the Sudan and Venezuela (Bolivarian Republic of), did not have a contingency plan for different reasons according to the Administration: cumbersome procedures, possible difficulties with the Governments or authorities in question despite the supposed confidentiality, and political reasons as some Governments do not wish to let it be known which parts of the national territory that they do not control, for instance.

307. The Board recommends that UNHCR, at both the headquarters and regional levels, (i) ensure that all country operations ranked as facing high risk prepare a contingency plan in accordance with the 2023 policy on emergency preparedness and response, and regularly update it when needed; (ii) explicitly justify the absence of such a document with strong reasons associated with specific difficulties; and (iii) contemplate the preparation of such a document in medium-risk countries, as recommended in the 2023 policy.

308. The Administration accepted the recommendation.

⁴² Summary analysis of 2024 UNHCR risk review, p. 9.

⁴³ Strategic risk register, December 2024.

(iv) Business continuity plans

309. A business continuity plan is part of the overall safety and security management of a country operation. As stated in the policy on emergency preparedness and response, it is a core element of the organizational resilience management system and is defined in the policy for that system as “the capability of the organization to continue delivery of essential and time-critical services at acceptable predefined levels during and/or following a disruptive incident”.⁴⁴

310. The Board welcomes the fact that most of the countries visited had an updated business continuity plan, as of the last quarter of 2024. Myanmar, for instance, had business continuity plans at the country operations level, as well as at the sub-office and field office levels, which were frequently updated and mainly related to security risks.

(b) Response tools and solutions*(i) Emergency declaration*

311. The emergency declaration is one of the main mechanisms used by UNHCR to respond to acute crises with the objective of mobilizing additional resources (funds and staff). Therefore, the assistance to forcibly displaced people, both solutions and tools, is deployed as part of the emergency response.

312. In 2024, UNHCR declared 26 emergencies, in line with the new policy on emergency preparedness and response. A total of 9 were triggered by climatic disasters (flooding and drought) and 17 by armed conflict or indiscriminate violence. Among those 26 emergencies, 14 involved both refugees and internally displaced persons, 2 involved internally displaced persons only, and 10 involved refugees only. Some emergency declarations covered what UNHCR calls a “situation”, which means that events occurring in one country have consequences for the neighbouring countries. For instance, the situation in the Sudan has entailed population displacements, and therefore emergency declarations, in Chad, Egypt, Ethiopia, Libya, South Sudan and Uganda.

313. The country operations visited by the Board or analysed through case studies⁴⁵ have experienced several emergency declarations in recent years. For example, in the Asia region, the Afghanistan situation led to an emergency declaration spanning the period from 27 June 2021 to 24 May 2022. Meanwhile, Myanmar was under an emergency declaration from 19 March 2021 to 29 March 2022, and under a new declaration from 22 July 2022 to 21 January 2023.

314. In the policy on emergency preparedness and response, it is indicated that:

UNHCR defines an “emergency” as any humanitarian crisis or disaster which either (i) has caused or threatens to cause new forced displacement, loss of life and/or other serious harm; or (ii) significantly affects the rights or well-being of refugees, internally displaced persons ..., stateless persons, returnees and other persons of concern, unless immediate and appropriate action is taken; and

⁴⁴ Policy on the organization resilience management system (CEB/2014/HLM/17/Rev.1), issued by the United Nations System Chief Executives Board for Coordination, 18 January 2021, with a review date of 31 December 2024. Available at: https://unsceb.org/sites/default/files/2021-02/Policy%20on%20the%20Organizational%20Resilience%20Management%20System-Revised_18%20Jan%202021.pdf. In 2021, the Joint Inspection Unit also issued a report on business continuity management in United Nations system organizations (JIU/REP/2021/6).

⁴⁵ The Board audited six country operations (Armenia, Burundi, Mozambique and Republic of Moldova, and, remotely, Myanmar and Venezuela (Bolivarian Republic of)) and three regional bureaux (Regional Bureau for Europe, Regional Bureau for Asia and the Pacific and Regional Bureau for the Americas), and examined two case studies (Sudan and Türkiye).

(iii) which demands exceptional measures because current government and UNHCR capacities at country and/or regional levels are inadequate for a predictable and effective response.

315. UNHCR identifies three levels of emergency (level 1, level 2 and level 3) in the policy.⁴⁶ The distinction between the first two levels is tenuous, in particular in the 2023 policy, in which the level 1 emergency declaration has been expanded to include the initial response in addition to proactive preparedness. Level 1 is declared by the Assistant High Commissioner for Operations, while levels 2 and 3, which concern crises of high magnitude and severity requiring significant additional means, are declared by the High Commissioner.

316. As UNHCR declares many emergencies each year, the procedures are well known and well established when they reach the phase involving headquarters. However, the ability to respond quickly and properly to the outbreak of a crisis depends on several factors, in which the country operation and the regional bureau play a critical role, especially in aligning the response requirements with the risk assessment and determining whether the country office can cope with the situation. The decision-making process may also be hindered by political reasons in the host country, such as the reluctance of some Governments to recognize the magnitude of the crisis, or when several country offices from different regions are involved. These issues have been well identified and summarized in a note explaining the timing of an emergency declaration, with focus on delays, produced by UNHCR in February 2025 at the Board's request.

317. UNHCR generally declares emergencies shortly (i.e. a few days) after the outbreak of the crisis or even before it occurs, as was the case, for example, with the Ukraine situation in 2022, when the emergency declaration was made on 18 February 2022. The Board noted at least one exception where the emergency declaration was issued too late to enable a rapid response in the first days of a crisis.⁴⁷ In this regard, given the need for a quick response, UNHCR should consider setting a clear time frame within which the decision whether to declare an emergency should be taken.

318. The Board recommends that UNHCR include in its standard operating procedures a specific time frame for the internal decision-making process regarding emergency declarations.

319. The Administration accepted the recommendation.

⁴⁶ "Level 1 Emergency: Proactive Preparedness and Initial Response. UNHCR declares a Level 1 emergency when a country operation(s) must enhance preparedness and take anticipatory or early action due to a high risk of a humanitarian emergency, and/or to commence an initial response, while the current capacity of the country operation(s) is insufficient.

"Level 2 Emergency: Stepped-up Regional Bureau Support. UNHCR declares a Level 2 emergency in a rapidly evolving humanitarian situation when a country operation(s) faces significant gaps in resources, staffing and expertise, and additional support and resources from the relevant regional bureau(x) are vital for the operation(s) to be able to respond and assume an appropriate and effective coordination and operational role.

"Level 3 Emergency: Whole-of-UNHCR Response. UNHCR declares a Level 3 emergency in an exceptionally serious situation in which the scale, pace, complexity, and consequences of the crisis significantly exceed the existing response capacities of the country operation(s) and relevant regional bureau(x); and thus call for an institutional, whole-of-UNHCR response to prevent the risk of failure to deliver effectively and at scale."

⁴⁷ An emergency was declared in Armenia in November 2020, several weeks after the outbreak of the war with Azerbaijan and on the day after the ceasefire agreement was reached, when most of the displaced people were contemplating their return to Nagorno-Karabakh.

(ii) *Beneficiaries: perimeter of protection*

320. The protection of refugees and of stateless people is the core mandate of UNHCR. In this capacity, it takes the lead in the humanitarian response during a crisis involving refugees. It shares with other United Nations agencies⁴⁸ the responsibility for providing the humanitarian response and also for providing protection in situations involving internally displaced persons.⁴⁹

321. The distinction between refugees⁵⁰ and economic migrants continues to be a subject of debate between UNHCR and IOM.

322. In Asia, the UNHCR Regional Bureau for Asia and the Pacific, in its risk register, identified the relationship with IOM as an important risk. IOM used to consider Afghan nationals in the territory of the Islamic Republic of Iran as migrants who had fled mainly for economic reasons and were therefore considered likely to return to their country, while UNHCR classified them as refugees, as they were unwilling to return to Afghanistan. The situation was quite similar in Myanmar, where people who moved to neighbouring countries may have been classified as migrants by IOM and as refugees by UNHCR.

323. For the situation in Afghanistan, an informal agreement was reached through an exchange of emails, including one dated 2 September 2024 signed by the Chief of Mission of IOM in the Islamic Republic of Iran, which, however, cannot be considered an official agreement. According to this document, the Afghan situation is acknowledged as a “predominantly refugee situation”.

324. Regarding the situation in Myanmar, the issue remains unresolved between the two agencies. UNHCR stated that it is recognized as “an authoritative source” of guidance on these issues. By issuing guidance notes, UNHCR has already officially pronounced on the international protection needs of persons fleeing both Myanmar and Afghanistan.

325. The Board is not in a position to comment on IOM. However, the lack of consensus between United Nations agencies makes it more difficult for them to advocate for the rights of forcibly displaced people, especially in host countries that are reluctant to guarantee these rights.

326. The specific mandate given to UNHCR on refugee protection may lead, in some countries, to unbalanced responses in the way internal displacement situations versus refugee situations are addressed.

327. At the time of the audit there were 717,000 internally displaced persons in Mozambique. However, the UNHCR multi-year strategy for 2024–2026 continues to be focused primarily on refugees and asylum-seekers, of whom, according to UNHCR figures, there are only 23,974. Indeed, most of the impact, outcome and output indicators

⁴⁸ In its resolution 53/125 of 9 December 1998, the General Assembly reaffirmed its support for “the role of the Office of the High Commissioner in providing humanitarian assistance and protection to internally displaced persons, on the basis of specific requests from the Secretary-General or the competent organs of the United Nations and with the consent of the State concerned, taking into account the complementarities of the mandates and expertise of other relevant organizations”, and emphasized that “activities on behalf of internally displaced persons must not undermine the institution of asylum”.

⁴⁹ See “Joint OCHA-UNHCR note on mixed situations – coordination in practice”, 24 April 2014. In situations of forced displacement this is done through the Inter-Agency Standing Committee. Both IOM and UNHCR work with other agencies on the internally displaced persons response coordinated through the cluster system.

⁵⁰ Defined by UNHCR as “a person forced to flee their country because of violence or persecution”.

are related to refugees and asylum-seekers. Regarding the operations plan budget, 31 per cent of the 2024 operating level is dedicated to refugees and asylum-seekers.

328. While the Convention relating to the Status of Refugees provides the legal framework for the protection of refugees and asylum-seekers and while the Guiding Principles on Internal Displacement address internally displaced persons, the Board noted that UNHCR has used different terms that it has created without a legal basis in order to respond to specific situations. UNHCR frequently uses the terms “refugee-like” or “refugee situation”. The question of the nature of the protection that should be ensured to “refugee-like” persons remains unclear, due to the diversity of people concerned.

329. In some very specific situations, people assisted by UNHCR do not fall into any recognized category and appear in the statistics as “others”. In the Bolivarian Republic of Venezuela, UNHCR considered that it had to tailor its response to an atypical crisis in which existing categories established by formal United Nations instruments and resolutions⁵¹ were not relevant to characterize the population in need. With regard to the Venezuelan population outside the country, it would be practically impossible to make a distinction between refugees and migrants. As for the Venezuelan population inside the country, a residual category of “others of concern”⁵² was applied to the vast majority of the beneficiaries but could not be included under the broad concept of “forcibly displaced persons” used by UNHCR in its general statistics.⁵³ In reality, some people leave the country voluntarily or under stress, some of whom return, either temporarily or permanently, while others remain in communities where basic services are non-existent or insufficient, but may be forced to flee to other regions within the country.

330. The Board can understand that UNHCR refers to specific categories in order to respond to particular situations. However, there should be limits to this flexibility, bearing in mind that the position of UNHCR in the international community and its legitimacy with donors are based on the Convention relating to the Status of Refugees and its role regarding internally displaced persons.

(iii) *Organization of the response*

331. At least three elements are part of the organization, and thus the effectiveness, of the response to a crisis: the quality of the relationship with the Governments of host countries; the effectiveness of the UNHCR presence on the ground; and the coordination with other United Nations agencies and humanitarian stakeholders. This coordination involves different modalities depending on whether the crisis involves refugees or internally displaced persons. This point is examined in section II.B.5 above.

a. *Relationship with host countries*

332. Among the criteria to be met for declaring an emergency, UNHCR emphasized that of the need to take exceptional measures because its own capacities at the national or regional level are assessed as insufficient, as well as because current Governments are regarded as not having the means to ensure a predictable and effective response.

⁵¹ “Refugees and asylum seekers” (1951 Convention relating to the Status of Refugees and the 1967 Protocol thereto); “stateless persons” (1954 Convention relating to the Status of Stateless Persons and 1961 Convention on the Reduction of Statelessness); refugee “returnees” (General Assembly resolution 40/118); and “internally displaced persons” (General Assembly resolution 48/116).

⁵² Others of concerns (which do not include host community) account for around 5 per cent of “forcibly displaced and stateless” people (source UNHCR programme budget for 2024).

⁵³ For example, in the programme budget proposed by the High Commissioner to the Executive Committee annually.

333. This question may be particularly sensitive, leading some Governments either to reject or postpone their consent to the intervention of UNHCR. The Board acknowledges that in most cases that it has examined, the difficulties have been overcome. UNHCR recognizes the leading role that must be played by national Governments and generally succeeds in reaching compromises.

334. Specific issues arise when it comes to de facto authorities, such as the Taliban in Afghanistan or the current government in Myanmar, which are not recognized by the international community. In the countries concerned but also in other countries where armed groups occupy parts of the country, a dilemma arises between the need to bring assistance to displaced people who are threatened by violence and the risk of working with de facto authorities.

335. UNHCR explains that it manages these issues, for the countries concerned, in close contact with the United Nations Secretariat in New York (in particular, the Office of Legal Affairs), which may lead, to a certain extent, to an alignment among the United Nations agencies on the ground. However, practical questions should be addressed in each situation, relating to the existence or not of a memorandum of understanding with national authorities, the level (national, regional, local) and nature of engagement with de facto authorities, and the implementation and content of projects.

336. These situations represent a potential reputational risk for the organization. Even though a pragmatic approach is necessary, the absence of elements of doctrine, including examples of what can be done in order to protect and assist people and what should be strictly avoided in line with the United Nations human rights principles, is questionable.

b. UNHCR effective presence on the ground

337. UNHCR highlights, under the concept “Protection by presence”, the need for its staff to be as close as possible to the areas where displaced people arrive after crossing an international border or after fleeing natural disasters or an armed conflict in their own country. The Board considers that the “protection by presence” concept is particularly relevant for ensuring that UNHCR fulfils its mandate.

338. In many cases UNHCR has taken measures to increase its presence in response to crises. To respond to the situation in Ukraine, UNHCR has opened new country operations in Estonia, the Republic of Moldova and Slovakia, and has significantly increased the number of its staff in Poland, Hungary and Romania. The importance and swiftness of the effort must be noted.

339. In some other countries, the situation is less favourable. In Mozambique, at the time of the audit, the country operations could only rely on staff and affiliate personnel distributed among the three locations of Maputo, Pemba and Nampula. The presence of staff at the district level in Cabo Delgado remained limited. While the presence in Cabo Delgado was obviously required by the scale of the crisis in the province, where all United Nations agencies are present, the tailoring of the presence in the province of Nampula and in the capital, Maputo, did not reflect the recent needs assessment. As a result, UNHCR is not addressing the needs of beneficiaries as efficiently as it could. In 2017, UNHCR withdrew from the central regions of Mozambique in favour of the Pemba sub-office. Since then, UNHCR has had no full-time presence in those regions.

340. In Myanmar, the country office has dramatically reduced its presence for security reasons. In Rakhine State, where, according to UNHCR, 552,000 internally displaced persons are concentrated (360,000 of them having been there since November 2023) and 630,000 stateless persons (Rohingyas), the country office used to be in three locations. All staff members are now based in Yangon. UNHCR

explained that the closure of many field offices does not prevent it from providing assistance to internally displaced persons due to the importance of the network of local organizations working for and with UNHCR. The Board can also understand that the decision to leave a territory depends on the assessments made by the Department of Safety and Security.

(iv) *Emergency tools*

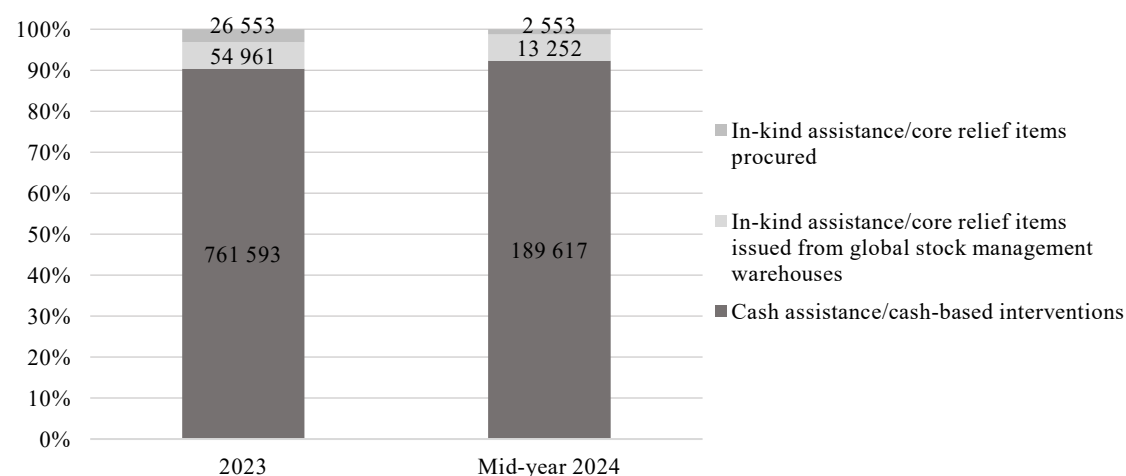
341. According to the policy on emergency preparedness and response, assistance modalities provided during emergency response, whether in-kind or cash-based assistance or a combination of both, are based on multisectoral needs assessments carried out by UNHCR and its partners in the field, such as the Needs Assessment for Refugee Emergencies.⁵⁴ At the onset of an emergency, the effectiveness of the emergency response derives from an adequate needs assessment, but also depends on collaboration between teams in charge of protection, supply management and cash-based intervention for an optimal multisectoral response; on the quality of the collected data; and on preparedness measures.

342. A breakdown of UNHCR emergency support shows that 90 per cent of the assistance is provided through cash-based assistance, which is now a preferred modality.

Figure II.V

Breakdown of UNHCR assistance by type

(Thousands of United States dollars)



Source: Board of Auditors, based on 2023 and 2024 country-based overview and cash-based intervention expenditure as at year-end 2023 and mid-year 2024, among other sources.

Note: In-kind assistance provided by UNHCR can consist of either the issuance of core relief items from global stock management stockpiles (i.e. from one of the seven global stockpiles located in Accra, Amman, Copenhagen, Douala, Dubai, Nairobi and Panama City) or procured at the field level from local suppliers. The global stock management warehouses are managed centrally by the Supply Management Service with the purpose of ensuring the rapid provision of emergency supplies.

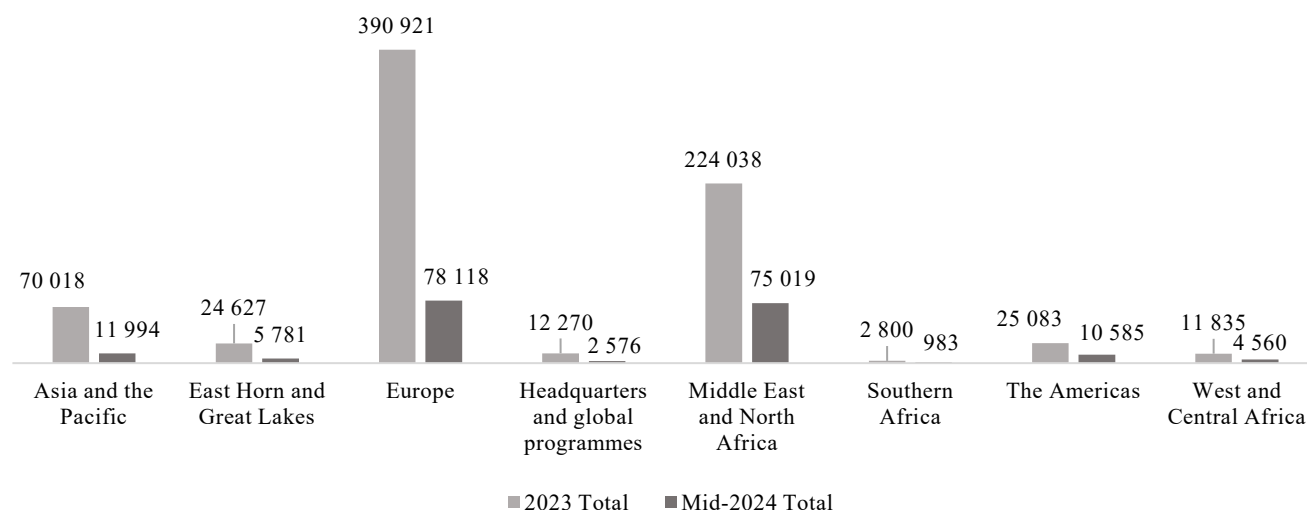
⁵⁴ The UNHCR Needs Assessment for Refugee Emergencies checklist covers the protection sector; settlement development, shelter and core relief items; water, sanitation and hygiene; camp management and communal living; food security; and public health and nutrition.

343. As of June 2024, cash-based interventions were deployed in over 97 countries, targeting almost 2.2 million beneficiaries. Overall, mid-2024 cash assistance amounted to \$190 million – including 95 per cent with direct implementation.⁵⁵ Post-distribution monitoring of cash assistance shows positive reviews. In 2024, 98 per cent of households surveyed were either satisfied or very satisfied with cash assistance provided.⁵⁶

Figure II.VI

Distribution of cash-based interventions by region in 2023 and in mid-2024

(Thousands of United States dollars)



Source: Board of Auditors, based on cash-based intervention expenditure as at year-end 2023 and mid-year 2024. Data provided by UNHCR.

344. High amounts of cash-based interventions in a number of countries are linked to the emergency responses in Ukraine, the Sudan, Armenia and Afghanistan, and also in Gaza. The countries in which expenditure on cash-based interventions was highest as at mid-2024 include Ukraine (\$49.8 million), Lebanon (\$28.3 million), Jordan (\$28.2 million), the Republic of Moldova (\$23.4 million), Afghanistan (\$8.9 million), Mexico (\$5.9 million), Egypt (\$2.7 million), Burundi (\$2.5 million), Armenia (\$1.8 million), the Niger (\$1.7 million), the Central African Republic (\$1.7 million), the Sudan (\$1.5 million), the Syrian Arab Republic (\$1.5 million) and Türkiye (\$1.4 million). These countries account for 84 per cent of expenditure on cash-based interventions and 71 per cent of beneficiaries as at 30 June 2024.

345. Deployment of any cash-based intervention as an emergency response tool depends on certain criteria, assessed in a feasibility review. Such criteria include the market context, state and functioning of financial services in the country, protection analysis, and any additional risks or mitigation measures that might affect the feasibility of cash-based interventions.⁵⁷ Lessons learned from previous emergencies highlight the importance of including cash-delivery mechanisms in preparedness

⁵⁵ 2022–2026 UNHCR policy on cash-based interventions: “Operations will, wherever feasible, use direct implementation by setting up open loop transfer arrangements to deliver [cash-based interventions] and engaging the private sector for financial and mobile cash transfer capabilities and innovative solutions.”

⁵⁶ UNHCR, Post-distribution monitoring of cash-based interventions 2024.

⁵⁷ “Feasibility review – CBI in emergencies”, internal document.

actions, by mapping financial service providers in the country and signing contracts with them.

346. As of February 2025, 57 country offices had at least one active contract with a financial service provider, regardless of emergency risk levels.⁵⁸ In the case of countries at high risk of emergency, 28 per cent did not have a contract with a financial service provider, i.e., 9 out of 32 countries listed at high risk of emergency according to the Division of Emergency, Security and Supply monitoring tool.⁵⁹ In the case of four countries affected by emergencies in 2024 – Chile, the Congo, Costa Rica and the United Republic of Tanzania (where there is a government ban on the use of cash-based intervention for refugees)⁶⁰ – the country offices did not have any active contract with a financial service provider either, although cash assistance is often listed in their contingency plans. Although procurement processes are ongoing, no process has been launched yet in nine countries which are either at high risk of emergency or where cash assistance has already been deployed in 2024.⁶¹ It should also be noted that contracts with financial service providers do not exist in some of those countries, given that UNHCR has limited operational capacity in some of them (e.g. Haiti, Eritrea, Benin and Dominican Republic), while in others there is a government ban on the use of cash-based interventions for refugees (e.g. United Republic of Tanzania) and/or limited registration capacity (Cyprus and Congo).

347. In line with the “why not cash approach”, whereby cash-based intervention is given priority over in-kind assistance,⁶² emergency preparedness for cash assistance can be further strengthened. For country operations considering cash assistance as part of their emergency response tools, it is key for a rapid emergency response to ensure that contractual arrangements with a financial service provider have been formalized or are under development. Procurement and contracting of financial services in the above-mentioned countries could also benefit from a collaborative approach within the United Nations common cash system, in which UNHCR collaborates with UNICEF, WFP and the Office for the Coordination of Humanitarian Affairs. In this respect, UNHCR could consider leveraging existing contracts with other agencies.

348. The Board recommends that UNHCR strengthen emergency preparedness for cash assistance in country operations, through early engagement with financial service providers for countries at high risk of emergency and countries considering cash assistance in their contingency plans. Preparedness measures consist of mapping financial service providers and engaging in contractual arrangements with financial service providers and/or partners identified at the local level.

349. The Administration accepted the recommendation.

(c) Resources mobilization

(i) Finance

350. From a financial perspective, the onset of a crisis requires the swift allocation of additional resources to meet operational needs. The rapid mobilization of

⁵⁸ Data on active contracts with financial service providers, January 2025, provided by UNHCR.

⁵⁹ Data from countries at high risk of emergency, cross-referenced with data on contracts with financial service providers, January 2025. The nine countries mentioned above are Benin, Cyprus, the Dominican Republic, Eritrea, Haiti, Indonesia, Mozambique, Rwanda and Togo.

⁶⁰ The Congo and the United Republic of Tanzania have been affected by the emergency in the Democratic Republic of the Congo.

⁶¹ Data on active financial service provider procurement, January 2025, provided by UNHCR. The nine countries where no procurement processes have been identified are Benin, the Congo, Cyprus, the Dominican Republic, Eritrea, Haiti, Indonesia, Libya and the United Republic of Tanzania.

⁶² 2022–2026 UNHCR policy on cash-based interventions.

additional funds to address immediate emergency measures generally needs to be complemented by further fundraising efforts to address protracted situations.

a. Rapid mobilization of internal resources

351. UNHCR has established internal mechanisms to ensure the rapid availability of funds in emergency contexts. UNHCR has set aside resources for declared emergencies, based on the funding situation. For the ease of internal communication, these resources are known as an “emergency reserve budget”, while it should be noted that they are neither a reserve nor a budget, based on financial definitions. The emergency reserve budget is part of the operating level⁶³ and enables immediate access to additional resources through a simplified procedure. The amount set aside is approved annually by the High Commissioner and may be adjusted during the year based on the utilization of the set-aside funds. The amount set aside is determined by the funding projections for the year and adjusted based on the funding received. During the period 2020–2024, the set-aside funds were used to support up to 17 operations per year, with amounts ranging from \$37 million to \$99 million.

352. These set-aside funds are a critical instrument for enabling country operations to respond quickly in the first weeks of an emergency. In most cases, funds were released within 10 days of the declaration of emergency, and in some cases within 24 hours. This responsiveness supports immediate preparedness and life-saving actions, while more comprehensive resource mobilization efforts are being prepared.

Table II.11

Emergency fund over the past five years

(Millions of United States dollars)

	2020	2021	2022	2023	2024
Amount disbursed from the emergency reserve budget	37.0	77.4	71.3	99.0	56.6
Number of operations supported	16	17	9	14	16
Average amount distributed	2.3	4.6	7.9	7.1	3.5

Source: Board of Auditors, data provided by UNHCR.

353. However, several limitations affect the strategic use of this mechanism. First, the amounts made available through the set-aside funds are modest in relation to the scale of certain emergencies, and there is no systematic link between the declaration of an emergency and a sustained increase in budget allocations in subsequent years.

354. Second, while most disbursements occur rapidly, the time frames can vary significantly. In 2023, two level 3 emergencies received emergency funding after over one month from the declaration of the emergency, including a delay of 161 days for the Lebanon operation.

355. Lastly, provisions governing requests and the use of emergency funding may allow multiple requests for multiple emergencies within the same country, but the procedures remain dependent on operating level ceilings and internal consultations

⁶³ To implement the budget, the High Commissioner sets the operating level, which represents the maximum amount against which commitments and payments can be incurred by the operations and the headquarters entities (spending authority). The operating level is constantly reviewed and adjusted against past incurred commitments, expenditures and remaining available resources, so that it is a “moving target” that depends on the progressive confirmation of expected funding by the donors all throughout the year.

that may evolve during the year. As such, while the reserve plays an essential role in early response, its contribution to longer-term financial continuity remains limited.

b. Supplementary and emergency appeals

356. Beyond internal reserves, UNHCR can launch supplementary or emergency appeals to raise additional resources from public and private donors. These appeals are coordinated by the Division of External Relations, with thresholds set to guide the appropriate response: an “urgent needs” document is used for financial needs under \$10 million, a supplementary appeal may be issued for needs between \$10 million and \$50 million, and a supplementary budget is mandatory when needs exceed \$50 million.

357. These instruments allow UNHCR to mobilize large volumes of additional resources. In 2023, supplementary budgets totalling \$817.5 million were established to respond to six major emergencies, including the earthquakes in the Syrian Arab Republic and Türkiye, the Sudan crisis and the situation in Ukraine.

358. However, this approach also presents structural challenges. First, the definition of “emergency” used in appeals is not formally aligned with UNHCR internal declaration procedures. A situation may be referred to as an emergency in a fundraising context without having been declared as such under the policy on emergency preparedness and response. Second, there is no formal link between the emergency reserve and supplementary appeals. Funds raised externally do not replenish the reserve, and the reserve does not act as a bridge pending the outcome of appeals. As a result, operations must manage the transition between immediate and longer-term funding streams without a coordinated mechanism ensuring continuity.

c. United Nations pooled funds and country-level instruments

359. In addition to its internal and external mechanisms, UNHCR may benefit from pooled funding mechanisms managed by other United Nations entities. The most significant among these is the Central Emergency Response Fund, which provides rapid and targeted allocations in response to sudden-onset crises. In 2023, the Central Emergency Response Fund disbursed over \$660 million to United Nations agencies, including several UNHCR operations.

360. These funds can play a key role in supporting emergency response. In some operations, such as in Mozambique, the Central Emergency Response Fund has consistently contributed to priority activities such as shelter and health, representing between 5 per cent and 7 per cent of the total contributions since 2021. However, its short-term nature and strict earmarking limit its role in broader planning. In post-emergency contexts, the Central Emergency Response Fund may also provide support through the underfunded emergencies window, as in Burundi in 2024, where a \$1.5 million allocation was requested to maintain assistance following the acute phase of the El Niño response.

361. Other pooled funds exist at the country level, such as the Venezuela Humanitarian Fund, which supported UNHCR-led clusters with \$3.5 million in 2023. These funds offer greater flexibility and can be aligned with inter-agency response plans, but their availability depends on local governance structures and donor engagement.

362. Across its various funding mechanisms, UNHCR has developed a comprehensive set of tools to respond to emergencies. However, these tools operate independently and lack a common framework to guide their use throughout the life cycle of an emergency. The absence of a coherent funding framework can result in funding gaps, inconsistent planning and limited visibility for donors.

363. The multiplicity of definitions and procedures contributes to confusion in both internal and external communication. At the country level, operations must navigate several parallel processes with no unified entry point, while at headquarters, coordination between funding streams remains informal.

364. The Board acknowledges that UNHCR is already actively engaging with United Nations pooled funding mechanisms and encourages these efforts to continue. In the context of resource attrition, UNHCR should pursue ongoing initiatives such as the development of a revolving emergency facility⁶⁴ as a way to support emergency operations to help launch an emergency response, with clearly defined parameters for its use.

(ii) *Human resources mobilization*

365. UNHCR has a set of effective human resources mechanisms that contribute to supporting country operations for staffing in emergencies. UNHCR has improved its processes and mechanisms in recent years. Deployment management relies primarily on the regional UNHCR presence and on workforce arrangements handled by headquarters.

a. *Human resources mobilization for emergencies*

366. The response of UNHCR to the workforce requirements of country operations with declared emergencies appears to be adequate and well established. Deployment schemes are shared and agreed upon by the country operations, the regional bureaux and headquarters, especially the Division of Emergency, Security and Supply.

367. Once an emergency has been declared, the country operation can request support from headquarters and the regional bureau to discuss the temporary strengthening of the workforce in accordance with staffing requirements (in terms of size and skills) and available budget. In the first instance, the regional bureau and/or the country operations of the region send staff to missions in order to respond to the needs of the country operation in question.

368. For instance, to respond to the earthquake in Türkiye in 2023, the already large country operation (405 regular positions) complemented its workforce with eight temporary assignments and 209 deployed staff members. Similarly, the Armenia country operation, which declared an emergency in 2020/21 and again in 2023/24, experienced a staff increase of 116 per cent and 33 per cent, respectively. It also called for additional support from the regional bureau and the Emergency Response Team.

369. In addition to this support, four types of arrangements can be activated, at different stages of the emergency, during the immediate surge or a protracted emergency response, and in a complementary manner:

(a) Rosters: the Emergency Response Team, the senior corporate emergency roster, and the emergency functional rosters are the internal deployment capacities made available to operations for immediate surge and for short-term deployments (up to three months). As at 31 December 2024, 190 staff were part of the rosters;

(b) Division of Emergency, Security and Supply emergency surge team: staff from the Division at headquarters can be deployed as individuals or as a team at short

⁶⁴ UNHCR is planning to create an emergency revolving facility: a financial mechanism funded by softly earmarked public and private donors and based on multi-year donor commitments that would maintain a steady pipeline of emergency response capacity, in support of operational budgets.

notice “to provide emergency response coordination as well as specific technical support in declared emergencies”;⁶⁵

(c) Short-term temporary opportunities: internal temporary assignment for internal candidates, particularly for staff members in need of placement or in between assignments. Affiliate personnel such as United Nations Volunteers, individual consultants, individual contractors and individual contractors engaged through UNOPS can be deployed as well. Such recruitment is dedicated to ensuring a sustainable emergency response;

(d) Contracting with standby partners: UNHCR has arrangements with partners such as NGOs that can provide service packages or deploy individual experts for up to six months. These are usually used to ensure a sustainable emergency response, as they can be deployed for longer.

370. In 2024, UNHCR launched 67 roster deployments, seven emergency surge team deployments and 167 standby partner deployments.⁶⁶ The five main situations benefiting from deployments are the Sudan situation (66 deployments), the Middle East level 3 situation (Lebanon and Jordan, 23 deployments), the mass return of undocumented Afghan nationals (15 deployments), the Ukraine situation (14 deployments) and the Somalia situation (11 deployments). The personnel deployed were mostly assigned to protection, registration and field operations activities.

371. Fast-track positions can also be created. This arrangement allows UNHCR to accelerate the vacancy management process in order to strengthen the immediate surge capacity and aims to reduce the risk of mismatch between selected profiles and operational requirements. UNHCR is therefore trying to limit the use of this workforce arrangement, which needs to be mainstreamed or reduced to essential positions in the subsequent post-emergency period. As of April 2024, UNHCR is prioritizing use of internal temporary assignments and external temporary assignments over fast-track positions; such temporary assignments provide a cost-effective and forward-looking approach to emergency staffing, minimizing staff gaps at critical junctures and reducing the risk of excessive staff costs in the post-emergency period. The Board has noticed in the past an extensive use of fast-track positions in certain operations, such as in 2021, when the Myanmar country operation opened 35 such positions.

b. Post-emergency staffing review

372. Emergency response involves a significant modification of the way in which country operations are organized following the expiration of an emergency declaration and the initiation of a transition. With regard to the evolving situation, it requires an assessment of factors such as the appropriate size of the operation, the skills needed, modification of the type of activities (including in relation to the growing workload for durable solutions), caseload, budget availability and geographical footprint. However, staffing reviews are not systematic after an emergency, as acknowledged by UNHCR and observed by the Board in the field.

373. For instance, with regard to the Mozambique country operation, the Board noted the need to reassess the field presence and allocation of staff time and staff budget to categories of population in need during the forthcoming staffing review, in light of the current situation. Similarly, the Regional Bureau for Europe and the European

⁶⁵ UNHCR Emergency Handbook, Requesting emergency deployments from UNHCR internal mechanism.

⁶⁶ These figures include deployments commenced in 2024 and deployments commenced prior to 2024 but still active in 2024. The figures also include deployments in countries without emergency declarations.

country operations could adapt their workforce size and their skills in light of the challenges they face or anticipate facing. The Board reached the same conclusion regarding the Burundi country operation.

374. UNHCR requests post-emergency staffing reviews for a limited number of situations. In the operational guidelines on staffing in emergencies, it is stated that emergency operations with fast-track positions have to complete a mandatory staffing review before the next implementation year after the expiration of the emergency declaration. However, the use of fast-track positions is a declining practice within operations. In the operational guidelines on staffing in emergencies, it is indicated that UNHCR, at all levels, seeks to limit the creation of fast-track positions. It is also stated that, in other situations where an emergency declaration has expired, UNHCR, at all levels, seeks to conduct a staffing review after expiration of each emergency declaration and before the next implementation year to strategically plan for the post-emergency period, as part of the overall country strategic direction and structure.

375. Beyond the mandatory situation mentioned in the guidelines, staffing reviews are initiated at the request of the country operations. They are not necessarily conducted in post-emergency situations, despite the need to assess the appropriate size and skills of the organization, given the complementary imperatives of increasing transition activities and preparing to respond to a potential new emergency situation.

376. Staffing reviews are conducted by the country operations with the support of the regional bureaux, when requested. They can rely on a handbook for workforce planning.⁶⁷ Except for providing this toolkit, headquarters plays no role in the staffing review process, neither supporting the exercise nor ensuring that staffing reviews are conducted when necessary, in a timely and appropriate manner.

377. The Board recommends that UNHCR conduct a mandatory and comprehensive staffing review for country operations whose emergency declaration has expired prior to the start of the following implementation year.

378. The Administration accepted the recommendation.

(d) Emergency exit and post-emergency phase

379. Emergencies are declared for six-month periods, which cannot be shortened but can be extended for a further three months in the case of level 2 and level 3 emergencies. The end of the emergency phase does not mean that the crisis is over, but rather that the country operation and the regional bureau are able to respond to the ongoing situation, which may include continuing new displacements. The post-emergency phase is the period in which the emergency phase should be reviewed and evaluated, as the country operation and the regional bureau must enter a new phase in their management with the usual procedures.

(i) Methodology of the reviews and evaluations of the emergency phase

380. In the policy on emergency preparedness and response, it is stated that reviews should be conducted at the end of the emergency period and, that in some cases, real-time reviews and post-emergency evaluations should also be carried out.

381. Three months after a level 3 emergency is declared, the Division of Emergency, Security and Supply and the regional bureau should conduct a real-time review. A real-time review may also be conducted for a level 2 emergency if requested by the Assistant High Commissioner for Operations, which rarely happens, mostly due to the costs and workload it entails.

⁶⁷ UNHCR Workforce Planning Handbook, July 2023.

382. In the Emergency Handbook the aims of the review are described as being to take stock of the timeliness, appropriateness and effectiveness of the UNHCR response and engagement, at country, regional and headquarters levels, monitor the application of the policy on emergency preparedness and response and recommend adjustments and course corrections, if necessary.

383. These reviews, which can involve other relevant headquarters divisions besides the Division of Emergency, Security and Supply, generally include recommendations. The Board's analysis of two such reviews (of the Ukraine situation in 2022 and the Sudan situation in 2023) showed that they were conducted on time and that they were comprehensive and useful in helping the country operations and regional bureaux to adjust their management. They also contributed to the preparation of the final evaluation of the emergency period.

(ii) *Evaluations of emergency operations*

384. An evaluation should be conducted no later than 15 months after the declaration for all level 3 emergencies, and upon request by the senior executive team or the regional bureau for level 2 and level 1 emergencies. According to the UNHCR policy for evaluation, the Evaluation Office is responsible for conducting this evaluation.

385. The main objectives are to strengthen both the design of UNHCR operations and its emergency preparedness, to improve UNHCR performance and the results achieved for forcibly displaced and stateless persons through an analysis of the interventions, partnerships, immediate results and potential for longer-term impacts of UNHCR activities. The evaluation is also intended to help UNHCR further strengthen its policies, guidance, systems, humanitarian-development nexus and operational approaches.

386. The Emergency Handbook also specifies that evaluations of level 3 emergencies are commissioned and managed by the Evaluation Office, but conducted by independent external evaluators. It provides general guidance on methodology, terms of reference and key areas of enquiry.

387. The Board reviewed five evaluation reports (Democratic Republic of the Congo, central Sahel region 2022, Afghanistan, Ethiopia and Ukraine 2023) and one evaluation terms of reference (Sudan situation 2024). They are very comprehensive reports that provide extensive data and assessments of the emergency management. Although useful to UNHCR, they concern only level 3 emergencies and a very few level 2 emergencies. This narrows the scope of coverage and excludes from the analysis most level 2 and all level 1 emergencies, which constitute a large part of UNHCR-declared emergencies. It could be worthwhile for UNHCR, in the next year, to conduct an in-depth review (more thorough than the post-emergency phase reviews described in subsect. 6 (d) (iii) of one level 1 and one level 2 emergency operation in order to provide a more comprehensive view of UNHCR emergency responses.

388. The Board recommends that UNHCR conduct an in-depth review of a sample comprising at least one level 1 and one level 2 emergency response.

389. The Administration accepted the recommendation.

(iii) *Post-emergency phase reviews*

390. Post-emergency reviews are the third category of reviews and evaluations stipulated in the policy and the standard operating procedures. The standard operating procedures indicate that these reviews should be conducted, "at the end of the declaration", for all level 1, level 2 and level 3 emergencies. It is not specified whether they are public or internal reviews, but they are likely to be internal, allowing UNHCR

entities to publish selected contents at their discretion. It can be noted that the scope of the review is broad and thorough. However, it would be preferable for one of the most important reviews, the staffing review, to be explicitly mentioned in the wording of the standard operating procedures.

391. Unlike real-time reviews and evaluations, post-emergency reviews are not mentioned in the Emergency Handbook and the Board did not find any other UNHCR documents describing more precisely what these reviews should include or aim to achieve.

392. These reviews were introduced in 2023 in the new emergency policy and are applicable only for emergencies declared after 1 February 2023. Although the duration of an emergency is six or nine months, the Division of Emergency, Security and Supply had not provided the Board with any review report as of February 2025. This suggests either that the policy is not being implemented or that the reviews are conducted in an informal manner and do not result in written reports.

393. The Board recommends that UNHCR describe the format, terms of reference and timeline of the post-emergency reviews in the Emergency Handbook and that the Division of Emergency, Security and Supply and the regional bureaux ensure that these reviews are actually conducted at the end of each declaration.

394. The Administration accepted the recommendation.

(iv) Use of the reviews and evaluations

395. Post-emergency reviews (when conducted), real-time reviews and evaluations represent a significant effort in human resources and entail a cost for UNHCR. It is assumed that their results are taken into consideration to adjust strategies, improve preparedness and increase the efficiency of crisis management. However, they are not formalized and explicitly stated in the policy, the guidance and the standard operating procedures on emergency preparedness and response or emergency declarations. There is a separate policy on evaluations in UNHCR, while the emergency policy regulates real-time and post-emergency reviews. There are also operational guidelines on staffing in emergencies, which cover staffing reviews and the post-emergency phase.

396. Notably, in neither the instructions nor the guidance on the contingency plans and the risk registers is it formally mentioned that these documents should include lessons learned from previous emergencies as reflected in the post-emergency reviews, the real-time reviews and the evaluations of emergency responses.

397. The Board recommends that UNHCR take into account the lessons learned from post-emergency reviews and from evaluations of emergency responses in drafting risk registers and contingency plans. The future revision of the policy on emergency preparedness and response should also be informed by these lessons learned.

398. The Administration accepted the recommendation.

399. In countries that have gone through crises and in countries with a high risk of crises, staff are trained and prepared for potential emergencies; however, the scope of the training does not explicitly mention the lessons learned from previous crises. A presentation of lessons learned would also be useful for headquarters and for country operations with a lower level of risk as these countries could be affected by crises in neighbouring countries, and staff of those country operations may also be reassigned to other operations.

400. The Board recommends that UNHCR reach a wider audience within the organization through its capacity-development activities on emergency preparedness and response, including lessons learned from previous emergency experiences.

401. The Administration accepted the recommendation.

(v) *Main lessons learned from the emergencies declared since 2021*

402. In September 2023, the Division of Emergency, Security and Supply issued a report entitled “Emergency Preparedness and Response – Recurring Issues and Lessons Learned 2021–2023”. This report provides relevant information regarding the post-emergency phase.

403. The report provides a summary of the main recurring issues and lessons learned from five evaluations (Democratic Republic of the Congo, central Sahel region, Ethiopia, Afghanistan and Ukraine), three OIOS audits (East and Horn of Africa and the Great Lakes, Burkina Faso and Mali) and one real-time review (Ukraine), as well as reports and summary notes from various emergency missions, reviews, meetings and lessons-learned exercises, for which no description is given.

404. This document is primarily focused on level 3 emergencies although, from 2021 to 2023, they accounted for less than 20 per cent of the total declared emergencies. As mentioned previously, it would be useful to be able to analyse a sufficient number of post-emergency reviews, as defined in the policy and the standard operating procedures to gain a more comprehensive overview of all UNHCR emergency responses.

405. The recurring issues and recommendations highlighted in the report concern emergency preparedness, human resources, supply, the post-emergency phase, emergency processes and procedures, operationalization of policy, and roles, accountabilities and authorities. The contents of the report have been taken into consideration in the Board’s analysis.

406. The first recommendation issued is the following: “The evaluations often found that with the expiration of an emergency declaration and the tailing off of additional support, the operation’s capacity and funding levels could no longer sustain the gains made during the response. It was recommended that regional bureaux should support operations with a robust regional fundraising and advocacy plan before, during, and after emergency declarations, and that operations should proactively adjust priorities before the expiry of the declaration, based on forecasted needs and considering resource availability”. The Board concurs with this double recommendation that regional bureaux support country operations with regional fundraising and advocacy plans before, during and after emergency declarations and that country operations adjust their priorities before the end of the emergencies. Although they seem based only on evaluations, in other words, mostly for level 3 emergencies, these recommendations should concern all emergency declarations.

407. The second recommendation is that specific guidance be drafted on the transition from an emergency to a regular operational response: “The new policy introduced a post-emergency phase, thereby addressing the recommendation that UNHCR establish a mechanism to maintain an adequate response capacity and ensure operational continuity once an emergency has expired. However, further guidance – ideally in collaboration with DSPR and divisions such as DIP, DHR and DRS – on the transition from an emergency to a regular operational response (including the multi-stakeholder transition discussion and post-emergency phase) would be beneficial for operations.” The Board noted that this guidance has not yet been drafted. The Division of Emergency, Security and Supply is working on a more general document about sustainable response, involving extensive internal and external consultations, but

practical guidance on the transition phase for country operations and regional bureaux would also be useful.

408. The Board recommends that UNHCR draft guidance on the transition from an emergency to a regular operational response.

409. The Administration accepted the recommendation.

C. Transmissions of information by management

1. Write-off of losses of cash, receivables, inventories and property

410. In accordance with rule 605.1 of the financial rules for voluntary funds administered by the High Commissioner for Refugees, the High Commissioner may, after investigation, authorize the writing-off of losses of assets, including cash, inventories and property, plant and equipment, provided that a statement of all such amounts written off is submitted to the Board with the annual financial statements submitted in accordance with rule 602.1.

411. UNHCR reported that it had formally written off assets of \$3.8 million (2023: \$3.9 million). The write-offs refer primarily to unrecoverable value added tax. Write-offs of monetary assets represented \$3.7 million, and write-off of other assets related to loss of property, theft or damage amounted to a net book value write-off of \$98,656.

2. Ex gratia payments

412. In accordance with UNHCR financial rule 511.1, the High Commissioner may make such ex gratia payments as are deemed to be necessary in the interest of the organization, provided that a statement of such payments shall be submitted to the Board with the financial statements.

413. UNHCR reported that, for 2024, it had decided to make ex gratia payments in three country offices for a total amount of \$1,462,836 which related to different difficult situations and mainly included compensation for the loss of, or damage to, personal effects due to evacuation and relocation of staff in the Sudan. For 2023, UNHCR had approved ex gratia payments in the amount of \$43,782. That information corresponds with the review of the Board of the financial and management records of UNHCR.

3. Cases of fraud and presumptive fraud

414. In accordance with the Financial Regulations and Rules of the United Nations, the report of the Board of Auditors should refer to cases of fraud or presumptive fraud (annex, para. 6 (c) (i)). The role of the external auditor is not to investigate fraud or provide assurance on the matter. The primary responsibility for preventing and detecting fraud rests with management. Nevertheless, in accordance with the International Standards on Auditing (ISA 240), the Board plans its audits of the financial statements so that it has a reasonable assurance of identifying material misstatements, including those resulting from fraud.

415. UNHCR reported 54 cases of substantiated fraud during 2024, including 5 cases by implementing partners, resulting in financial losses of \$0.3 million (2023: \$0.4 million). Of the 54 cases, 41 were committed by staff members and 3 by vendors. The staff cases involved entitlement/benefit fraud, procurement fraud, medical insurance fraud and other fraud. As at 31 December 2024, 42 fraud cases were still under investigation by the Inspector General's Office.

D. Acknowledgement

416. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the High Commissioner, the Deputy and Assistant High Commissioners, the Controller and members of their staff.

(Signed) Pierre **Moscovici**

First President of the French Cour des comptes

(Lead Auditor)

Chair of the Board of Auditors

(Signed) Hou Kai

Auditor General of the People's Republic of China

(Signed) Vital **do Rêgo Filho**

President of the Brazilian Federal Court of Accounts

23 July 2025

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2023

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
1	2023	A/79/5/Add.6 , chap. II, para. 29	The Board recommends that UNHCR achieve a level of processing of financial reports from implementing partners that is at least as high as in the previous enterprise resource planning system at a comparable time within the annual reporting cycle.	For 2024 partnership project agreements, UNHCR is using PROMS, its new reporting, oversight and monitoring system, to process project financial reports. Training and guidance have been provided to field offices, effectively addressing the reporting challenges faced in 2023. By mid-March 2025, UNHCR had processed about 75 per cent of the 2024 project financial reports – a significant increase from about 40 per cent in the first year. In Europe, processing has reached approximately 90 per cent.	The Board acknowledges the substantial improvements compared with 2023, as evidenced by the fact that the processing of project financial reports reached 75 per cent compared with 40 per cent in the last reporting period and considers 82 per cent processing of project financial reports by mid-March (representing the average rate from the legacy system) to be a relevant threshold for implementation. The Board is of the view that for 2024, given the financial volumes at stake, the 7 per cent gap compared with the threshold, representing \$85.9 million, coupled with the 2023 project financial reports totalling \$29 million still not processed to date, does not yet enable closure of the recommendation, which is considered as under implementation.		X		
2	2023	A/79/5/Add.6 , chap. II, para. 36	The Board recommends that UNHCR, for the next financial year, implement an automated report within the Cloud ERP system that enables it to control, at the entity level, all uninvoiced receipts that are accrued at the end of the reporting period.	UNHCR planned to automate period-end receipt accruals but abandoned the solution due to technical and performance issues. Instead, a new Oracle Fusion Data Intelligence report is now used to track uninvoiced receipt amounts by business unit and purchase order. While it meets most operational needs, the vendor still needs to address issues to enable period-end accrual reporting.	The Board acknowledges the efforts of UNHCR to implement the recommendation and has reviewed evidence of an aggregated report, the data granularity of which should enable a central review of accruals for all uninvoiced receipts at the entity level. However, after consultation with the Division of Financial and Administrative Management, additional testing is required which cannot be completed by the end of the audit mission. The Board considers the recommendation under implementation.		X		

No.	year	Audit report Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
3	2023	A/79/5/Add.6 , chap. II, para. 46	The Board recommends that UNHCR monitor the implementation of scheduled automations in the Cloud ERP system to ensure that they are fully in place and reliable for the next reporting period.	UNHCR will continue to monitor the system processes that are still manually operated and that can eventually be reliably scheduled and automated. These could include, for example, accounts payable invoice validations, invoice approval initiation, invoice accounting, auto-reconciliations of bank statements and other processes related to activities for opening and closing accounting periods.	The Board takes note of UNHCR progress and provided the schedule of automations to be confirmed by UNHCR to close the recommendation. The recommendation is still considered to be under implementation.		X		
4	2023	A/79/5/Add.6 , chap. II, para. 66	The Board recommends that UNHCR strengthen user's rights and access management for the Cloud ERP system by: (a) performing a review of all users with privileged roles; (b) activating automated advanced access controls to detect inappropriate role combinations; (c) implementing advanced financial controls and developing procedures to clear inappropriate transactions; and (d) using advanced audit controls to track atypical use of the enterprise resource planning system.	UNHCR: (a) Continues to remind focal points in operations to perform frequent reviews of the roles and privileges in their area of responsibility and ensure that reports are available; (b) Has started the implementation of the advanced access controls to highlight conflicting privileges. Some of the controls are already in production; (c) Has implemented some of the advanced financial controls, the first of which are already live in production while others are planned for roll-out in 2025.	Since December 2024, the implementation of advanced access controls and advanced financial controls improved, though the lack of resources and time affected the speed of implementation. A training session to apply those controls was delivered in December 2024. Two advanced access controls are currently in production. A seven-step methodology has been established to assess potential conflicts and determine whether to remove roles or accept the associated risks. Other necessary advanced access controls and advanced financial controls are in the pipeline, but no deployment schedule has been defined. Meanwhile, UNHCR is working on a project to streamline roles, establish rules for auto-provisioning and de-provisioning, reduce manual handling to exceptions and identify ageing inactive roles. The Board takes note of UNHCR progress and considers the recommendation to be under implementation.		X		

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						Implemented	Under implementation	Not implemented	Overtaken by events
5	2023	A/79/5/Add.6 , chap. II, para. 82	The Board recommends that UNHCR improve the management of incidents for the Cloud ERP system by: (a) enforcing maintenance clauses in the service-level agreement with the provider; (b) reducing the number of travel process incidents, starting with the most critical ones; and (c) using the regular incident classification to more appropriately assign the incidents.	(a) UNHCR has already implemented the recommendation by collaborating with the product vendor and maintenance provider to prioritize incidents. In 2024, additional resources were utilized to clear the travel issue backlog, resolving key concerns in the first half of 2024; (b) UNHCR and the provider now use the category and subcategory fields to analyse the incident root causes. In addition, ServiceNow resolution groups are periodically reviewed to ensure appropriate incident classifications.	The Board acknowledges UNHCR progress and considers the recommendation implemented.	X			
6	2023	A/79/5/Add.6 , chap. II, para. 95	The Board recommends that UNHCR strengthen the management of information technology security by: (a) continuing to implement, on a yearly basis, the self-assessment questionnaire initiative and adapting the staff security training accordingly; (b) developing specific training sessions for the information security focal points; and (c) pursuing anti-phishing campaigns and adapting training and communication on that threat accordingly.	(a) The administration (the Division of Information Systems and Telecommunications) continues to implement the annual self-assessment questionnaire; the 2024 self-assessment questionnaire is now complete, with full response coverage, and interim results show significantly better (self-assessed) results than 2023; (b) Updated cybersecurity awareness training material for the workforce to reflect changes in the environment went live on 1 July 2025. Targeted training for personnel most susceptible to cyberattacks (e.g. repeat offenders in phishing exercises) is still under review due to logistical challenges; (c) UNHCR has continued anti-phishing campaigns, but has suspended new testing in light of the current financial constraints.	In 2024, the Chief Information Security Officer conducted the self-assessment questionnaire on information technology security across all countries, which showed improvements, although some topics in the self-assessment questionnaire cannot be centrally verified. The reliability of the information reported is directly linked to the expertise of local cybersecurity focal points. The online cybersecurity training completion rate was high at 94 per cent, close to the 95 per cent target, but the results of the December 2024 phishing campaign were poor, with 14 per cent of users caught, compared with 8 per cent in June 2024. To address this, improvements in security awareness training are planned for 2025, with a focus on more vulnerable user groups. Given the anticipated reduction in local resources, discussions with the new Chief		X		

					Status after verification			
Audit report		Board's recommendation	Management/Administration's response	Board's assessment	Under		Not Overtaken	
No.	year				Implemented	implementation	implemented	by events
7	2023	A/79/5/Add.6 , chap. II, para. 131	The Board recommends that UNHCR: (a) define a strategy to bring its budgeting methodology in line with the Global Compact on Refugees, with a programme of work that better describes the organization's role and comparative advantage in relation to what is being done by other stakeholders, and in line with sustainable programming; and (b) consult and agree with Member States on the most suitable ways to expand and improve information on allocations, priorities, trade-offs and urgent gaps based on funds available against the approved programme of work, so that they have greater visibility regarding and understanding of UNHCR activities on the ground, including, but not limited to, the provision of improved	Sustainable programming reinforces the principles of the 2018 Global Compact on Refugees by engaging multiple stakeholders to include and empower forcibly displaced persons, promoting self-reliance and reducing dependency on humanitarian aid. In 2024, UNHCR strengthened its commitment to this approach across all operations, with 11 priority operations focused on inclusive, people-centred solutions. Budget reviews for non-transactional activities (e.g. engagement with development partners), are necessary, with each country tailoring actions to its context. UNHCR needs-driven budgeting and multi-year planning, enabled by COMPASS, supports the implementation of the Global Compact on Refugees and integrates stakeholder contributions to enhance sustainable programming. In relation to subparagraph (a), regional bureaux will support country operations in developing a clear implementation road map, with refined guidance clarifying	Information Officer highlight the need for full recentralization of information technology security management to headquarters to better manage local risks. The Board acknowledges UNHCR progress and considers the recommendation to be under implementation. In light of actions that have been taken by UNHCR, notably at the country operations level, the Board considers the recommendation to be under implementation.		X	

No.	year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
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			information in the budget and funding updates provided three times a year.	the role of UNHCR in planning, budgeting, and results. Regarding subparagraph (b), consultations continue with Member States on information-sharing, including in the context of the meeting of the Standing Committee of the Executive Committee. In 2024, UNHCR improved transparency on allocations, priorities and trade-offs, including through presentations to the Standing Committee, the <i>Global Report</i> and the "underfunded report".					
8	2023	A/79/5/Add.6 , chap. II, para. 132	The Board also recommends that UNHCR improve its needs assessment methodology in order to better inform the budget process.	In relation to the development and implementation of detailed guidance on sustainable programming (see the response to para. 131 of the Board's report for the year ended 2023), UNHCR is planning to update its needs assessment handbook and further strengthen its recently launched assessment and monitoring resource centre, which provides practical tools for planning various assessments. An assessment module will be included in the e-learning course accompanying the programme handbook that was launched in early 2025. Consultations with headquarters divisions, regional bureaux and field operations will help improve available guidance to ensure that assessment data better inform budget preparation.	Given that actions have been planned under different streams connected to needs assessment and sustainable programming, the Board considers that the recommendation is under implementation.		X		

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						Implemented	Under implementation	Not implemented	Overtaken by events
9	2023	A/79/5/Add.6, chap. II, para. 171	The Board recommends that UNHCR leverage its resource mobilization strategy, including the new private sector engagement strategy to: (a) increase both the volume and quality of its voluntary contributions, in terms of flexibility, multi-year visibility and diversification, including by demonstrating to donors the impact of its operations; and (b) assess the pros and cons and feasibility of progressively introducing new financing models.	UNHCR is finalizing its new private sector engagement framework in 2025. This organization-wide approach is aimed at attaining results that encompass solutions and income and at harnessing the full potential of the private sector. Sustained and increased investment in the acquisition and retention of new supporters will continue to be essential in its delivery. In addition, UNHCR is assessing the feasibility of introducing new financing models and will complete this assessment by the end of 2025. UNHCR also plans to address any further action points, including consultation with Member States as appropriate, in 2025 and 2026.	The Board considers the recommendation to be under implementation, pending finalization by UNHCR of its new private sector engagement framework, the feasibility assessment of new financing models, and potential consultations with Member States.		X		
10	2023	A/79/5/Add.6, chap. II, para. 218	The Board recommends that UNHCR define and implement a comprehensive strategy to increase its efficiency, identifying desirable business process re-engineering, opportunities to consolidate back-office functions at a global or regional level, taking advantage of the digital transformation resulting from the business transformation programme, and ensuring that the organization develops measures to monitor and report on that strategy.	UNHCR will present a “deliver better” road map by mid-2025, outlining a corporate value-for-money framework (including definition, monitoring tools and dashboards) and highlighting key flagship projects. A global shared service model for enabling functions will also be introduced, centralizing non-location-specific transactional activities to boost efficiency through automation, digitization and the use of artificial intelligence. In addition, the Transformation and Change Service has been replaced by the Design and Development Service, which will support the UNHCR management vision and advise on the optimization of organizational structures, processes and systems to achieve strategic priorities,	The Board considers the recommendation to be under implementation, pending presentation by UNHCR of the “deliver better” road map, and the implementation of the upcoming global shared service model for enabling functions, centralizing non-location-specific transactional activities for greater efficiencies.		X		

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11	2023	A/79/5/Add.6 , chap. II, para. 241	The Board recommends that UNHCR strengthen the quality of its reporting on budget and results to both the Executive Committee and donors, and better use the performance framework as a managerial tool for the organization.	including those of the Global Compact on Refugees. UNHCR introduced a new results-based management system in 2021 to better demonstrate impact and outcomes from its work. The first <i>Global Report</i> using this framework was published in June 2023, followed by the second report in July 2024. The <i>Global Report 2023</i> , issued in 2024, was recognized by Member States for its quality, analysis and usability. In addition, in 2025, the new business transformation systems will be fully operational, enabling better integration of financial, operational and results data.	The Board considers the recommendation to be under implementation, pending publication of the <i>Global Report 2025</i> . The upcoming <i>Global Report</i> will take further the results-based management system introduced in 2021, by presenting results at output level, using core output indicators, and in enabling areas.		X		
12	2023	A/79/5/Add.6 , chap. II, para. 262	The Board recommends that UNHCR strengthen its strategy and knowledge of the large camps, in particular by: (a) defining priority actions; (b) regularly collecting and updating quantitative and qualitative operational data on the populations concerned, including by means of statistical estimates; and (c) providing structured communication on the situation in the camps and the results of their management.	Regarding subparagraphs (a) and (b), UNHCR will define priority actions aligned with the measures addressing recommendations on camp management, particularly alternatives to camps; registration; identity management; needs and expenditure data; and gender-based violence risk mitigations, as detailed in responses to paras. 278, 301, 316 and 352 of the Board's report for the year ended 2023. To address subparagraph (c), UNHCR will develop a statistical methodology for camp estimates and establish a site management system integrated with enterprise data as the only source for operational data. The site management system will be accessible through a revamped UNHCR data portal, providing more structured information on camp situations.	In light of actions planned by UNHCR regarding each of the three parts of the recommendation, the Board considers that this recommendation is under implementation.		X		

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						Implemented	Under implementation	Not implemented	Overtaken by events
13	2023	A/79/5/Add.6 , chap. II, para. 278	The Board recommends that UNHCR expand the initiatives to promote, where possible, a variety of alternatives and exit solutions to large camps.	UNHCR will issue new urban guidance in 2025, promoting alternatives to encampment and supporting urban responses. This builds on the Berlin round table in July 2024 and the Executive Committee consultations in October 2024, which introduced the “sustainable responses” concept to Member States. As a result, UNHCR is developing detailed guidance to support multi-year planning focused on inclusion, self-reliance and engagement with development actors and the private sector. Field support will be provided in contexts with large camps. In collaboration with UN-Habitat and the World Bank, guidance is being prepared on transforming camps into sustainable settlements, including lessons from the Shirika plan in Kenya. A joint webinar was held in July 2024. UNHCR is also: (a) Monitoring settlement-related pledges of the 2023 Global Refugee Forum; (b) Facilitating knowledge exchange among countries hosting large camps; (c) Promoting its guidance on “inclusion from the start”, which emphasizes the avoidance of encampment; (d) Integrating this approach into emergency roster training.	The Board considers that the recommendation is under implementation, in light of actions that have been taken by UNHCR and pending the issuance of a new urban policy or guidance.		X		

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14	2023	A/79/5/Add.6 , chap. II, para. 301	The Board recommends that UNHCR improve registration processes in large camps, including by: (a) reviewing the Guidance on Registration and Identity Management in order to foster a continuous registration approach in a one-year cycle and to set verification schedules in case that approach is not feasible; (b) reinforcing capacity-building and support on anti-fraud procedures and ensuring a full application of the new policy and procedures on addressing fraud committed by forcibly displaced and stateless persons, including the nomination of fraud focal points where required; and (c) implementing an interoperability gateway in all operations in which data are exchanged between UNHCR and WFP.	(a) The Global Data Service will review and update the guidance with a view to shifting as much as possible to a continuous registration effort and leveraging the digital gateway as the most cost-efficient option to verify presence in a non-verification setting. While guidance can be developed in 2025, the implementation of this feature of the digital gateway will continue into 2026; (b) Anti-fraud focal points will be nominated in operations with large camps and the revision and relaunch of the integrity e-learning course to address the new policy and procedures is expected to be completed in 2025; (c) UNHCR has successfully implemented two data exchanges with WFP, using an interoperability data gateway in Ecuador and the United Republic of Tanzania. UNHCR will coordinate with WFP at headquarters level to design and implement a global roll-out plan to cover all operations where data are exchanged.	In light of actions that have been planned by UNHCR, the Board considers that the recommendation is under implementation.		X		
15	2023	A/79/5/Add.6 , chap. II, para. 316	The Board recommends that UNHCR better inform the budget process with the needs and expenditure associated with the management of large camps.	UNHCR planning and budgeting occur at the country level, using a bottom-up approach. Needs assessment, budgeting, planning and implementation for large camps follow the same process as other planning and budgeting, with no separate process for large camps. Feasibility and technical assessments are being prepared to	In light of actions that have been planned by UNHCR, the Board considers that the recommendation is under implementation.		X		

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16	2023	A/79/5/Add.6 , chap. II, para. 335	The Board recommends that UNHCR strengthen its relations with the United Nations resident coordinator to better integrate refugee issues into the system-wide United Nations strategy in the host country, in order to develop synergies and avoid duplications.	find suitable ways to better identify needs and expenditure for camp management, enhancing knowledge and improving budget preparation and management. UNHCR emphasizes close collaboration with the Development Coordination Office and resident coordinators to advance the inclusion of refugees in national plans and promote early solutions-oriented engagement. A policy-level dialogue in January 2025 explored the roles of resident coordinators in linking with government transition plans and strengthening agency coordination from the onset of emergencies. A guidance note now clarifies the roles of refugee coordinators and resident coordinators across the humanitarian-development nexus. UNHCR and the Development Coordination Office are also working to support resident coordinator offices to access financing for the strengthening of systems in complex emergencies. The United Nations Common Pledge 2.0 on refugee inclusion, and the UNICEF-UNHCR strategic cooperation framework have enabled deeper collaboration with resident coordinators, enhancing refugee integration into United Nations strategies and government engagement. A joint webinar on the pledge and sustainable responses was planned for June 2025. In 2024, United Nations country teams aligned efforts with	The Board considers that this recommendation is under implementation, in light of actions that have been taken by UNHCR, some of which are still ongoing.		X		

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				national plans, achieving milestones such as refugee participation in the 2024 census in Morocco, inclusion in the Moldova 2025–2027 development plans, and joint advocacy in Indonesia.					
				UNHCR and UNICEF continued to promote the inclusion of refugee children in national systems. To date, 20 letters of understanding have been signed, and plans are under way in 40 countries to operationalize the partnership in the areas of education, water and sanitation, child protection, social protection and data, as well as statelessness.					
17	2023	A/79/5/Add.6 , chap. II, para. 352	The Board recommends that UNHCR better identify and mitigate the risks related to the protection of forcibly displaced and stateless persons in large camps, including those concerning gender-based violence, and reinforce capacity-building in that field.	The identification of and response to protection risks for persons living in large camps is primarily carried out at country level in the context of multi-year protection and solutions strategies. These efforts will be pursued and strengthened. In particular, UNHCR will support operations in their efforts to implement and monitor risk mitigation activities related to the prevention of gender-based violence across UNHCR sectoral responses, within available resources. Regional bureaux will also advise operations to assess whether substantial residual risks exist in protection or other sectoral programming and reflect them in their risk register to ensure that they are managed accordingly.	The Board considers that the recommendation is under implementation.		X		

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18	2023	A/79/5/Add.6, chap. II, para. 364	The Board recommends that UNHCR study ways of improving coordination in the management of the large camps, by clearly defining, through an update of the Refugee Coordination Model, the priority tasks entrusted to UNHCR and those for which the other partners are responsible.	UNHCR has enhanced large camp coordination by providing more streamlined, flexible and effective support to refugee responses. The updated Refugee Coordination Model was issued in October 2024 (https://www.unhcr.org/handbooks/rcm/). The recalibrated Refugee Coordination Model reflects over a decade of experience and input from United Nations agencies and NGOs. It addresses global operational developments and includes a new refugee emergency response scale-up protocol, which sets clear timelines and steps for rapid, inclusive and predictable emergency responses. The Refugee Coordination Model also promotes context-specific coordination, national ownership and a whole-of-society approach, recognizing host government leadership and the role of civil society, including refugee-led organizations. It supports resilience and solutions from the outset and ensures coordination structures remain fit for purpose as needs evolve.	While the Board highlights that the Refugee Coordination Model does not cover the camp coordination and camp management sector, the updated model clearly identifies UNHCR accountabilities and roles, as well as coordination structures with other partners, including newly added refugee emergency response scale-up protocol. In light of the recalibrated Refugee Coordination Model, the Board considers that the recommendation has been implemented.	X			
19	2023	A/79/5/Add.6, chap. II, para. 378	The Board recommends that UNHCR improve reporting on the management of large camps, including costs and results achieved, and develop scenarios for generating savings and increasing efficiency and effectiveness.	UNHCR refers to its comments above relating to the recommendation contained in paragraph 241 of the Board's report for the year ended 31 December 2023. Core output indicators presented in the <i>Global Report</i> will be used to better understand costs and results achieved in large camps to inform management decisions on efficiency and effectiveness,	The Board considers that the recommendation is under implementation.		X		

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20	2022	A/78/5/Add.6 , chap. II, para. 63	The Board recommends that UNHCR take the opportunity of the new Cloud ERP system to improve the quality of the freight costs calculation.	during planning and implementation phases. UNHCR has implemented a revised approach for calculating freight costs using the information and functionalities available with the Cloud ERP system. In Cloud ERP, capitalizable freight and other relevant and material costs incurred to bring goods to their location of distribution or internal use are identified and added to the purchase value of inventory and fixed assets on hand in a standardized and structured manner. The selected approach ensures that inventory is valued at year end in accordance with IPSAS requirements in an appropriate and cost-effective manner. Furthermore, the chosen solution can be scaled up if necessary and useful to calculate ancillary cost uplifts at a global, regional or operational level.	The Board reviewed the revised approach for calculating freight costs using information and functionalities available with the Cloud ERP system (including enhancements made in April 2025 during the final audit mission). The Board agrees that the current freight cost calculation is compliant with IPSAS requirements and considers the recommendation as implemented.	X			
21	2022	A/78/5/Add.6 , chap. II, para. 212	The Board recommends that UNHCR adopt, as a complement to the issuance of its corporate risk appetite statement, a consistent methodology for defining internally its tolerance for operational risks at the field level.	While not yet fully implemented, significant progress has been made on the global risk appetite statement. Following extensive consultations across UNHCR, it has been endorsed by the Field Reference Group and presented to the Senior Management Committee. Final director-level feedback is being addressed before submission to the senior executive team. The first four pilot country operations (Ethiopia, Kenya, Sudan and Ukraine) have all identified and begun collecting data on key risk indicators and produced initial reports. Based on	The Board considers that the recommendation is under implementation.		X		

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				these, a practical guide and a library of indicators were developed to support field operations. A separate document links country reports to the global risk appetite. These tools were applied in the fifth pilot in the Democratic Republic of Congo, which initiated risk appetite work in October 2024.					
22	2022	A/78/5/Add.6 , chap. II, para. 267	The Board recommends that the Administration revise the 2021 procurement framework by (a) lowering the threshold for formal solicitation to ensure effective monitoring and oversight of procurement actions; and (b) addressing key loopholes, particularly in terms of planning, training and staff qualifications.	(a) With regard to monitoring and oversight, the revised policy and administrative instruction on procurement, approved in December 2024 and February 2025, respectively, and effective as of May 2025, introduce major procedural changes; (b) With regard to planning, a strategic approach to planning, focused on consolidation of needs, is adopted in the new policy. The revised administrative instruction enhances the procurement planning process through consolidated procurement plans, linked to multi-year strategies and annual implementation plans, and clarifies the role of the supply function; (c) With regard to training and staff qualifications, through the document "Supply function description and benchmark", issued in September 2023, and now linked to the policy on procurement, UNHCR defines standard regional bureau structures, to support the supply strategy and new planning approaches. Staff training, including Chartered Institute of	UNHCR has revised its policy on procurement (PL/2025/01), and issued an administrative instruction on procurement in 2025 (UNHCR/AI/2021/05/Rev.2. In light of changes to the procurement procedures and principles provided by the updated policy and the administrative instruction, the Board considers that the recommendation has been implemented.	X			

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				Procurement and Supply certification, was expanded in 2024; (d) In addition, new tools and standard dashboards based on Cloud ERP data have been introduced to aid the supply function.					
23	2022	A/78/5/Add.6, chap. II, para. 297	The Board recommends that UNHCR enhance strategic leadership on procurement at the highest level and allocate as efficiently and effectively as possible the procurement activities to be carried out at the country operation, regional bureau and headquarters levels.	Revised procurement framework: The updated policy and administrative instruction on procurement, effective 15 May 2025, introduce major procedural changes aligned with the supply strategy. They redefine roles, accountabilities and authorities, enhance regional bureau oversight and standardize regional supply structures. Regional bureau oversight: A complexity- and proximity-based approach strengthens regional bureaux as the second "line of defence" for complex procurement, with delegation based on risk and capacity assessments. Planning and monitoring: The revised administrative instruction links procurement planning to multi-year strategies. Consolidated procurement plans are updated biannually and reviewed regionally to identify efficiencies. While no purchase order plan exists, consolidated procurement plans guide solicitation and contract management. Cloud ERP dashboards track purchase order life cycles and provide real-time freight updates via Oracle Transportation Management.	UNHCR has revised its policy on procurement (PL/2025/01), and issued an administrative instruction on procurement in 2025 (UNHCR/AI/2021/05/Rev.2. In light of changes to the procurement framework and procedures, including on the regional bureau's oversight role, provided by the updated policy and the administrative instruction, the Board considers that the recommendation has been implemented.	X			

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24	2022	A/78/5/Add.6 , chap. II, para. 315	The Board recommends that UNHCR define and implement a prioritized demand and supply plan for each entity, and define tools and additional mechanisms to monitor procurement throughout the year.	Category management: A new approach ensures strategic categories are managed at headquarters or regional level, improving global access and control. The updated administrative instruction, effective 15 May 2025, strengthens links between the multi-year programme cycle and procurement planning. It introduces: (a) Biannual consolidated procurement plan updates (July and December), aligned with annual implementation plans; (b) A lower threshold for country-level planning (reduced from \$250,000 to \$100,000), capturing more procurement activities; (c) Regional consolidation of consolidated procurement plans through the annual procurement planning review, enabling strategic sourcing at global, regional or local levels; (d) No purchase order plan, but consolidated procurement plans guide solicitation and contract management for high-value purchases. To support demand-supply planning and monitoring, the following tools have been introduced: (a) Fusion Analytics dashboard: provides synchronized Cloud ERP data on procurement trends and year-over-year comparisons; (b) Stock management guidelines: help optimize	UNHCR has revised its policy on procurement (PL/2025/01) and issued an administrative instruction on procurement in 2025 (UNHCR/AI/2021/05/Rev.2. In light of changes to the procurement procedures and principles provided by the updated policy and the administrative instruction, the Board considers that the recommendation has been implemented.	X			

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				inventory, especially core relief items, through proactive planning and alternative sourcing; (c) Surplus stock report: identifies excess inventory for potential disposal or redeployment; (d) Open PO Balance dashboard: Tracks high-value purchase orders; (e) Low Value Purchase dashboard: Monitors low-value purchases; (f) Cloud ERP and Oracle Transportation Management: Offer real-time tracking of purchase order life cycles and international freight deliveries.					
25	2022	A/78/5/Add.6, chap. II, para. 369	The Board recommends that UNHCR strengthen the role of the second “line of defence” in key internal controls on procurement processes, including at the regional level.	The updated policy and administrative instruction on procurement introduce major changes aligned with the supply strategy. They redefine roles, accountabilities and authorities across all levels – country operations, regional bureaux and headquarters – as clarified in section 8 of the policy and annex 2 to the administrative instruction. The framework enhances regional bureau oversight and standardizes supply structures. Regional bureau oversight role: A complexity- and proximity-based approach is adopted in the revised framework, with procurement responsibilities assigned accordingly. Regional bureaux act as the second “line of defence” for complex procurement, with authority to delegate based on risk and capacity. They review	UNHCR has revised its policy on procurement (PL/2025/01) and issued an administrative instruction on procurement in 2025 (UNHCR/AI/2021/05/Rev.2). In light of changes to the procurement framework and procedures, including on the regional bureau’s oversight role, provided by the updated policy and the administrative instruction, the Board considers that the recommendation has been implemented.	X			

							Status after verification			
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				country office submissions to the headquarters contracts committee, consolidate the consolidated procurement plans, develop regional strategies and provide technical guidance. These roles are supported by the 2023 supply function benchmark. Cloud ERP integration: Launched in September 2023, the Cloud ERP system supports the new framework with real-time procurement tracking and embedded dashboards. To aid adoption, the Supply Management Service offers regular training, biweekly “What’s Up Supply” webinars and a Teams-based supply chain community of practice with over 2,700 staff, for peer support and technical assistance.						
26	2022	A/78/5/Add.6 , chap. II, para. 410	The Board recommends that UNHCR regularly undertake a review of the most frequent cases of non-compliance in procurement identified by the relevant procurement review authority, and put in place appropriate measures to tackle the root causes of those weaknesses, in order to improve the oversight of procurement processes at all levels.	Improvements in contract compliance: Key non-compliance drivers were identified in the annual ex-post facto report: weak contract management, poor monitoring of maximum ceiling amounts and limited procurement knowledge. In response: (a) Mandatory contract registration in the Cloud ERP system has been introduced (administrative instruction, sect. 13.2.5), covering all contracts, including frame and lease agreements below the request for quotations ceiling. (b) A consolidated procurement plan dashboard (Power BI) has been developed to monitor	Based on evidence provided by UNHCR, the Board considers that the recommendation has been implemented.	X				

<i>Audit report</i>	<i>No.</i>	<i>year</i>	<i>Report reference</i>	<i>Board's recommendation</i>	<i>Management/Administration's response</i>	<i>Board's assessment</i>	<i>Status after verification</i>			
							<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
					contracts and maximum ceiling amounts, and support planning for renewals and extensions using live enterprise resource planning data. These measures enhance oversight and reduce ex-post facto cases. Revised procurement framework: The revised policy and administrative instruction, effective 15 May 2025, redefine roles, accountabilities and authorities (policy, sect. 8; administrative instruction, annex 2), strengthen regional bureau oversight and introduce new internal controls. (a) Tools such as the Low Value Purchase dashboard support real-time monitoring and risk mitigation across all levels; (b) The reporting capabilities of the Cloud ERP system further reinforce compliance and transparency.					
	27	2021	A/77/5/Add.6 , chap. II, para. 27	The Board recommends that UNHCR follow up on the impact and costs of the decentralization and regionalization reform through completing a comprehensive evaluation to establish if the intended results foreseen in 2019 framework decisions on decentralization and regionalization have been achieved.	A comprehensive evaluation of the decentralization and regionalization reform is included in the 2023–2024 work programme of the UNHCR Evaluation Office. The evaluation was completed and published in 2024 as planned.	An independent evaluation of the UNHCR decentralization and regionalization reform was published in September 2024 (EVO/2024/10). As such, the Board considers that the recommendation has been implemented.	X			

No.	year	Audit report Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
28	2021	A/77/5/Add.6 , chap. II, para. 37	The Board recommends that UNHCR summarize existing documents into one formal accountability framework that defines roles, authorities and accountabilities in the organization in a compulsory manner and includes reporting lines and authorities.	UNHCR has recently issued a new accountability framework that became effective on 1 April 2025. It represents the commitment of UNHCR to holding itself accountable at all levels for delivering its mandate and related work effectively, efficiently and ethically. The framework brings together, organizes and establishes linkages among the organization's accountability systems and provides an overall accountability architecture for the organization and its personnel. This framework complements the roles, accountabilities and authorities by clarifying UNHCR overall accountability objectives and providing an overview of its organization-wide accountability systems and principles.	Clear roles, accountabilities and authorities have been defined as of November 2022, at the regional bureau level and at the country office level. In addition, a new UNHCR accountability framework became effective as at 1 April 2025 (FW/2025/01). As such, the Board considers that the recommendation has been implemented.	X			
29	2021	A/77/5/Add.6 , chap. II, para. 101	The Board recommends that UNHCR streamline the measurement of programme results by interconnecting sectoral information available in other systems, such as CashAssist and PROMS, to feed into COMPASS, the new results-based management tool.	Updated guidance on managing the core indicators is included in the recently issued programme handbook, providing a clearer link to other operational data systems for comprehensive monitoring, adjustment and reporting. In addition, UNHCR has implemented Orion, creating a robust foundation for combining operational data, starting with population and location data, into a centralized data platform that enables data-driven decisions and offers valuable insights that enhance advocacy and effective targeting of interventions. The Global Data Service has expanded the data inventory in the Orion Analytics Centre to include more data collected by operations	Based on evidence provided by UNHCR, the Board considers that the recommendation has been implemented.	X			

<i>Audit report</i>		<i>Board's recommendation</i>	<i>Management/Administration's response</i>	<i>Board's assessment</i>	<i>Status after verification</i>			
					<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
No.	year	Report reference						
			and bureaux or extracted from other data domains. In addition, in collaboration with the regional data identity management analysis units, the Global Data Service has established a global data inventory with the aim of referencing all data collected by operations from 2022 onwards. Both Orion and the global data inventory contribute to greater integration of data from various sources.					
30	2021	A/77/5/Add.6 , chap. II, para. 112	The Board recommends that UNHCR continue to review and monitor the selection and use of output indicators, with a view to considering developing a subset of relevant output indicators for global aggregation and reporting.	The COMPASS indicator reconstruction is complete, including the implementation of core output indicators. The relevant sections of the programme handbook have been revised, and a webinar was held on the 2024 mid-year reporting of core output indicators. The global aggregated data on core output indicators will be used in the <i>Global Report 2024</i> . The following supporting documents also relate to core output indicators: all guidance on core output indicators; and the UNHCR Global Appeal 2025, in which the status of globally aggregated 2024 mid-year core output indicators was presented.	Based on evidence provided by UNHCR, the Board considers that the recommendation has been implemented.	X		
31	2021	A/77/5/Add.6 , chap. II, para. 273	The Board recommends that UNHCR improve its data sources for the reporting of staff in between assignments and use the valid data from the payroll system as an information basis.	The introduction of the new systems coupled with the dynamic nature of "staff in between assignments" has led to the establishment of an internal working group on staff in between assignments in the Division of Human Resources. This group is designing a report to address all needs in detail. It will ensure that reports are based on a consistent	In light of actions taken by UNHCR, which are still ongoing, the Board considers that this recommendation is under implementation.		X	

					Status after verification			
Audit report		Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Under		
No.	year					Implemented	implementation	Not Overtaken implemented by events
				source of underlying data and meet the needs of various target audiences.				
32	2021	A/77/5/Add.6 , chap. II, para. 294	The Board recommends that UNHCR design additional automated key performance indicators that can be objectively calculated on the basis of data recorded in the new enterprise resource planning system and that complement the information used in generating the statement of internal control.	In the process of preparation of the statement of internal control for 2024, the Division of Financial and Administrative Management has collected a set of relevant control indicators that were selected in a manner that would complement the results coming from the responses to the self-certification internal control questionnaires, and would further inform the overall control assessment underlying the preparation of the statement of internal control. The control indicators selected for this exercise have been documented in the paper provided to the Board. Such control indicators will be updated every year at the time of preparation of the statement of internal control, to reflect trends and patterns and to further calibrate or refine as deemed relevant.	Based on evidence provided by UNHCR, the Board considers that the recommendation has been implemented.	X		
33	2021	A/77/5/Add.6 , chap. II, para. 310	The Board recommends that UNHCR review the accounting process of implementing partners with regard to an automation and simplification that makes manual intervention almost redundant in the new enterprise resource planning system.	Starting from 2024, operations have been using automated processes in PROMS, reducing manual accounting tasks. For example, when issued, prepayments/instalments are automatically recorded as balance sheet item/prepayments, eliminating prior manual reclassifications. In addition, partners submit expenditure reports via Aconex, triggering automated financial verification. Once approved, figures are seamlessly integrated into Cloud	The Board takes note of the enhancements (automations and simplifications) provided by the implementation of PROMS, including automated validation of Aconex-sourced prepayments in the workflow of the accounts payable module that will be activated in due course. The recommendation is therefore considered implemented.	X		

No.	year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
34	2021	A/77/5/Add.6 , chap. II, para. 318	The Board recommends that UNHCR strengthen the link between performance review and release of additional instalment payments and enable the documentation of the review in the upcoming software solution.	ERP workflows without manual input. From 2024, the process of requesting and approving the release of new prepayments/instalments is automated within PROMS. The process requirements include that results and programme managers review the project performance progress and document the progress achieved within the project performance/results monitoring report (PMC02). This is documented online within PROMS. This project performance and results assessment is followed by the financial verification of the project financial reports (PMC03), also now documented online within PROMS. Both performance verification and financial verification are then necessary before the next prepayments are released.	The Board takes note of the enhancements provided by the implementation of PROMS workflow with the online documentation of projects performance review triggering the financial verification and release of additional instalments. The Board considers this recommendation to be implemented.	X			
35	2021	A/77/5/Add.6 , chap. II, para. 322	The Board recommends that UNHCR use the tools available to take further steps to improve compliance with its deadlines with regard to partner financial reports.	UNHCR has improved the tools and procedures applicable to partner financial reporting. These changes allow partners using PROMS to submit the financial reports online and UNHCR to process the reports in a timely manner. In addition, during the year of implementation, the partner and UNHCR operations now have the flexibility, following a risk-based approach, to decide on the reporting schedule that takes into account the partner's capacity to produce the required reports and the ability of UNHCR to process the reports in a timely manner.	The Board reviewed sample-based analysis by the Implementation Management and Assurance Section, the aim of which was to evidence an improvement in compliance with mandatory deadlines. Twenty agreements from 2024, covering various partners and regions, with a focus on timely year-end submission and processing of partner financial reports, were reviewed and compared with 2023 and 2022. The Board acknowledges UNHCR efforts to improve compliance in the context of a change in reporting system (PROMS) and the most recent procedure amendments granting more flexibility to operations while	X			

No.	year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
36	2021	A/77/5/Add.6 , chap. II, para. 380	The Board recommends that UNHCR update and aggregate its existing policies and guidelines regarding the monitoring, documentation and accounting of construction projects to achieve an institutionalized use of templates and status reports.	UNHCR published the provisional Construction Management Companion on 21 February 2025, offering end-to-end guidance for construction projects. Developed with the Technical Support Service/Division of Resilience and Solutions, the Legal Affairs Service and the Supply Management Service/Department of Emergency, Security and Supply, it includes: (a) Step-by-step Aconex/PROMS software tips for key tasks; (b) 18 offline templates/tools (some integrated into Aconex/PROMS); (c) Guidance on workflows, contract changes, inspections and project milestones. The final version will incorporate feedback from field use in 2025. Digital tools have been developed and system integration undertaken: (a) Harmonized templates and digital workflows in Aconex/PROMS, which improve visibility and consistency; (b) PROMS, to track key milestones from pre-tender to final inspection and contractor evaluation; (c) Dashboards to ensure audit trails and real-time project oversight. Supporting resources:	maintaining strict year-end reporting deadlines. The Board considers the recommendation to be implemented. UNHCR has published the Construction Management Companion in 2025. The provisional guidance complements the latest versions of the programme handbook, dated November 2023, and the partnership handbook, dated March 2024. As such, the Board considers that the recommendation has been implemented.	X			

No.	year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
37	2021	A/77/5/Add.6 , chap. II, para. 395	The Board reiterates its recommendation that UNHCR establish an overarching strategy for workforce planning purposes (A/76/5/Add.6 , chap. II, para. 288) and emphasizes that the strategy framework should outline how trends could be assessed.	The programme handbook (November 2023) and partnership handbook (March 2024) serve to align planning, implementation and monitoring guidance for construction projects. All tools are accessible via PROMS and the intranet. The Division of Human Resources has drafted an overarching strategy for workforce planning with a results framework, which was finalized in 2024. The draft document, which includes a workforce planning maturity model to assess overall progress and effectiveness, has undergone review within the Division of Human Resources and is also being updated to incorporate the sustainable responses concept and its implementation. There will be engagement with the leadership of the Division of Human Resources and other stakeholders, including the Division of Strategic Planning and Results and within human resources (both headquarters and within regional bureaux and operations). To further develop the UNHCR workforce planning approach and leverage the abilities and options of the new human resources system, the Division of Human Resources has initiated the design of a workforce planning module. This workforce planning solution is aimed at enhancing strategic workforce planning in UNHCR, aligning its workforce with its multi-year plans and strategies,	In light of ongoing actions, the Board considers that the recommendation is under implementation.		X		

No.	year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
38	2020	A/76/5/Add.6 , chap. II, para. 89	The Board recommends that UNHCR continue to review the impact of the changes to its budgetary structure on management efficiencies, analyse the benefits of the changes proposed, communicate the result of the analysis and provide assurance that the proposed budgetary structure meets the requirements of transparency and quality.	reducing misalignment risks, optimizing its workforce and structures, and improving the efficiency and effectiveness of operations and divisions. In October 2024, and as for previous years, the Executive Committee approved the programme and budgets for the country and regional programmes, global programmes and headquarters under the proposed 2025 programme budget (A/AC.96/75/5). In June 2025, UNHCR presented to the Standing Committee, at its 93rd meeting, a review paper highlighting how the revised budget structure and cycle have contributed to management efficiencies. Based on the findings of the review and considering the rapidly evolving humanitarian and funding landscape, UNHCR recommends maintaining the current budget structure and annual budget period for the time being.	Based on evidence provided by UNHCR, some of which was still in draft form in May 2025 and which was presented at the 93rd meeting of the Standing Committee (conference room paper entitled "Review of the budget structure and management efficiencies" (EC/76/SC/CRP.19)), the Board considers that the recommendation has been implemented.	X			
39	2019	A/75/5/Add.6 , chap. II, para. 40	The Board recommends that UNHCR explore options for the automated allocation of the second-leg transportation costs in the selection of a new enterprise resource planning system.	UNHCR refers to its comments above in relation to the recommendation in paragraph 63 of the Board's report for the year ended 31 December 2022. This recommendation has been addressed and implemented. Second leg transportation costs for vehicles are identified and capitalized in a cost-effective manner within the Cloud ERP system. The capitalization approach followed for second leg transportation costs to destination of final distribution or use is coordinated with the approach for	The Board acknowledges UNHCR efforts to explore automations in the new enterprise resource planning system, considering a cost benefits analysis. The Board agrees that while the second leg transportation costs for vehicles are identified and capitalized within the Cloud ERP system, the current funding situation may not enable further automations. The Board therefore considers this recommendation as overtaken by events.				X

No.	year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
40	2019	A/75/5/Add.6 , chap. II, para. 343	The Board recommends that the representatives of country operations each confirm to the regional bureaux and headquarters with their signatures the decommissioning of proGres v3.	capitalization of freight and other ancillary cost uplifts for other classes of tangible assets and inventory. As at 1 August 2024, UNHCR confirms that proGres v3 is obsolete and 96 per cent decommissioned. Remaining cases were resolved through targeted data analysis and staffing adjustments, with 100 per cent compliance achieved by 2 September 2024. (a) Legacy data issues were addressed and certified; (b) A staffing gap in one country was resolved; (c) Standard operating procedures for final decommissioning were shared in February 2024; (d) For proGres v4 users, compliance with standard operating procedures – including data controller confirmations and digital backups – has been verified. UNHCR considers this recommendation fully addressed and requests closure.	Based on evidence provided by UNHCR, the Board considers that the recommendation has been implemented.	X			
Total						40	19	20	–
Percentage						100	48	50	–

Chapter III

Statement of the responsibilities of the High Commissioner and approval and certification of the financial statements

Letter dated 31 March 2025 from the United Nations High Commissioner for Refugees and the Controller and Director of the Division of Financial and Administrative Management of the Office of the High Commissioner addressed to the Chair of the Board of Auditors

The United Nations High Commissioner for Refugees is ultimately responsible for the content and integrity of the financial statements contained in the accounts of the voluntary funds administered by the High Commissioner.

To fulfil this responsibility, the Office of the High Commissioner operates within prescribed accounting policies and standards, and maintains systems of internal accounting controls and procedures to ensure the reliability of financial information and the safeguarding of assets. The internal control systems and financial records are subject to review by the Office of Internal Oversight Services and the Board of Auditors during their respective audits.

In this context, the financial statements contained in chapter V, comprising statements I to V and the supporting notes, were prepared in accordance with the financial rules for voluntary funds administered by the High Commissioner ([A/AC.96/503/Rev.12](#)) and the International Public Sector Accounting Standards. In management's opinion, the financial statements present fairly, in all material respects, the financial position of the voluntary funds as at 31 December 2024 and the financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards.

The accounts are hereby approved and certified.

(Signed) Filippo **Grandi**
United Nations High Commissioner for Refugees

(Signed) Hans G. **Baritt**
Controller and Director
Division of Financial and Administrative Management

Chapter IV

Financial report for the year ended 31 December 2024¹

¹ In the light of the liquidity situation affecting the regular budget of the United Nations and the related management measures implemented by the Secretary-General, chapter IV is made available online at <https://digitallibrary.un.org/record/4090383>.

Chapter V

Financial statements for the year ended 31 December 2024

Office of the United Nations High Commissioner for Refugees

I. Statement of financial position as at 31 December 2024

(Thousands of United States dollars)

	Note	31 December 2024	31 December 2023
Assets			
Current assets			
Cash and cash equivalents	3.1	1 865 948	2 018 333
Investments	3.1	158 143	—
Contributions receivable	3.2	1 215 319	1 247 714
Inventories	3.3	315 911	425 005
Prepayments and other current assets	3.4	573 467	571 574
Total current assets		4 128 789	4 262 626
Non-current assets			
Investments	3.1	256 919	—
Contributions receivable	3.2	315 546	622 696
Property, plant and equipment	3.5	176 553	190 196
Intangible assets	3.6	619	1 209
Total non-current assets		749 637	814 101
Total assets		4 878 426	5 076 727
Liabilities			
Current liabilities			
Accounts payable and accruals	3.7	485 856	601 791
Deferred revenue	3.8	1 880	901
Employee benefits	3.9	184 112	175 615
Other current liabilities	3.10	50 399	55 226
Provisions	3.11	1 500	810
Other investment liabilities	3.1	9 744	—
Total current liabilities		733 492	834 343
Non-current liabilities			
Employee benefits	3.9	1 473 477	1 042 081
Provisions	3.11	94	94
Total non-current liabilities		1 473 570	1 042 175
Total liabilities		2 207 062	1 876 518
Net assets		2 671 364	3 200 209
Fund balances and reserves			
Accumulated fund balances and reserves	4.1	2 827 515	3 116 073
Working Capital Fund for Voluntary Contributions	4.2	100 000	100 000
Medical Insurance Plan	4.3	85 982	73 593
Staff Benefits Fund	4.4	(599 861)	(312 267)
Self-Financing Activities Fund	4.5	257 728	222 810
Total fund balances and reserves		2 671 364	3 200 209

The accompanying notes form an integral part of these financial statements.

The amounts in the statements and note tables are rounded to the nearest thousand dollars. Totals may not add up owing to rounding.

Office of the United Nations High Commissioner for Refugees

II. Statement of financial performance for the year ended 31 December 2024

(Thousands of United States dollars)

	<i>Note</i>	<i>2024</i>	<i>2023</i>
Revenue			
Voluntary contributions	5.1	4 523 588	4 534 572
United Nations regular budget	5.2	50 497	49 597
Interest revenue	5.3	113 061	93 983
Other revenue	5.4	48 684	29 164
Total revenue		4 735 830	4 707 316
Expenses			
Implementing partnership expenses	6.1	1 173 270	1 392 469
Salaries and employee benefits	6.2	1 538 034	1 498 942
Cash assistance to beneficiaries	6.3	558 544	742 260
Contractual services	6.4	539 111	609 333
Supplies and consumables for beneficiaries	6.5	319 409	382 188
Operating expenses	6.6	310 360	286 626
Equipment and supplies	6.7	116 474	134 111
Travel expenses	6.8	81 054	92 203
Other expenses	6.9	34 323	37 575
Depreciation, amortization and impairment	6.10	66 546	84 327
Other non-operational expenses	6.11	9 024	59 697
Net change in fair value of financial instruments	6.12	20 039	—
Foreign exchange (gains)/losses	6.13	128 458	(22 309)
Total expenses		4 894 644	5 297 422
Surplus/(deficit) for the year		(158 814)	(590 106)

The accompanying notes form an integral part of these financial statements.

The amounts in the statements and note tables are rounded to the nearest thousand dollars. Totals may not add up owing to rounding.

Office of the United Nations High Commissioner for Refugees

III. Statement of changes in net assets for the year ended 31 December 2024

(Thousands of United States dollars)

	<i>Note</i>	<i>Accumulated fund balances and reserves</i>	<i>Working Capital Fund for Voluntary Contributions</i>	<i>Medical Insurance Plan</i>	<i>Staff Benefits Fund</i>	<i>Self-Financing Activities Fund</i>	<i>Total</i>
Net assets at 1 January 2023		3 807 330	100 000	65 417	(351 238)	201 246	3 822 755
Movements in fund balances and reserves in 2023							
Surplus/(deficit) for the period		(774 428)	123 536	8 176	31 046	21 564	(590 106)
Gain/loss on actuarial valuations of post-employment benefits		—	—	—	(32 440)	—	(32 440)
Transfers		83 171	(123 536)	—	40 365	—	—
Total movements during 2023		(691 257)	—	8 176	38 971	21 564	(622 546)
Total net assets at 31 December 2023		3 116 073	100 000	73 593	(312 267)	222 810	3 200 209
Movements in fund balances and reserves in 2024							
Surplus/(deficit) for the period	4.1, 4.2, 4.3, 4.4, 4.5	(257 758)	—	12 389	51 636	34 918	(158 814)
Gain/(loss) on after-service health insurance actuarial valuation	3.9, 4.4	—	—	—	(370 030)	—	(370 030)
Transfers	3.9, 4.1, 4.4	(30 800)	—	—	30 800	—	—
Total movements during 2024		(288 558)	—	12 389	(287 593)	34 918	(528 844)
Total net assets at 31 December 2024		2 827 515	100 000	85 982	(599 861)	257 728	2 671 364

The accompanying notes form an integral part of these financial statements.

The amounts in the statements and note tables are rounded to the nearest thousand dollars. Totals may not add up owing to rounding.

Office of the United Nations High Commissioner for Refugees

IV. Statement of cash flow for the year ended 31 December 2024

(Thousands of United States dollars)

	Note	2024	2023 ^a
Cash flows from operating activities:			
Surplus/(deficit) for the period		(158 814)	(590 106)
Adjustment for:			
Depreciation, amortization and impairment	6.10	66 546	84 327
Foreign exchange (gains)/losses on cash and cash equivalents	6.13	(6 937)	36 050
Revenue from in-kind contributions of property, plant and equipment, and intangibles	3.5	(170)	(569)
(Gain)/loss on disposal of property, plant and equipment, and intangibles	5.4	(25 799)	(11 702)
Changes in:			
(Increase)/decrease in contributions receivable	3.2	339 545	93 212
(Increase)/decrease in inventories	3.3	73 219	63 125
(Increase)/decrease in prepayments and other assets	3.4	(1 893)	(272 677)
Increase/(decrease) in accounts payable and accruals	3.7	(115 935)	263 468
Increase/(decrease) in employee benefits liabilities, net of actuarial gain/loss	3.9	69 864	63 962
Increase/(decrease) in provisions	3.11	690	(4 717)
Increase/(decrease) in other liabilities	3.10	(4 828)	49 913
Net change in fair value of investments at fair value through surplus and deficit	3.1	20 039	–
Increase/(decrease) in deferred revenue	3.8	979	870
Net cash flows from operating activities		256 505	(224 844)
Cash flows from investing activities:			
Purchase of property, plant and equipment	3.5	(26 634)	(65 884)
Purchase of intangible assets	3.6	(388)	–
Proceeds from sale of assets	5.4	36 551	37 664
Purchase of short- and long-term investments	3.1	(425 356)	–
Net cash flows from investing activities		(415 827)	(28 220)
Cash flows from financing activities:			
Net cash flows from financing activities		–	–
Net increase/(decrease) in cash and cash equivalents		(159 322)	(253 064)
Effect of exchange rate changes on cash and cash equivalents		6 937	(36 050)
Cash and cash equivalents at beginning of the year		2 018 333	2 307 447
Cash and cash equivalents at end of the year		1 865 948	2 018 333

^a The 2023 statement of cash flow was corrected to exclude the movement in short-term investments and is prepared in a manner consistent with the calculation method applied for the 2024 cash flow.

The accompanying notes form an integral part of these financial statements.

The amounts in the statements and note tables are rounded to the nearest thousand dollars. Totals may not add up owing to rounding.

Office of the United Nations High Commissioner for Refugees

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2024^a

(Thousands of United States dollars)

	Note	Approved programme budget amount		Actual on comparable basis	Variances: final budget and actual amounts
		Original ^b	Final ^c		
Available funds^d				5 177 617	
Field operations					
West and Central Africa		1 011 401	1 115 137	467 227	647 909
East Africa, Horn of Africa and Great Lakes Region		2 149 050	2 209 050	899 475	1 309 575
Southern Africa		492 154	492 154	191 902	300 252
Middle East and North Africa		2 341 761	2 413 778	1 090 007	1 323 771
Asia and the Pacific		993 215	993 215	478 281	514 933
Europe		1 466 193	1 466 193	731 653	734 540
Americas		834 571	834 571	369 535	465 036
Country operations technical support		159 949	160 358	125 855	34 503
Total field operations		9 448 293	9 684 454	4 353 935	5 330 519
Global programmes		406 495	406 621	327 758	78 863
Headquarters		249 658	249 123	242 464	6 659
Operational reserve		505 222	433 205	—	433 205
Junior Professional Officers Fund		12 000	12 000	8 394	3 606
Total	7	10 621 668	10 785 404	4 932 551	5 852 853
Balance of available funds^d	7			245 066	

^a The accounting basis and the budget basis are different. While the accounting basis is the International Public Sector Accounting Standards, this statement of comparison is prepared on a modified cash basis (further information is provided in note 7). Funds available include \$0.6 million, reflecting an upward adjustment to the carry-over from 2023 to correct an immaterial error.

^b The programme budget for 2024 of \$10,621.7 million was approved by the Executive Committee of the Programme of the High Commissioner at its seventy-fourth session (9–13 October 2023), as contained in [A/78/12/Add.1](#), paragraph 12.

^c The final budget figure represents the sum of the approved original programme budget of \$10,621.7 million and the final supplementary budgets of \$163.7 million established by the High Commissioner in 2024 in accordance with rule 208.1 of the UNHCR financial rules ([A/AC.96/503/Rev.12](#)).

^d Available funds represent the last estimate by management of funding available for the year. Thus, any balance represents the available funds not consumed by 31 December. In note 7, table 7.2, this balance is reconciled to the change in cash balances reflected in statement IV. The breakdown of the funds available is included in chapter IV, paragraph 40.

The accompanying notes form an integral part of these financial statements.

The amounts in the statements and note tables are rounded to the nearest thousand dollars. Totals may not add up owing to rounding.

Office of the United Nations High Commissioner for Refugees
Notes to the 2024 financial statements

Note 1

Office of the United Nations High Commissioner for Refugees, its objectives and activities

1. The Office of the United Nations High Commissioner for Refugees (UNHCR) was established by the General Assembly in its resolution [319 A \(IV\)](#). Its mandate is laid down in the statute of the Office (Assembly resolution [428 \(V\)](#), annex). In accordance with the statute, the High Commissioner, acting under the authority of the Assembly, shall assume the function of providing international protection, under the auspices of the United Nations, to refugees who fall within the scope of the statute and of seeking permanent solutions for the problem of refugees.

2. The General Assembly has also called upon the High Commissioner to provide assistance to returnees and to monitor their safety and well-being on return (Assembly resolution [40/118](#)). In addition, on the basis of specific requests from the Secretary-General or the competent principal organs of the United Nations, and with the consent of the State concerned, the High Commissioner provides humanitarian assistance and protection to internally displaced persons (Assembly resolution [48/116](#)). As to the High Commissioner's assistance activities, the basic provisions of the statute were expanded by the Assembly in its resolution [832 \(IX\)](#).

3. UNHCR has been mandated by the General Assembly to provide international protection to refugees and to find solutions to their plight. While States bear the primary responsibility for protecting refugees on their territory, UNHCR was established to ensure protection on behalf of the United Nations and to promote accessions to and supervise the application of the 1951 Convention relating to the Status of Refugees and the 1967 Protocol thereto. Through successive resolutions, the Assembly has recognized additional categories of displaced people, including refugees who have returned to their country of origin (returnees), stateless persons and, in certain circumstances, internally displaced persons. It has also authorized the Office to undertake a wider array of activities, such as the provision of humanitarian assistance and support for reintegration, as necessary, to fulfil the mandate of international protection and solutions. The UNHCR mandate on statelessness was further consolidated upon the entry into force of the 1961 Convention on the Reduction of Statelessness in 1975. In 2003, the Assembly decided to remove the temporal limitation on the continuation of the Office and to continue the Office until the refugee problem is solved (Assembly resolution [58/153](#)).

4. The High Commissioner reports annually to the General Assembly through the Economic and Social Council. The Executive Committee of the Programme of the High Commissioner was established pursuant to Assembly resolution [1166 \(XII\)](#) to provide advice to the High Commissioner in the exercise of his or her functions and to approve the use of voluntary funds made available to the High Commissioner. The annual cycle of meetings of the Executive Committee consists of one plenary session and several intersessional meetings of its subsidiary body, the Standing Committee. As at 31 December 2024, the Executive Committee consisted of 110 members. Each year, the report on the session of the Executive Committee is submitted to the Assembly as an addendum to the annual report of the High Commissioner.

5. UNHCR has its headquarters in Geneva, with Global Service Centres in Budapest and Copenhagen and liaison offices in New York and Brussels. As at 31 December 2024, UNHCR had a presence in 137 countries and/or territories, where its core work was managed through regional bureaux, country or multi-country offices, sub-offices and field offices in the following seven regions: West and Central

Africa; East Africa, Horn of Africa and Great Lakes; Southern Africa; Middle East and North Africa; Asia and the Pacific; Europe; and the Americas. Global programmes are managed by a number of divisions at headquarters.

Note 2

Accounting policies, risk analysis and risk management

2.1 Accounting policies

Basis of preparation

6. The financial statements of UNHCR have been prepared on an accrual basis of accounting, in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board. Pursuant to IPSAS 1: Presentation of financial statements, paragraph 31, outlining the general requirements for the presentation of financial statements, and to comply with its promulgated financial rules, UNHCR departs from IPSAS by presenting the net balance of the Staff Benefits Fund within the net assets section of the statement of financial position. The net unfunded balance presented is composed of the accumulated balance of the employee benefit liabilities less the approved funding provided against those liabilities. This presentation, which provides more visibility to the unfunded balance of the Staff Benefits Fund, has been consistently applied to the financial statements since 2007. The full details required to comply with the presentation requirements of IPSAS are nevertheless reflected in note 4.4.

7. The financial statements have been prepared on a going-concern basis. This assertion is based on the approval by the UNHCR Executive Committee of the consolidated budget requirements for 2025 during its seventy-fifth plenary session (14–18 October 2024) and the historical trend of collection of pledges over the past years. The accounting policies have been applied consistently throughout the financial period. The events after the reporting date reflected in note 11 are not considered to be of immediate relevance in management's determination that the going-concern assumption continues to be appropriate. The amounts in the tables of the financial statements and the notes to the financial statements are rounded to the nearest thousand dollars. Totals may not add up owing to rounding.

Transactions and balances

8. In accordance with the financial rules for voluntary funds administered by the High Commissioner for Refugees ([A/AC.96/503/Rev.12](#)), the functional and reporting currency of UNHCR is the United States dollar.

9. Foreign currency transactions are translated into dollars using the United Nations operational rate of exchange, which approximates the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into dollars at the year-end closing rate of the operational rate of exchange.

10. Both realized and unrealized foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency denominated monetary assets and liabilities are recognized in the statement of financial performance.

Statement of cash flow

11. The statement of cash flow is prepared using the indirect method.

Materiality and use of judgment and estimates

12. The financial statements necessarily include estimated amounts on the basis of management's knowledge, judgment and assumptions with regard to events and actions. Estimates include but are not limited to implementing partner receivables and accruals, the fair value of donated goods and services, accrued charges and liabilities for after-service employee benefits, the impairment on accounts receivable, inventories, property, plant and equipment, and contingent assets and liabilities.

13. The concept of materiality is applied for the development of accounting policies and the preparation of financial statements.

Revenue*Non-exchange revenue*

14. Voluntary and non-conditional cash contributions from donors for which no formal binding agreements are required are recognized as revenue when the cash contribution is received from the donor.

15. Revenue from voluntary contributions and the United Nations regular budget confirmed in writing are recognized as non-exchange transactions in accordance with IPSAS 23: Revenue from non-exchange transactions.

16. Refunds of voluntary contributions for which revenue was recognized in prior years are recorded as revenue adjustments in the year that the refund requirement is identified.

In-kind contributions

17. In-kind contributions of goods and selected services that directly support operations and activities and can be reliably measured are recognized as revenue at fair value. Fair value is generally measured by reference to the price of the same or similar items in an active market. These contributions in kind include goods which are distributed to beneficiaries, as well as use of premises, utilities, transport and personnel. In-kind contributions of goods are recognized as revenue and assets either when the related pledges are confirmed in writing or upon receipt of the goods, whichever is earlier. In-kind contributions of specific selected services are treated as both revenue and expense upon receipt.

Exchange revenue

18. Revenue arising from the rendering of services, sale of goods or use by others of UNHCR assets is recognized as exchange revenue in accordance with IPSAS 9: Revenue from exchange transactions.

Interest revenue

19. Interest revenue is recognized over the period in which it is earned. Besides interest earned on operational cash balances, interest revenue includes the impact of amortization of cash and cash equivalents arising from the measurement of term deposits at amortized cost and mark-to-market adjustments for money market funds and other investments classified as financial assets at fair value through surplus or deficit for the purposes of IPSAS 41. Any impact of changes in the amortized cost of financial asset receivables classified as amortized cost for the purposes of IPSAS 41 is also recognized as a component of interest revenue.

Expenses

20. In accordance with the accrual basis of accounting, expense recognition occurs at the time of delivery by the supplier or service provider and acceptance of goods or services. Expenses are recorded and recognized in the financial statements for the periods to which they relate.

Assets

Financial instruments: recognition, measurement and classification

21. Financial instruments are contractual arrangements that result in a financial asset for one entity and a financial liability or equity instrument for another. UNHCR financial assets comprise cash and cash equivalents, investments, accounts receivable and other miscellaneous receivable balances from exchange transactions. Tax receivables are not considered to represent financial instruments for the purposes of IPSAS 41.

22. UNHCR financial liabilities comprise accounts payable and accruals which are recognized initially at fair value and subsequently measured at amortized cost. Derivative contracts that have a negative fair value are presented as liabilities at fair value through surplus or deficit.

23. Financial instruments of any type are recognized when, and only when, UNHCR becomes a party to the contractual provisions of the instrument. Recognition of financial assets continues until the rights to receive cash flows from those assets have expired or been transferred and UNHCR has transferred substantially all the risks and rewards of ownership.

24. Financial assets with maturities beyond 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in different currencies are translated into United States dollars at the United Nations operational rates of exchange prevailing at the reporting date, with net gains or losses recognized in surplus or deficit in the statement of financial performance.

25. All financial instruments are initially measured at fair value. Financial assets are grouped into and subsequently measured according to two classifications: those measured at amortized cost, and those measured at fair value. When measured at fair value, gains and losses are recognized either entirely in surplus or deficit (fair value through surplus or deficit), or in net assets/equity (fair value through net assets/equity).

26. The following criteria have been considered in determining the classification and measurement of the financial assets and liabilities:

- (a) The business model for managing the financial assets and liabilities;
- (b) The contractual cash-flow characteristics of the financial assets and liabilities.

27. These classification criteria determine which of the subsequent measurement bases to apply for each category of financial assets or liabilities:

- (a) Financial assets at amortized cost are those financial instruments that are held under the business model's objective of holding financial assets in order to collect contractual cash flows (rather than under the objective of selling the instrument prior to its contractual maturity in order to realize its fair value changes), where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;

(b) Financial assets at fair value through net assets/equity are those financial instruments that are held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;

(c) Financial assets or financial liabilities at fair value through surplus or deficit are other financial instruments that are not classified as either at amortized cost or at fair value through net assets/equity.

28. Financial assets at fair value through surplus or deficit are those that are held for trading or are acquired principally for the purpose of selling in the short term and where the contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

29. None of the UNHCR financial assets or liabilities have been classified as at fair value through net assets/equity.

30. UNHCR classifies its financial instruments in one of the categories shown below at initial recognition and re-evaluates the classification at each reporting date.

<i>Financial instruments</i>	<i>Classification</i>
Cash and cash equivalents (cash, bank and short-term deposits) and receivables	Financial assets at amortized cost
Money market funds	Financial assets at fair value through surplus or deficit
Investment funds	Financial instruments at fair value through surplus or deficit
Accounts payables and accruals	Financial liabilities at amortized cost

31. Investments in short-term deposits generally held to maturity with maturities between 1 and 12 months are measured at amortized cost. Any credit exposures for which there has been a significant increase in credit risk since initial recognition are recognized on the basis of full lifetime expected credit losses.

32. Investments in money market funds with a fixed amount to be redeemed, a term of three months or less at the time of investment, and a credit rating of AAA or a comparable high rating are classified as a component of cash and cash equivalents. Other investments in money market funds are measured at fair value with changes recorded through surplus and deficit.

33. Investments in investment funds are externally managed portfolios that are held with the goal that their return will finance the main long-term employee benefit liabilities within the staff benefit fund that are classified as financial instruments at fair value through surplus and deficit.

34. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through surplus or deficit are presented in the statement of financial performance for the period in which they arise.

35. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Estimation of the fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted

market prices at the close of trading on the reporting date. UNHCR uses the last traded market price for both financial assets and financial liabilities.

36. The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using relevant valuation techniques. UNHCR uses a variety of methods and makes assumptions that are based on the market conditions existing at each reporting date. Valuation techniques include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

37. Financial assets and liabilities that are measured at amortized cost are short term. As the impact of amortization is not material, amortized cost is equivalent to the trade date amount at inception for cash and cash equivalents, or to the original invoice value at the time that the related goods or services are delivered and accepted for receivables and financial liabilities. The calculation of the expected credit losses indicates that these are not material in the context of these financial statements and are therefore not disclosed.

38. UNHCR uses International Monetary Fund (IMF) special drawing rights interest rates as the reference discount rates for the initial measurement of long-term receivable financial assets and financial liabilities under IPSAS 41.

39. The classification of financial instruments and assessment of materiality considerations for the purposes of IPSAS 41 are subject to annual review.

40. Interest income includes interest from cash and cash equivalents and interest from debt securities (financial assets at fair value through surplus and deficit).

41. Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in the statement of financial performance in the year in which they arise.

42. Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Cash and cash equivalents

43. Cash and cash equivalents comprise cash on hand, cash at banks and short-term deposits with maturities of three months or less. Cash and cash equivalents and short-term investments in term deposits are measured at amortized cost and initially based on a forward-looking assessment of any material credit loss risk for a 12-month period.

Contributions and other receivables

44. Receivables, which consist primarily of contributions, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value, plus transaction costs, and are subsequently reported at amortized cost calculated using the effective interest rate method, as UNHCR holds such receivables to collect the cash flow. Interest revenue is recognized on a time-proportionate basis using the effective interest rate method on the financial asset in question.

45. Short-term contributions receivable are measured at amortized cost and recorded at nominal or original invoice value.

46. Non-current receivables designated as financial assets for the purposes of IPSAS 41 are discounted using IMF special drawing rights interest rates as the reference discount rates for the initial measurement of financial assets and liabilities under IPSAS 41. UNHCR has no history of credit losses on contributions receivable; therefore the impact of expected credit losses in the measurement of these receivables is currently zero.

47. Other receivables that are not financial assets for the purposes of IPSAS 41 are stated at nominal value, less allowance for doubtful accounts. Allowances for doubtful accounts are recognized when there is objective evidence that a receivable is impaired. Allowances are recognized on the basis of historical collection experience and/or evidence indicating that the collection of a particular receivable is in doubt. Impairment losses are recognized in the statement of financial performance for the year in which they arise.

Inventories

48. Inventories consist primarily of items which are distributed to beneficiaries – mainly non-food items such as tents, bedding materials, household items, medical and hygienic supplies, apparel and construction materials and related equipment.

49. Inventories are stated at fair value, measured as the lower of cost and current replacement cost. Inventory items received as in-kind contributions are measured at fair value as at the date the related asset is initially recorded.

50. The cost of inventories includes purchase cost (or fair value if received in kind) and all other costs, such as transportation, insurance and inspection costs incurred to bring the inventories to the first UNHCR-controlled receiving location in the destination country. Costs incurred to move inventories between in-country warehouses or distribution points are expensed as incurred.

51. The cost of inventories is determined on a weighted average basis.

52. Inventories are expensed when control is relinquished through direct distribution by UNHCR to beneficiaries, by transfer of control to implementing partners, upon transfer to other entities for relief assistance purposes, and upon transfer from UNHCR-controlled warehouses for internal consumption. Inventories of items destined for long-term use are transferred to property, plant and equipment when distributed to their destination of use.

53. Inventories are reviewed periodically for obsolescence and an allowance is made on the basis of past experience.

Other assets

54. Other assets are other claims on third parties, including prepayments for implementing partners, cash-based intervention and commercial transactions, as well as tax and miscellaneous exchange receivables and advances. These are recognized when UNHCR expects to receive cash or financial benefits in the future.

Property, plant and equipment

Measurement of costs at recognition

55. Property, plant and equipment are considered non-cash-generating assets as they are not held to generate a commercial return and are stated at historical cost, less accumulated depreciation and any impairment losses.

56. Individual items of movable property, plant and equipment other than buildings are capitalized and depreciated over their estimated useful lives when their original acquisition price is equal to or greater than the threshold of \$10,000.

57. Individual items of movable property, plant and equipment that do not meet the \$10,000 minimum cost threshold are also capitalized and tracked as fixed assets but are depreciated 100 per cent in the year of acquisition.

58. Buildings are capitalized when their expected original acquisition price or construction costs, including capitalizable internal costs, are equal to or greater than the threshold of \$250,000 and only in locations of UNHCR headquarters, UNHCR regional offices or UNHCR representations.

59. Acquisition or construction costs of all other buildings are expensed at the time of acquisition or construction. The rights of UNHCR in relation to other buildings, used primarily for operations in direct support of beneficiaries, are regularly limited and not fully equivalent to a title of ownership.

Depreciation method and useful life

60. Depreciation is charged to allocate the cost of assets over their estimated useful lives. Property, plant and equipment are depreciated using the straight-line method, except for land, which is not subject to depreciation. The estimated useful lives for the various classes of property, plant and equipment are as follows and are subject to annual review:

<i>Class</i>	<i>Estimated useful life (in years)</i>
Permanent buildings – headquarters	40
Permanent buildings – other locations	20
Leasehold – major improvements and alterations	The lesser of the remaining lease term, plus any renewal option expected to be exercised, and the asset's useful life
Donated right of use – major improvements and alterations	The lesser of the period for which UNHCR expects to use the asset and the asset's useful life
Motor vehicle equipment – heavy	10
Motor vehicle equipment – armoured	10
Motor vehicle equipment – light	8
Equipment, including generators, telecommunications, security and safety, storage, computers and office furniture and fittings	5

61. Changes in useful lives are accounted for prospectively as a change in accounting estimate. Assets that are subject to depreciation or amortization are reviewed annually for evidence of impairment to ensure that the carrying amounts are still considered to be recoverable.

62. No useful life revisions to major asset categories were necessary in 2024.

Intangible assets

63. Intangible assets are considered non-cash-generating assets as they are not held to generate a commercial return and are stated at historical cost less accumulated amortization and any impairment losses. For donated intangible assets, the fair value as of the date of acquisition is used as a proxy for cost. Capitalized intangible assets under development are recorded at cost where such cost can be reliably measured. Any remaining research and development costs are immaterial.

64. Intangible assets controlled by UNHCR are capitalized if their original acquisition cost is equal to or greater than the threshold of \$30,000. Internally developed software, including any reliably measurable internal staff costs incurred in development, is capitalized for development projects where total costs exceed the threshold of \$250,000. The capitalized value of internally developed software excludes those costs related to research and maintenance.

65. In 2023, the remaining net book value of software developed or enhanced internally was derecognized owing to the substantive completion of the planned transformation away from on-premises controlled software solutions and towards software as a service-based approach. The stand-alone value of any residual components of controlled in-house software solutions is no longer material and is no longer reliably measurable independent of the derecognized assets.

66. Amortization is provided over the estimated useful life using the straight-line method. The estimated useful lives for the intangible asset classes are as follows:

<i>Class</i>	<i>Estimated useful life (in years)</i>
Software acquired externally	3
Software developed internally	5
Licences and rights, copyrights, intellectual property and other intangible assets	Shorter of the licence or rights period and useful life of 3 years

Software as a service

67. Costs incurred for configuring or customizing cloud-based software as a service, and subscription fees for accessing it, are recognized as operating expenses when the services are received if the systems utilized do not meet the criteria to be recognized as controlled assets. Subscription fees contracted for the predeployment period that are distinct from configuration costs are amortized over the remainder of the minimum subscription period, starting from the date of initial active deployment.

68. Costs incurred for the development of software code that enhances or modifies or creates additional capability to existing on-premises systems and satisfies the recognition criteria for an intangible asset are recognized as intangible software assets and amortized over the remaining useful life of the software on a straight-line basis. The useful lives of intangible software assets are reviewed at least annually. Any changes in useful lives, including those due to such enhancements, are accounted for prospectively as a change in accounting estimate.

69. The assessment of whether costs to integrate and bridge controlled software to software-as-a-service solutions meet recognition criteria for capitalization as intangible software assets may involve key judgments as to the exact nature of the costs incurred, including whether a separate asset can be reliably measured.

Liabilities

Accounts payable and accruals

70. Accounts payable are financial liabilities incurred to settle the cost of either goods or services that have been acquired and received by UNHCR and for which the invoices have been received from the suppliers or represent amounts due to implementing partners against agreements implemented by those partners. They are initially recognized at fair value and, when applicable, subsequently measured at amortized cost using the effective interest rate method. As the accounts payable of UNHCR generally fall due within 12 months, the impact of discounting is immaterial, and nominal values are applied to initial recognition and subsequent measurement for the purposes of IPSAS 41.

71. Accruals are financial liabilities for goods and services as at the reporting date that have been received by or provided to UNHCR during the year and have not been invoiced by suppliers or claimed by partners. Accruals include the estimated implemented share of the value of partnership agreements when partner reports confirming implementation have not yet been reported or processed.

Other liabilities

72. Other liabilities primarily include obligations for future refunds and other miscellaneous items such as unapplied cash receipts. Future refund obligations are designated in the same manner as accounts payable and accruals and recorded at nominal value, as the impact of discounting is immaterial.

Employee benefits

73. UNHCR recognizes the following categories of employee benefits:

- (a) Short-term employee benefits due to be settled within 12 months after the end of the accounting period during which employees rendered the related service;
- (b) Post-employment benefits;
- (c) Other long-term employee benefits;
- (d) Termination benefits.

Short-term employee benefits

74. Short-term employee benefits in UNHCR comprise mainly salaries and payroll-related allowances, employee benefits on initial assignment, education grants and other benefits such as paid annual leave. Short-term employee benefits are measured at nominal value.

Post-employment benefits

75. Post-employment benefits in UNHCR include defined benefit plans, such as the United Nations Joint Staff Pension Fund, after-service health insurance and repatriation grants.

76. The liability recognized for these benefits, other than for the Pension Fund, is the present value of the defined benefit obligations at the reporting date. The defined benefit obligations are calculated by independent actuaries using the projected unit credit method. Actuarial gains and losses arising from changes in actuarial assumptions are recognized directly in equity.

United Nations Joint Staff Pension Fund

77. UNHCR is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified in article 3 (b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

78. The Fund collectively exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. UNHCR and the Fund, in line with the other organizations participating in the Fund, are not in a position to identify the proportionate share belonging to UNHCR in the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UNHCR has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. UNHCR contributions to the Fund during the financial period are recognized as expenses in the statement of financial performance.

79. It is stated in the Regulations of the Pension Fund that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities into perpetuity. The Fund's published funding policy (available on the Fund's website) sets out the methods, processes and targets that are used to monitor the funding position and associated risks. This also includes the practice of utilizing an actuarial value of assets, which smooths short-term investment gains and losses for the purpose of reporting long-term solvency.

80. The financial obligation of UNHCR to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently 7.90 per cent for participants and 15.80 per cent for member organizations), together with a share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are payable only if and when the Assembly invokes the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as at the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions that each paid during the three years preceding the valuation date. It has never been necessary to invoke article 26, and no deficiency payments have ever been requested.

81. The most recent actuarial valuation for the Pension Fund was completed as at 31 December 2023, and a roll forward of the participation data as at 31 December 2023 to 31 December 2024 will be used by the Fund for the purpose of reporting an actuarial present value of accumulated plan benefits in its 2024 financial statements.

82. The actuarial valuation as at 31 December 2023 revealed in a funded ratio of actuarial assets to actuarial liabilities of 111.0 per cent (117.0 per cent in the 2021 valuation) when future expected pension adjustments (cost-of-living indexation of benefits) were taken into account. The reported funded ratio was 152.0 per cent (158.2 per cent in the 2021 valuation) when the current system of pension adjustments

was not taken into account and would be the measure by which actuarial sufficiency is established under article 26.

83. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2023, for deficiency payments under article 26, given that the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. At the time of reporting, the General Assembly had not invoked the provision of article 26.

84. Should article 26 be invoked because of an actuarial deficiency, either during the ongoing operation or due to the termination of the Pension Fund, deficiency payments required from each member organization would be based on the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2021, 2022 and 2023) amounted to \$9,499.41 million, of which 5.4 per cent was contributed by UNHCR.

85. During 2024, the UNHCR contributions paid to the Pension Fund amounted to \$185.4 million (2023: \$185.3 million). Expected contributions due in 2025 are approximately \$166.0 million.

86. Membership in the Pension Fund may be terminated by a decision of the General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the Pension Board on the basis of an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets that are in excess of the liabilities are included in the amount.

87. The Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board and to the General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, which can be viewed on the Fund's website (www.unjspf.org).

Other long-term employee benefits

88. Other long-term employee benefits include end-of-service grants and an initial accrual of 1 per cent of staff and qualifying contractor costs incurred following the decision in 2024 to self-insure in respect of obligations under appendix D to the Staff Regulations and Rules to compensate staff and certain contractors in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. Prior to the change, these obligations were assumed by the United Nations Secretariat in return for a similar 1 per cent premium. The level of accrual will be reviewed in future periods and adjusted as appropriate on the basis of the actual and expected levels of claims by insured persons.

Provisions and contingencies

89. A provision is made when UNHCR has a present legal or constructive obligation as a result of past events and it is probable that UNHCR will be required to settle the obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources expected to be required to settle the present obligation at the reporting date. This estimate is discounted where the effect of the time value of money is material.

90. Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of UNHCR.

Budget comparison

91. The UNHCR budget is formulated on a modified cash basis. In the statement of financial performance (statement II), expenses are classified and listed by the nature of expenses, whereas in the statement of comparison of budget and actual amounts (statement V), expenditure is classified by operational segment.

92. The UNHCR budget is based on a comprehensive assessment of the humanitarian and protection needs of displaced people. The High Commissioner may approve supplementary budgets in the case that new needs cannot be fully met from the approved UNHCR programme budget. Supplementary budgets are reported to each subsequent meeting of the Standing Committee for the Committee to take note of them.

93. The statement of comparison of budget and actual amounts (statement V) shows the original budget and compares the final budget to actual amounts on the same basis as the corresponding budgetary amounts. As the bases used to prepare the budget and the financial statements differ, note 7 provides: (a) the comparison of the actual budgetary amounts presented in statement V with the IPSAS actual expense amounts presented in the statement of financial performance (statement II); and (b) the reconciliation of the difference between actual budgetary resources and expenditure with the cash increase/decrease presented in the cash-flow statement (statement IV).

Segment reporting

94. In accordance with IPSAS 18: Segment reporting, the financial statements are also presented by segment. A segment is a distinguishable activity or group of activities for which financial information is reported separately for the purpose of evaluating the entity's past performance in achieving its objectives and in making decisions about the future allocation of resources.

95. UNHCR reports on the transactions of each segment during the year and on the balances held at the end of the year.

96. The structure of UNHCR internal financial reporting is organized into seven regions plus headquarters and global programmes for the purpose of evaluating performance in achieving UNHCR objectives and in making decisions about the future allocation of resources. Note 8 presents the regional and headquarters segment reporting schedules.

97. As at 31 December 2024, special funds and accounts comprised the Working Capital Fund for Voluntary Contributions, the Staff Benefits Fund, the Medical Insurance Plan and the Self-Financing Activities Fund.

Joint operations/UN Fleet

98. In 2022, UNHCR and the World Food Programme (WFP) signed a memorandum of understanding to establish a joint operation for the provision of mobility solutions to the United Nations system, referred to as UN Fleet, including vehicle leasing, insurance services and other related services. UN Fleet operations commenced in 2023. UN Fleet is not established as a separate entity with legal form and is jointly governed and funded by UNHCR and WFP, with each providing half of the approved funding. UNHCR recognizes its share in the assets and liabilities of UN Fleet, and of

its revenues and expenses earned or incurred jointly with WFP under IPSAS 37: Joint arrangements. The results and financial position are recorded as a component of the headquarters segment in 2023 and 2024.

New accounting standards

99. IPSAS 43: Leases was issued in January 2022 with an effective date of 1 January 2025. IPSAS 43 supersedes IPSAS 13: Leases and introduces the right-of-use model for lessees. Its impact on the financial position of UNHCR upon adoption, including the impact of consequential amendments to other standards, is currently being assessed. Based on the right-of-use model, upon adoption of the new standard and after the expiration of the validity of any transitional provisions that may be applied, most expense leases will be required to be capitalized, resulting in an increase in the amount of capitalized assets and the recording of related lease liabilities.

100. IPSAS 43 will also be applicable to lease revenue, including the revenue earned from the contracts entered into by UN Fleet with United Nations system entities utilizing its services. The treatment of these leases under IPSAS 43 is the same as the treatment under IPSAS 13; thus, no change in accounting is expected.

101. IPSAS 44: Non-current assets held for sale and discontinued operations was issued in May 2022. IPSAS 44 promulgates accounting for assets held for sale and the presentation and disclosure requirements of discontinued operations, in alignment with International Financial Reporting Standard 5: Non-current assets held for sale and discontinued operations. Adoption of the standard is mandatory in the financial year ending 31 December 2025. Given the definitions and scope of non-current assets held for sale, the recognition and measurement impacts are not expected to be significant for UNHCR. Any impact of the presentation and disclosure changes will depend on the future identification of discontinued operations, starting on 1 January 2025.

102. IPSAS 45: Property, plant and equipment was issued in May 2023 and replaces IPSAS 17: Property, plant and equipment. IPSAS 45 removes the scope exclusion for heritage property, plant and equipment, provides application and implementation guidance on infrastructure assets and captures property, plant and equipment-related measurement impacts from IPSAS 46.

103. UNHCR does not hold any heritage assets; therefore IPSAS 45 is not expected to have any impact on UNHCR financial reporting from the effective date of 1 January 2025.

104. IPSAS 46: Measurement was issued in May 2023 and draws upon International Financial Reporting Standard 13: Fair value measurement, with the addition of public sector specific elements, including the current operational value measurement basis. Adoption of the standard is mandatory for the financial year ending 31 December 2026. The adoption of IPSAS 46 is not expected to change the UNHCR accounting policy choice of applying the historical cost model to tangible and intangible assets.

105. In March 2023, the IPSAS Board issued IPSAS 47: Revenue and IPSAS 48: Transfer expenses, each with an effective date of 1 January 2026. IPSAS 47 replaces IPSAS 9: Revenue from exchange transactions, IPSAS 11: Construction contracts and IPSAS 23: Revenue from non-exchange transactions (taxes and transfers), to create a single consolidated revenue standard. IPSAS 48 does not replace a pre-existing standard, and will apply exclusively to transfer expenses where UNHCR acts as a resource provider.

106. The impact of both IPSAS 47 and IPSAS 48 is currently being assessed.

107. On the basis of preliminary assessments, the impact of IPSAS 47 on UNHCR accounting for earmarked voluntary contributions is likely to be significant. Under the current IPSAS 23, UNHCR recognizes the overwhelming majority of voluntary contributions as non-exchange revenue without conditions upon signature of the relevant contribution agreement. Under IPSAS 47, UNHCR will be required to record revenue from unearmarked contributions on a cash receipt basis and revenue from earmarked voluntary contributions when (or as) any identified compliance obligations under binding arrangements, and any enforceable obligations arising from other earmarked contributions, are duly satisfied. Compliance obligations and enforceable obligations, as defined in IPSAS 47, are concepts that broadly align with the expectations and entitlements of donors under many individually significant earmarked voluntary contribution agreements. The change in revenue recognition approach upon implementation of IPSAS 47 is expected to result in a significant shift in the timing of recognition for a substantial share of UNHCR revenue from earmarked voluntary contributions from the year of signature of the contribution agreement to the subsequent year(s) for which the funds are intended, and when UNHCR satisfies the relevant obligations.

108. The impact of IPSAS 48 on the UNHCR transfer expense accounting is not expected to be significant, as in the absence of specific IPSAS guidance prior to the publication of IPSAS 48, current UNHCR accounting for transfer expenses has been preliminarily assessed as being broadly aligned with the accounting approach reflected in IPSAS 48.

109. IPSAS 49: Retirement benefit plans was issued in November 2023 and aligns with International Accounting Standard 26: Accounting and reporting by retirement benefit plans. It prescribes the accounting and reporting requirements for public sector retirement benefit plans. A retirement benefit plan that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 49. The Standard does not deal with other forms of employment benefits such as employment termination benefit or after-service health insurance plans. Adoption of the standard is mandatory for the financial year ending 31 December 2026. IPSAS 49 is not expected to have any impact on UNHCR financial reporting.

110. IPSAS 50: Exploration for and evaluation of mineral resources, and amendments to IPSAS 12: Inventories, relating to stripping costs in the production phase of a surface mine, were issued in 2024 to provide guidance for public sector entities operating in extractive industries. IPSAS 50 and the changes to IPSAS 12 are not expected to have any impact on UNHCR financial reporting.

2.2 Risk analysis and risk management

111. UNHCR is exposed to financial risks including credit risk, liquidity risk, interest rate risk and foreign exchange risk.

112. In accordance with the UNHCR investment policy, funds not required for immediate use may be invested. All investments are carried out in accordance with the approved investment policy. Some portfolios are managed by external managers appointed by UNHCR to manage funds in accordance with a defined mandate. Investment policies, performance and the investment risk for each investment portfolio are subject to regular review. UNHCR uses derivative financial instruments to hedge some of its risk exposures.

Nature of financial instruments

113. Investments are categorized as follows:

(a) Investments with short-term maturities: invested in cash and high-quality short-term government, agency and corporate bonds, and derivatives as defined in the approved investment policy by external investment managers;

(b) Investments with long-term maturities: invested in externally managed global bond index funds, which comprise high-quality medium-term and long-term government and corporate bonds.

Credit risk

114. Credit risk is the risk of financial loss resulting from a counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments, and credit exposure to outstanding receivables. The carrying value of financial assets is the maximum exposure to credit risk.

Cash and investments

115. UNHCR risk management policies limit the amount of cash and investment holdings with any bank. In the identification and maintenance of the list of approved custodians, the risks of loss of principal in the event of counterparty default are mitigated through the application of risk management evaluations and bank risk rating grades. Surplus funds are placed with financial institutions worldwide with the greatest financial strength as measured by adequacy of capital and reserves. Geographical distribution and specific threshold limits by counterparty are practised. All placements of surplus funds are made with financial institutions that are accorded the strongest credit ratings by the primary rating agencies.

116. UNHCR analyses the concentration of credit risk exposure according to the credit ratings of the term deposits and money market funds it holds. UNHCR applies credit ratings issued by S&P Global. Short-term credit ratings are applicable for term deposits, as the durations of all deposits are less than one year. As at 31 December 2024, UNHCR had money market funds amounting to \$5.9 million, which had the highest fund rating issued by S&P Global of AAA. As at 31 December 2024, UNHCR had short-term deposits of \$818.5 million, which were all rated in the highest short-term rating category of Prime-1.

117. Balances required for day-to-day operational purposes are highly geographically dispersed and maintained only at the level required for operations, thus limiting credit risk for these balances.

118. UNHCR investments are widely diversified to limit credit risk exposure to any individual investment counterparty. Investments are placed with a wide range of counterparties using minimum credit quality limits and maximum exposure limits by counterparty established in investment mandates. The Treasury department monitors the total exposure to counterparties across all internally and externally managed portfolios.

119. Where the investments and securities are not rated for creditworthiness by the major credit rating agencies, the Treasury department ensures that the deposits and securities and the constituent securities in the investment funds are issued by issuers whose credit ratings are equal to or better than a single A minimum credit rating requirement for UNHCR investments as set out in the investment guidelines for the external portfolio managers.

120. Credit risk for cash and investments is summarized in table 3.1.5.

Receivables

121. Contributions receivable are composed primarily of voluntary contributions due from Member States. Historically, no material amounts have remained uncollected. The

risk of non-collection has been assessed and has been provided for, as indicated in table 3.2.3. Credit risk exposure for contributions receivable is summarized in table 3.2.6.

Liquidity risk

122. UNHCR total cash and cash equivalent holdings and net investments amounted to \$2,271.3 million as at 31 December 2024, compared with \$2,018.3 million as at 31 December 2023.

123. UNHCR total cash and cash equivalents and net investments are composed of unencumbered operational cash holdings amounting to the equivalent of \$810.7 million and encumbered non-operational cash and net investment holdings amounting to \$1,460.6 million (see note 3.1).

124. The average balance of unencumbered operational cash holdings during 2024 represents a coverage of 2.0 months of expenses (2023: 1.7 months).

125. The implementation of UNHCR programme and emergency activities is planned using cash flow forecasting for actual and estimated pledged contributions and special appeals. Liquidity management procedures and monitoring are in place to ensure that sufficient liquid cash holdings are available to meet contractual liabilities as and when due. However, UNHCR is heavily dependent upon cash flows from a small number of major donors. Due to donor restrictions (“earmarking”), not all liquid assets are available to fund general operations in the event of delays in the receipt of funds pledged, declining contributions, or other unanticipated events that negatively affect liquidity. Short-term future charges on net assets include the obligation to liquidate commitments for the acquisition of goods and services, as well as capital commitments contracted but not delivered by 31 December (see note 9.2).

Interest rate risk

126. UNHCR earns interest revenue derived from surplus balances that it maintains in operational and non-operational cash holdings throughout the year and is exposed to interest rate risk through its short-term and long-term fixed-income investments. The implementation of the UNHCR programme and budget is not directly dependent on interest earnings.

127. Fixed-income derivative instruments may be used by external investment managers to manage interest rate risk under strict investment guidelines. Interest rate instruments of this type are used for portfolio duration management and for strategic interest rate curve positioning.

128. During the period from 1 January to 31 December 2024, bank deposits were held primarily in United States dollars. The average rate of return on United States dollar bank deposits was 5.22 per cent, compared with 5.04 per cent in 2023, reflecting the increasing interest rate trends in this short-term investment segment.

Table 2.2.1

Deposit trend analysis

	2024	2023
Term deposits		
Average balance (millions of United States dollars)	1 011	1 125
Average interest rate (percentage)	5.22	5.04
Average duration (days)	29	31

Foreign exchange risk

129. The base currency for UNHCR accounting and budgeting is the United States dollar. UNHCR is impacted by the foreign exchange risk arising from fluctuations in currency exchange rates for cash inflows from contributions that are received throughout the year, primarily in 11 major currencies, and from settlement payments that are made in 111 currencies worldwide. UNHCR manages currency risk at the multi-currency portfolio level by establishing actual and forecasted net cash flow positions by currency pairs that are highly correlated between receiving and paying currencies. Therefore, short-term hedging interventions are limited. In 2024, UNHCR executed a limited number of forward contracts for known Swiss franc payroll requirements and SwF 56.5 million (SwF 58 million in 2023) was traded for this purpose. In 2024, there are no open forward contracts at year-end.

130. UNHCR addresses the underlying uncertainty by using an established risk methodology to substantiate and validate the benefit of a high degree of diversification in its currency portfolio.

131. UNHCR mitigates foreign exchange impacts for each currency flow by matching cross-correlated currencies at the portfolio level. The automated cash flow forecasting tool embedded in UNHCR enterprise resource planning systems is a key component for tracking and optimizing forthcoming cash flows worldwide in underlying transactional modules.

132. UNHCR procures all major convertible currencies centrally at headquarters through standardized electronic trading platforms managing worldwide operational needs in approximately 137 countries and territories of operation.

133. The translation into United States dollars of transactions expressed in other currencies is performed at the United Nations operational rates of exchange prevailing at the date of the transaction. Assets and liabilities that are denominated in foreign currencies are translated at the United Nations operational rates of exchange year-end closing rate. Realized and unrealized gains and losses resulting from the settlement and revaluation of foreign currency transactions are recognized in the statement of financial performance.

Sensitivity analysis

134. The major categories of monetary assets are cash and cash equivalents, investments and receivables. Currency exchange risk arises as a result of differences in the exchange rates at which foreign currency receivables or payables are recorded, and the exchange rates at which the cash receipt or payment is subsequently recorded. The major components by currency of cash and investments and related sensitivities to foreign exchange rate movements as at 31 December 2024 are reflected in table 3.1.4. There is significant foreign exchange risk derived from pledges of voluntary contributions recorded as receivables, specifically in the timing of the receipt of a pledged amount. Total contributions receivable by currency and related sensitivities to foreign exchange rate movements are reflected in table 3.2.5.

135. Monetary liabilities are primarily reflected in accounts payable. The major currency components of accounts payable and related sensitivities to foreign exchange rate movements are reflected in table 3.7.2. Substantially all accounts payable are due for settlement within one year, and normally within a shorter period, thus limiting exposure to foreign exchange risk.

136. The remaining monetary assets and liabilities not included in cash, investments, receivables and accounts payable that are subject to foreign exchange rate movements are summarized in table 2.2.2.

Table 2.2.2

Other monetary assets and liabilities – sensitivity to foreign exchange risk

(Thousands of United States dollars)

<i>Other monetary assets net of other monetary liabilities subject to foreign exchange risk – by currency</i>	<i>31 December 2024</i>	<i>Strengthening of United States dollar by 10 per cent</i>	<i>Weakening of United States dollar by 10 per cent</i>
Swiss franc	67 339	(6 734)	6 122
Euro	(25 900)	2 355	(2 590)
Syrian pound	12 639	(1 264)	1 149
Yemeni rial	6 528	(653)	593
Turkish lira	(4 757)	432	(476)
Other currencies	9 933	(993)	903
Total	65 782	(6 857)	5 701

137. The largest overall exposures netting off monetary assets against monetary liabilities by currency are summarized in table 2.2.3.

Table 2.2.3

Net monetary assets and liabilities by currency risk

(Thousands of United States dollars)

<i>Net monetary assets and liabilities by currency</i>	<i>31 December 2024</i>	<i>Strengthening of United States dollar by 10 per cent</i>	<i>Weakening of United States dollar by 10 per cent</i>
United States dollar	1 991 323	–	–
Euro	490 982	(49 098)	44 635
Danish krone	181 913	(18 191)	16 538
Swiss franc	172 225	(17 223)	15 657
Norwegian krone	86 321	(8 632)	7 847
Swedish krona	81 270	(8 127)	7 388
Australian dollar	49 603	(4 960)	4 509
Canadian dollar	43 048	(4 305)	3 913
Pound sterling	38 740	(3 874)	3 522
Syrian pound	19 508	(1 951)	1 773
Hong Kong dollar	19 387	(1 939)	1 762
West African CFA franc	15 807	(1 581)	1 437
Japanese yen	13 075	(1 308)	1 189
Qatari riyal	10 408	(1 041)	946
Turkish lira	(10 984)	999	(1 098)
Other currencies	111 746	(11 175)	10 159
Total	3 314 372	(132 405)	120 177

138. The overall impact on fund balances of asymmetric changes in all monetary assets and liabilities, holding all other variables unchanged, would be to reduce fund balances by \$132.4 million (4.0 per cent) if the United States dollar strengthens by 10 per cent, and to increase fund balances by \$120.2 million (3.6 per cent) if the United States dollar weakens by 10 per cent, compared with the exchange rates in

effect as at 31 December 2024, as currency fluctuations of 10 per cent are considered possible as at this date. Year-end exposure to currency risk is higher than the risk that applies during the year, as receivables denominated in currencies other than the United States dollar are generally higher at year-end than typical average levels applicable during the financial year.

Note 3

Assets and liabilities

3.1 Cash and cash equivalents and (net) investments

Table 3.1.1

Summary of cash and cash equivalents and (net) investments

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Current assets		
Cash and cash equivalents	1 865 948	2 018 333
Investments	158 143	–
Non-current assets and liabilities		
Investments	256 919	–
Other investment liabilities	(9 744)	–
Total cash and cash equivalents and (net) investments	2 271 266	2 018 333

Table 3.1.2

Summary of cash and cash equivalents

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Headquarters bank and cash	608 267	438 000
Field offices bank and cash	375 544	367 419
Short-term deposits	818 504	1 207 444
Cash equivalents held in investment portfolios	57 757	–
Investments in money market funds	5 876	5 470
Total cash and cash equivalents	1 865 948	2 018 333

139. Cash required for immediate disbursement is maintained in cash and bank accounts. Balances in short-term deposit accounts and money market funds and cash equivalents in the investment portfolios are available at short notice and meet the criteria for classification as cash and cash equivalents.

140. Table 3.1.3 shows the purposes for which cash and cash equivalents were held.

Table 3.1.3
Earmarking of cash, cash equivalents and (net) investments

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Cash and bank balances		
Operational	796 848	694 840
Junior Professional Officers Fund	13 839	10 579
Operational cash and bank balances	810 687	705 419
Working Capital Fund for Voluntary Contributions	100 000	100 000
Staff Benefits Fund	73 124	–
Non-operational cash and bank balances	173 124	100 000
Total cash and bank balances	983 811	805 419
Cash equivalents, short-term deposits and (net) investments^a		
Staff Benefits Fund	943 745	877 269
Medical Insurance Plan	85 982	73 593
Self-Financing Activities Fund	257 728	222 810
Operational	–	39 242
Total short-term deposits and (net) investments	1 287 455	1 212 914
Of which:		
Operational	810 687	744 661
Non-operational	1 460 579	1 273 672
Total cash and cash equivalents and (net) investments	2 271 266	2 018 333

^a Investments are net of investment liabilities of \$9.7 million.

141. Cash and cash equivalents and short-term investments are held primarily in United States dollars. Table 3.1.4 indicates the impact on surplus or deficit if the dollar strengthens or weakens by 10 per cent, on an asymmetric basis, holding all other variables constant, compared with the exchange rates in effect on 31 December 2024.

Table 3.1.4
Currency position of cash, cash equivalents and (net) investments

(Thousands of United States dollars)

Holding currency	Position at 31 December 2024	Strengthening of United States dollar by 10 per cent	Weakening of United States dollar by 10 per cent
United States dollar	1 803 321	–	–
Euro	84 194	(7 654)	8 419
Bangladeshi taka	19 387	(1 762)	1 939
Hong Kong dollar	19 297	(1 754)	1 930
West African CFA franc	13 651	(1 241)	1 365
Other currencies	331 416	(30 129)	33 142
Total cash and cash equivalents and (net) investments	2 271 266	(42 541)	46 795

Table 3.1.5
Credit ratings of cash and cash equivalents and investments
(Thousands of United States dollars)

	<i>Credit ratings^a</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Short-term deposits	Prime-1	818 504	1 207 444
Cash – other		1 041 569	805 419
Of which:	Prime-1	758 024	605 917
	Prime-2	30 597	27 244
	Prime-3	35 832	39 088
	Unrated/unknown	217 116	133 170
Money market funds	Prime-1	5 875	5 470
Total cash and cash equivalents		1 865 948	2 018 333
Short-term and long-term investment assets			
Short-term investments in funds		158 143	–
Of which:	Prime-1	21 117	–
	Prime-2	35 929	–
	Prime-3	35 118	–
	Unrated/unknown	65 979	–
Long-term investments in funds	Prime-1	256 919	–
Total investment assets in funds		415 062	–
Other investment liabilities		(9 744)	–
Total (net) investments		405 318	–
Total cash and cash equivalents and (net) investments		2 271 266	2 018 333

^a Ratings are based on the S&P Global rating definitions.

142. Credit risk for cash and cash equivalents is mitigated by the fact that balances are held with a significant number of counterparties.

Table 3.1.6
Investments
(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Investment funds	256 919	–
Derivatives	7 253	–
Debt securities	147 159	–
Other investment balances	3 731	–
Total investment assets	415 062	–
Of which:		
Short-term	158 143	–
Long-term	256 919	–

143. UNHCR maintains an internally managed portfolio of short-term bank deposits and money market funds, which are presented in the financial statements as cash and cash equivalents, and portfolios of investments in financial instruments managed by external investment managers.

144. Short-term and long-term investments relating to funds held to finance after-service health insurance and other post-employment entitlements are placed in investment funds, high-quality fixed-income securities (government, agency and corporate bonds) and derivative instruments (swaps, futures and collaterals) as defined in the approved investment policy.

145. Receivables from investments include accrued revenue on investments and receivables from investments that were sold before 31 December 2024 and settled after that date.

146. The performance of the investment portfolios is evaluated on a fair value basis.

147. UNHCR funds are invested with the following objectives:

(a) Preservation of capital. The goal of capital preservation is the principal objective of the investment policy;

(b) Maintenance of sufficient liquidity to meet all payments of liabilities on time;

(c) Optimization of income return available for investment over the investment horizon, commensurate with the above-mentioned requirements on preservation of capital and liquidity.

148. The quality, security and liquidity of the investments are always given priority over the rate of return on the investments.

149. Investments include debt instruments that do not qualify for measurement at either amortized cost or fair value through net assets/equity.

150. Financial assets in the externally managed portfolios designated as at fair value through surplus or deficit are classified as short-term investments where the investment time horizon of these portfolios is less than or equal to one year or the business model is “held for trading”.

151. Unlike the internally managed portfolio of short-term investments and cash and cash equivalents, the return objective of long-term invested funds is to earn returns in excess of those of their benchmarks.

152. Passive investment portfolios are classified as long-term investments in accordance with the investment time horizon of the portfolio and the duration of its benchmark (eight and a half years), which are both greater than one year. Most of these investments are invested in an externally managed global bond fund.

153. Financial assets mandatorily measured at fair value through surplus and deficit amount to \$415.1 million.

Table 3.1.7

Other investment liabilities

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Derivatives	5 642	–
Other investment liabilities	4 102	–
Total other investment liabilities	9 744	–

154. Derivative financial instruments in a liability position arise from derivative transactions such as forward foreign exchange contracts and interest rate swaps, including:

(a) Derivative contracts transacted by the portfolio managers to adjust the currency and the interest rate exposure and positions of the portfolios;

(b) Forward foreign exchange contracts transacted by UNHCR to hedge the foreign exchange risk of future expenditure.

155. Other investment liabilities relate to other financial liabilities from investments, including assets purchased before 31 December 2024 and settled after that date.

Table 3.1.8

Maturity analysis of investment portfolio as at 31 December 2024

(Thousands of United States dollars)

	<i>Up to 12 months</i>	<i>1 to 5 years</i>	<i>Greater than 5 years</i>	<i>No maturity or maturity not determined</i>	<i>Total</i>
Derivatives – assets	7 246	7	–	–	7 253
Investment fund	–	–	50 000	206 919	256 919
Bonds	7 747	44 310	95 102	–	147 159
Other investment balances	–	–	3 013	718	3 731
Derivatives – liabilities	(5 642)	–	–	–	(5 642)
Other investment liabilities	–	–	(3 880)	(222)	(4 102)
Total (net) investments	9 351	44 317	144 235	207 415	405 318

156. A maturity analysis of investment holdings helps to demonstrate the management of liquidity risks by ensuring that the value of UNHCR assets consistently exceeds the associated obligations. The UNHCR investment fund includes obligations related to derivatives and foreign exchange transactions. However, the asset holdings within the portfolio provide adequate coverage for these liabilities. As some of the portfolios are actively managed by external investment managers, the maturity of these items and cash flows in the portfolio may change when the investment manager purchases or sells such instruments, given that UNHCR does not expect to hold such items until maturity.

Table 3.1.9

Fair value hierarchy as at 31 December 2024

(Thousands of United States dollars)

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Short-term investments	–	156 117	2 027	158 143
Long-term investments	206 919	–	50 000	256 919
Financial liabilities	–	(9 744)	–	(9 744)
Total (net) investments	206 919	146 373	52 027	405 318

157. The fair value hierarchy represents the categorization of market pricing to indicate the relative ease with which the value of investments held by UNHCR can be realized.

158. Financial instruments held by UNHCR with quoted prices in active markets are classified as level 1. Derivative instruments that are transacted over the counter are classified as level 2 because their fair value is observable – either directly as a price, or indirectly after being derived from prices. These instruments consist of bonds, foreign currency hedging forward contracts and derivative contracts in the externally managed portfolios. Level 3 includes inputs that are not observable, and the value is determined using market-standard valuation techniques.

3.2 Contributions receivable

159. The following tables summarize the composition of contributions receivable by donor class (table 3.2.1) and year due (table 3.2.2).

Table 3.2.1

Analysis of net contributions receivable by donor class

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Current contributions receivable		
Governments	938 198	847 264
United Nations system organizations and funds	81 138	84 015
Other intergovernmental organizations	107 777	194 926
Private donors	111 332	131 438
Current contributions receivable before allowance	1 238 445	1 257 643
Allowance for doubtful accounts	(23 127)	(9 930)
Total current contributions receivable	1 215 319	1 247 714
Non-current contributions receivable		
Governments	257 534	593 704
United Nations system organizations and funds	5 829	10 340
Other intergovernmental organizations	58 365	41 460
Private donors	12 698	20 127
Total non-current contributions receivable before discounting	334 426	665 631
Discounting of non-current receivables (IPSAS 41)	(18 880)	(42 935)
Total non-current contributions receivable	315 546	622 696
Net contributions receivable	1 530 865	1 870 409

Table 3.2.2

Summary of contributions receivable by year due

(Thousands of United States dollars)

Year due	31 December 2024	Percentage	Year due	31 December 2023	Percentage
2023 and before	10 451	0.7	2022 and before	53 969	2.9
2024	119 283	7.8	2023	197 774	10.6
2025	1 085 585	70.9	2024	995 970	53.2
Total current contributions receivable	1 215 319	79.4		1 247 714	66.7

<i>Year due</i>	<i>31 December 2024</i>	<i>Percentage</i>	<i>Year due</i>	<i>31 December 2023</i>	<i>Percentage</i>
2026	240 627	15.7	2025	479 821	25.6
2027	87 119	5.7	2026	156 280	8.4
2028	6 075	0.4	2027	29 530	1.6
2029	605	0.0	2028	—	—
Total non-current contributions receivable before discounting	334 426	21.8		665 631	35.6
Discounting of non-current receivables	(18 880)	(1.2)		(42 935)	(2.3)
Total non-current contributions receivable	315 546	20.6		622 696	33.3
Total contributions receivable	1 530 865	100.0		1 870 409	100.0

160. Contributions receivable are treated as financial assets for the purposes of IPSAS 41, and non-current contributions receivable are measured at amortized cost by discounting their nominal value from the estimated date of future cash receipts using the IMF special drawing right interest rate. Contributions receivable are measured at amortized cost notwithstanding the fact that earmarking requirements of donors have not yet been satisfied, and the date of receipt of the funds may be dependent on the timing of the future satisfaction of the earmarking requirements.

161. The movement of the allowance for doubtful accounts during 2024 was as follows:

Table 3.2.3

Change in allowance for doubtful contributions receivable

(Thousands of United States dollars)

	<i>31 December 2023</i>	<i>Write-offs</i>	<i>Increase</i>	<i>(Decrease)</i>	<i>31 December 2024</i>
Allowance for doubtful accounts	9 930	—	13 576	(379)	23 127

162. Contributions receivable are presented net of allowances for those receivables which are past due and for which there is objective evidence that the amounts due are impaired. The impaired receivables primarily represent disputed claims, subsequent agreement amendments and underspending against earmarked funding, and are not indicative of credit risk.

Table 3.2.4

Ageing of net contributions receivable

(Thousands of United States dollars)

<i>Contributions receivable</i>	<i>Gross nominal amount</i>	<i>Allowances (impairment)</i>	<i>Net nominal amount</i>
Not overdue as at 31 December 2024	1 420 408	(397)	1 420 011
Less than 12 months overdue	121 650	(2 366)	119 283
More than 12 months overdue	30 813	(20 363)	10 451
Total contributions receivable before discounting	1 572 871	(23 127)	1 549 745
Discounting of non-current receivables	—	—	(18 880)
Total contributions receivable			1 530 865

Table 3.2.5
Total contributions receivable by currency
(Thousands of United States dollars)

<i>Contributions receivable by currency</i>	<i>31 December 2024</i>	<i>Strengthening of United States dollar by 10 per cent</i>	<i>Weakening of United States dollar by 10 per cent</i>
United States dollar	606 650	–	–
Euro	442 165	(40 197)	44 216
Danish krone	170 818	(15 529)	17 082
Swedish krona	80 931	(7 357)	8 093
Other currencies	249 182	(22 653)	24 918
Total contributions receivable before discounting	1 549 745	(85 736)	94 309
Discounting of non-current receivables	(18 880)	–	–
Total contributions receivable	1 530 865	(85 736)	94 309

163. Contributions receivable are denominated largely in United States dollars, euros, Danish krone and Swedish krona. Table 3.2.5 indicates the impact on surplus/(deficit) owing to changes in the dollar-equivalent value of contributions if the dollar strengthens or weakens by 10 per cent, on an asymmetric basis, holding all other variables constant, compared with the exchange rates in effect as at 31 December 2024.

Table 3.2.6
Total contributions receivable by credit risk exposure
(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Government ratings^a		
Aaa–Aa3	1 086 202	1 338 875
A1–A3	58 218	81 573
Baa1–Baa3	46 003	15 792
Ba1–B3	1 309	1 392
Caa1–Ca	4 000	2 000
Unrated	–	1 337
Total government contributions receivable	1 195 732	1 440 969
Intergovernmental organizations	166 142	236 386
United Nations system organizations and funds	86 967	94 355
Private donors	124 030	151 564
Total contributions receivable before allowance	1 572 871	1 923 274
Allowance for doubtful accounts	(23 126)	(9 930)
Total contributions receivable before discounting	1 549 745	1 913 344
Discounting of non-current receivables	(18 880)	(42 935)
Total contributions receivable	1 530 865	1 870 409

^a Moody's ratings.

164. Contributions receivable are recorded primarily based on pledges received and accepted from governments and intergovernmental organizations. Table 3.2.6 indicates the exposure by credit rating for net contributions receivable from governments. Comparable credit ratings applicable to other contributions receivable are not readily available. Credit risk on contributions receivable is mitigated by the fact that financial commitments resulting from contribution agreements are generally entered into only after related contributions funding has been received.

3.3 Inventories

165. The distribution or internal consumption of inventory is recorded as an expense in the statement of financial performance under distributions either to partners (note 6.1) or to beneficiaries (note 6.4), or – when consumed internally – under the relevant category of equipment and supplies (note 6.7). Inventories intended for long-term internal usage may also be transferred to property, plant and equipment (note 3.5).

166. The following tables show the composition of the inventory balance at year-end (table 3.3.1) and the reconciliation of inventory changes during the year (table 3.3.2).

Table 3.3.1

Summary of inventory by type

(Thousands of United States dollars)

<i>Inventory type</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Medical and hygienic supplies and apparel	8 932	11 321
Household items	139 156	186 335
Tents	69 800	89 834
Construction materials and related equipment	10 165	12 078
Stock of vehicles pending distribution	29 297	31 988
Other supplies and equipment	73 947	111 852
In-transit and other	30 605	46 115
Subtotal	361 902	489 523
<i>Less: inventory valuation allowance</i>	<i>(45 990)</i>	<i>(64 517)</i>
Total inventory	315 911	425 005

167. At year-end, UNHCR held inventory items with a total value of \$315.9 million net of valuation allowances. This is equivalent to approximately 10 months' distribution made in 2024 (approximately 12 months in 2023).

168. Prior to their disposal, assets previously in use and held for distribution to partners are recategorized from property, plant and equipment to inventory (see table 3.5.1).

Table 3.3.2
Movement in inventory
(Thousands of United States dollars)

<i>Inventory reconciliation</i>	<i>2024</i>	<i>2023</i>
Opening inventory as at 1 January	425 005	464 625
Cost of goods acquired ^a	322 908	397 830
Cost of goods distributed	(402 896)	(435 183)
Transfers (to)/from property, plant and equipment	(35 875)	23 504
Other adjustments ^b	(11 758)	20 158
Change in inventory valuation allowance	18 527	(45 929)
Closing inventory as at 31 December	315 911	425 005

^a Includes in-kind contributions and consumables.

^b Other adjustments primarily consists of valuation adjustment due to replacement cost analysis (\$15.5 million) and miscellaneous inventory corrections (\$3.7 million).

Table 3.3.3
Change in inventory valuation allowance
(Thousands of United States dollars)

	<i>31 December 2023</i>	<i>Increase</i>	<i>(Decrease)</i>	<i>31 December 2024</i>
Inventory valuation allowance	64 517	6 976	(25 504)	45 990

169. The inventory valuation allowance as at 31 December 2024 reflects impairments pending clarification of possible discrepancies in recorded quantities identified during physical verification (\$10.1 million), value adjustments for inventory items beyond their shelf lives (\$14.3 million) and an impairment of vehicles held in warehouses for more than 12 months pending deployment (\$1.4 million). See notes 6.5 and 6.11. UNHCR warehouses in the Sudan and Syria were subject to looting in 2023 and 2024, respectively. As a result, in 2024 an additional impairment allowance of \$7.0 million was recorded pending final verification of losses. It is expected that more than half of the final losses will be covered by insurance. See note 9.4, Contingent assets.

3.4 Prepayments and other current assets

Table 3.4
Summary of prepayments and other current assets
(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Prepayments commercial, partners and other	369 781	424 131
United Nations entity receivables	89 446	47 149
Implementing partner receivables	13 777	5 228
Value added tax receivables	33 285	37 930
Staff advances	64 717	58 384
Other assets	23 099	11 188
Subtotal	594 105	584 009
<i>Less: allowance for other current assets</i>	<i>(20 636)</i>	<i>(12 435)</i>
Total prepayments and other current assets	573 467	571 574

170. Prepayments (e.g. under implementing partnership agreements, to financial service providers under cash assistance arrangements and to property owners for rent) are payments made in advance of provision of goods or commercial and partnership services for which the final claims of the suppliers and partners have yet to be processed.

171. In 2024, prepayments include \$240.7 million (2023: \$328.6 million) for activities of implementing partners to be performed for which reports to confirm these activities have not yet been processed (see note 6.1).

172. Implementing partner prepayments of \$240.7 million include \$87.1 million for 104 projects where the delivery of services is extended into 2025 (2023: \$10.6 million for 17 extended projects) and \$3.7 million of first instalments for 19 projects due for implementation in 2025 (2023: \$3.1 million against two new projects).

173. Based on past experience, the amounts advanced as prepayments that – pending the processing of partner reports – are expected to be confirmed as implementing partner expenses in 2025 are recorded as accrued liabilities. Prepayments relating to 2024 partner activities are released as and when the annual partner report processing is completed. See note 6.1. The accrued liabilities are released at the same time as the actual expenses reported are processed.

174. Prepayments to financial service providers of cash-based assistance not yet delivered to final beneficiaries, net of estimated deliveries not yet reported by financial service providers, amounted to \$81.5 million (2023: \$47.1 million). Other prepayments of \$47.4 million (2023: \$48.1 million) relate largely to commercial vendors.

175. Implementing partner receivables of \$13.8 million (2023: \$5.2 million) primarily represent amounts initially recorded as prepayments but subsequently recharacterized because the partner did not fully implement the agreement, and the remaining unconsumed balances are expected to be recovered in cash.

176. Staff advances of \$64.7 million (2023: \$58.4 million) consist primarily of education grants, rental subsidies, travel, medical expenses, salary and other staff entitlements.

177. The allowance for other current assets primarily covers value added tax receivables from a limited number of host countries where recovery is being actively pursued but has not been forthcoming (\$11.8 million), the risk of non-recovery of amounts claimed from implementing partners (\$5.4 million), and the risk of non-recovery of bank balances trapped in an illiquid bank (\$3.1 million).

3.5 Property, plant and equipment

178. The main asset classes for property, plant and equipment comprise land and buildings, major alterations and improvements to properties, motor vehicles, generators and computers and telecommunications equipment.

179. Assets held at 31 December 2024 for distribution to partners were recategorized to inventory (see table 3.3.1).

Table 3.5.1
Property, plant and equipment, 2024
 (Thousands of United States dollars)

	<i>Land and buildings</i>	<i>Major alterations and improvements</i>	<i>Motor vehicles</i>	<i>Generators</i>	<i>Computer and telecommunications equipment</i>	<i>Other equipment</i>	<i>Total</i>
Cost/valuation							
Opening balance at 1 January 2024	34 149	25 223	321 708	48 832	176 226	18 384	624 522
Additions – purchased	492	(1)	11 972	2 924	9 603	871	25 861
Additions – contributions in kind	170	–	–	–	–	–	170
Net transfers (to)/from inventory	108	–	23 930	467	10 992	378	35 875
Disposals ^a	(269)	(340)	(35 754)	(3 822)	(6 891)	(851)	(47 928)
Closing balance at 31 December 2024	34 648	24 882	321 856	48 401	189 931	18 783	638 501
Accumulated depreciation							
Opening balance at 1 January 2024	(30 028)	(10 858)	(171 602)	(38 344)	(168 131)	(15 363)	(434 326)
Transfers and recategorizations	–	(605)	1 207	(46)	(378)	595	773
Disposals ^a	269	340	25 725	3 512	6 622	717	37 185
Depreciation charge for the year	(2 413)	(2 366)	(30 733)	(4 477)	(22 560)	(1 479)	(64 028)
Impairment	–	–	(1 552)	–	–	–	(1 552)
Closing balance at 31 December 2024	(32 172)	(13 489)	(176 955)	(39 355)	(184 447)	(15 529)	(461 948)
Net book value							
Opening balance at 1 January 2024	4 121	14 365	150 106	10 488	8 095	3 021	190 196
Closing balance at 31 December 2024	2 476	11 393	144 901	9 046	5 483	3 254	176 553

^a Disposals included assets transferred to partners with a net book value of \$3.2 million.

Table 3.5.2
Property, plant and equipment, 2023
(Thousands of United States dollars)

	<i>Land and buildings</i>	<i>Major alterations and improvements</i>	<i>Motor vehicles</i>	<i>Generators</i>	<i>Computer and telecommunications equipment</i>	<i>Other equipment</i>	<i>Total</i>
Cost/valuation							
Opening balance at 1 January 2023	32 287	25 338	354 682	55 144	155 375	19 742	642 568
Additions – purchased	1 463	459	31 772	7 117	24 488	2 039	67 338
Additions – contributions in kind	564	–	–	–	5	–	569
Net transfers (to)/from inventory	–	–	(20 167)	(2 598)	(365)	(375)	(23 505)
Other adjustments	–	(574)	(1 576)	221	(71)	–	(2 000)
Disposals ^a	(165)	–	(43 003)	(11 052)	(3 206)	(3 021)	(60 447)
Closing balance at 31 December 2023	34 149	25 223	321 708	48 832	176 226	18 384	624 522
Accumulated depreciation							
Opening balance at 1 January 2023	(28 361)	(8 967)	(164 318)	(37 948)	(149 199)	(19 125)	(407 918)
Transfers and recategorizations	–	–	(2 096)	(984)	(1 218)	4 844	546
Disposals ^a	165	–	28 018	6 564	3 333	1 218	39 298
Depreciation charge for the year ^b	(1 832)	(1 891)	(29 155)	(5 605)	(20 888)	(2 230)	(61 601)
Impairment	–	–	(4 051)	(371)	(160)	(70)	(4 652)
Closing balance at 31 December 2023	(30 028)	(10 858)	(171 602)	(38 344)	(168 131)	(15 363)	(434 326)
Net book value							
Opening balance at 1 January 2023	3 926	16 371	190 364	17 196	6 176	617	234 650
Closing balance at 31 December 2023	4 121	14 365	150 106	10 488	8 095	3 021	190 196

^a Disposals included assets transferred to partners with a net book value of \$11.8 million.

^b During 2023 and prior to commencement of depreciation, items with a total cost of \$28.3 million that were initially accounted for as asset additions of the period in which they were delivered to UNHCR warehouse locations were recategorized as inventory pending external distribution or entry into use if distributed internally. Following the change in accounting treatment, items purchased and received at inventory locations are accounted for as inventory pending determination of their ultimate use, either as fixed assets or for distribution.

3.6 Intangible assets

Table 3.6.1

Movements in intangible assets, 2024

(Thousands of United States dollars)

	<i>Intangible assets under development</i>	<i>Licences, software and other</i>	<i>Total 2024</i>
Cost			
Opening balance 1 January 2024	–	24 720	24 720
Additions – purchased	388	–	388
Additions – contributions in kind	–	–	–
Disposals	–	(22 133)	(22 133)
Transfers into service	–	–	–
Closing balance 31 December 2024	388	2 587	2 975
Accumulated amortization			
Opening balance 1 January 2024	–	(23 511)	(23 511)
Disposals	–	22 121	22 121
Amortization charge for the year	–	(966)	(966)
Closing balance 31 December 2024	–	(2 356)	(2 356)
Net book value			
Opening balance 1 January 2024	–	1 209	1 209
Closing balance 31 December 2024	388	231	619

Table 3.6.2

Movements in intangible assets, 2023

(Thousands of United States dollars)

	<i>Intangible assets under development</i>	<i>Licences, software and other</i>	<i>Total 2023</i>
Cost			
Opening balance 1 January 2023	–	65 975	65 975
Additions – purchased	–	–	–
Additions – contributions in kind	–	–	–
Disposals	–	(41 255)	(41 255)
Transfers into service	–	–	–
Closing balance 31 December 2023	–	24 720	24 720
Accumulated amortization			
Opening balance 1 January 2023	–	(41 879)	(41 879)
Disposals	–	36 443	36 443
Amortization charge for the year	–	(18 075)	(18 075)
Closing balance 31 December 2023	–	(23 511)	(23 511)
Net book value			
Opening balance 1 January 2023	–	24 096	24 096
Closing balance 31 December 2023	–	1 209	1 209

180. Licences, software and other primarily represents software licences acquired and development costs incurred for software already in use. The cost of acquired licences and software is amortized over the licence or rights period or three years, whichever is shorter. The cost of internally developed software is amortized over five years from the date of deployment. Significant disposals in 2023 and 2024 represent the retirement of on-premise software solutions as they were replaced by uncapitalized software-as-a-service solutions. The 2024 disposals substantially all related to intangible assets that were fully depreciated or previously impaired.

3.7 Accounts payable and accruals

Table 3.7.1

Analysis of accounts payable and accruals

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Accounts payable		
Commercial and other suppliers	64 511	125 711
Implementing partners	—	23 868
United Nations entities	10 412	7 913
Total accounts payable	74 923	157 492
Accruals	410 934	444 299
Total accounts payable and accruals	485 856	601 791

181. Accounts payable to commercial and other suppliers relate primarily to amounts due for goods and services for which invoices have been received by UNHCR.

182. Accounts payable to implementing partners in 2023 represented payments due against agreements with those partners for delivered services.

183. Accruals of \$410.9 million as at 31 December 2024 include \$218.5 million of estimated expenses of implementing partners not yet reported and processed and therefore not yet offset against the related prepayments made to the partners of \$240.7 million. See notes 3.4 and 6.1.

184. Substantially all the remaining accruals represent liabilities for the cost of goods and services that have been received or provided to UNHCR during the year and have not been invoiced by suppliers as at the reporting date.

Table 3.7.2

Currency position of accounts payable and accruals

(Thousands of United States dollars)

	<i>Position at 31 December 2024</i>	<i>Strengthening of United States dollar by 10 per cent</i>	<i>Weakening of United States dollar by 10 per cent</i>
United States dollar	379 172	—	—
Euro	16 243	(1 477)	1 624
Turkish lira	13 924	(1 266)	1 392
Iraqi dinar	9 577	(871)	958
Bangladeshi taka	9 337	(849)	934
Other currencies	57 602	(5 237)	5 760
Total accounts payable and accruals	485 856	(9 699)	10 668

185. Accounts payable and accruals are denominated primarily in United States dollars. Table 3.7.2 indicates the impact on surplus/(deficit) if the dollar strengthens or weakens by 10 per cent, on an asymmetric basis, holding all other variables constant, compared with the exchange rates in effect on 31 December 2024.

3.8 Deferred revenue

Table 3.8

Analysis of deferred revenue

(Thousands of United States dollars)

	<i>2024</i>	<i>2023</i>
Deferred revenue		
UN Fleet deferred revenue	1 880	901
Total deferred revenue	1 880	901

186. No contribution revenue has been assessed to be subject to stipulations that are conditions for the purposes of IPSAS 23. See Note 11, Events after the reporting date.

3.9 Employee benefits liabilities

Table 3.9.1

Analysis of employee benefits liabilities

(Thousands of United States dollars)

	<i>2024</i>	<i>2023</i>
Employee benefits liabilities		
After-service health insurance	1 340 109	916 438
Repatriation benefits	143 824	143 120
Annual leave	122 064	125 971
Salaries and other staff benefits	40 859	27 801
Service-related insurance	7 323	—
Other separation benefits	3 410	4 367
Total employee benefits liabilities	1 657 589	1 217 696

	2024	2023
Composition		
Current	184 112	175 615
Non-current	1 473 477	1 042 081
Total employee benefits liabilities	1 657 589	1 217 696

187. Entitlements to after-service health insurance of retirees and their eligible dependents and survivors are covered in the form of continued membership in the United Nations Staff Mutual Insurance Society, a multi-employer insurance plan managed by the United Nations Office at Geneva, or through the Medical Insurance Plan. Internationally recruited staff and all Geneva-based staff are covered by the Society. Locally recruited staff members and retirees who served at designated duty stations away from Headquarters and their eligible dependants are covered under the Medical Insurance Plan. While the Plan is self-administered, UNHCR does not exercise full control over the Society: UNHCR is represented on the Society's Executive Committee by a representative of staff and a representative of the organization. Benefits and premium rates are discussed by the Executive Committee, which makes a recommendation to the Director-General of the United Nations Office at Geneva. The Society's contribution and benefit levels for active and inactive participants and their dependents and survivors are determined without regard to the identity of the entity that employs active participants or that previously employed inactive participants. The Society's fund is fully mutualized, meaning that the claims of participants from all participating entities are funded collectively from the contributions of all individuals and entities in any given year. However, while the entitlements of inactive participants themselves remain unchanged, under the Society's statutes, UNHCR assumes no obligation to cover other participating entities' obligations. Article 15 of the statutes addresses the possible winding up of the Society. While in such event the Executive Committee shall arrange for an actuarial evaluation prior to liquidation to determine the Society's commitments and liabilities applicable to all participating entities, there is no specific reference to UNHCR having an automatic entitlement to a residual surplus or any obligations to fund any additional commitments or liabilities other than the after-service health insurance liability for UNHCR retirees and future eligible retirees. The Society's statutes are silent on the terms of an entity's withdrawal from the plan. Sufficient information is available about claims costs for participants in the plan and the Society's administration costs to allow UNHCR to account for its own after-service obligations under the Society's plan as a defined benefit liability under IPSAS 39: Employee benefits.

188. Annual leave liabilities are calculated for the unused annual leave balance. Separating staff are entitled to be paid for unused annual leave, up to a predetermined limit. Active staff may also carry forward their unused leave balance into the next calendar year, up to the same limit.

189. Salaries and other staff benefits include short-term employee benefits such as salary and wage increments arising from the revision of salary scales, home leave, education grants and other benefits.

Actuarial valuation of post-employment liabilities

190. Liabilities related to after-service health insurance and repatriation benefits are calculated by an independent actuary. A full valuation is generally carried out every second year and a roll forward valuation is performed for the interim period. In 2024 a full valuation was conducted. Actuarial assumptions are summarized as follows:

Assumptions used in valuation of post-employment liabilities

Discount rate	1.82 per cent (2023: 2.84 per cent) – Projected after-service health insurance cash outflows are discounted at spot rates for high-quality corporate bonds payable in each major currency appropriate for that maturity. The rate disclosed represents a weighted average of discount rates of three major currencies: the United States dollar, the euro and the Swiss franc. The underlying reference discount rates are consistent with those recommended by experts and agreed for use by entities within the United Nations system. The average duration of the obligations is estimated at 27 years for the participants in the United Nations Staff Mutual Insurance Society scheme and at 27 years for participants in the Medical Insurance Plan.
After-service health insurance	
Health-care cost inflation	1.71 per cent (2023: 1.76 per cent) – Weighted average of health-care cost trend rates estimated for United States dollar, euro and Swiss franc claims reimbursement. The underlying currency-specific inflation rate assumptions are consistent with those recommended by experts and agreed for use by entities within the United Nations system.
Health-care cost age factor at age 65	\$5,573 (2023: \$4,915) – The age factor at age 65 indicates the relative cost of health care for an average UNHCR retiree compared with each \$1,000 of cost for a typical staff member in active service. Age factors applied for each age cohort are determined by levels of care consumed and cost differences experienced between the location and the period of active service and of retirement. The majority of after-service health insurance claim costs are expected to be incurred in Europe, primarily in Swiss francs and euros.
	The combination of health-care cost inflation assumptions and UNHCR-specific age factors lead to after-service health insurance liabilities that are appropriate to the characteristics of the relevant UNHCR population and to patterns of retirees' health-care claims.
Discount rate	5.56 per cent (2023: 4.52 per cent) – The entitlements to repatriation benefits are determined in United States dollars. Each year's projected cash flow is discounted at a spot rate for high-quality corporate bonds payable in United States dollars appropriate for that maturity. The discount rate is the single equivalent rate that produces the same discounted present value. The average duration of the obligations is estimated at 8 years in respect of repatriation grants and at 9 years in respect of travel and shipping costs.
Repatriation and shipment	
Expected rate of salary increase	2.3 per cent (2023: 2.10 per cent)

After-service health insurance liability

Table 3.9.2

Comparison of gross and net after-service health insurance liability

(Thousands of United States dollars)

	2024	2023
Gross accrued liability	1 970 345	1 337 405
Offset from retiree contributions	(630 236)	(420 967)
Net liability as at 31 December	1 340 109	916 438

191. The accrued liability represents the already earned portion of the present value of benefits that has accrued from the staff member's date of entry on duty into qualifying service until the valuation date. The total period of qualifying service may include non-continuous prior periods. An active staff member's benefit is fully accrued when that staff member has reached the date of full eligibility for after-service benefits. Liabilities are calculated using the projected unit credit method, whereby each participant's benefits under the plan are expensed as they accrue, taking into consideration the plan's benefit allocation formula. As retirees continue to make contributions to the scheme, the gross liability is reduced by the present value of expected post-retirement contributions by participants to reflect the net liability.

192. The following table presents a reconciliation of opening and closing balances of the after-service health insurance liability:

Table 3.9.3

Change in defined benefit obligation

(Thousands of United States dollars)

<i>After-service health insurance</i>	<i>2024</i>	<i>2023</i>
Defined benefit obligation at 1 January	916 438	833 927
Service cost for year	44 407	35 715
Interest cost for year	25 848	28 262
Benefits paid (net of participant contributions)	(16 338)	(8 904)
Actuarial (gain)/loss	369 754	27 438
Defined benefit obligation at 31 December	1 340 109	916 438

193. Service and interest costs are recognized as an expense in the statement of financial performance (statement II). The expense recognized in 2024 is \$70.3 million (\$64.0 million in 2023), as detailed in note 6.2.

194. Actuarial gains and losses are recognized as a direct charge or credit to reserves. The net actuarial loss of \$369.8 million in 2024 is primarily attributable to changes in financial assumptions since 2023, in particular lower discount rates, especially for the Swiss franc liabilities (\$262.7 million), the increase in health care cost per capita (\$67.3 million), and the change in the long-term medical inflation rate (\$16.9 million). The sensitivity analysis below illustrates how small percentage changes in key assumptions affect the expense and liability.

195. UNHCR sets aside funds in respect of after-service health insurance liabilities for past service (3 per cent of the net base salary of all Professional and General Service staff) and for current-year costs (service and interest). The total amount funded as at 31 December 2024 is \$828.0 million (\$706.6 million in 2023) (see also note 4.4). The amounts funded are not held by a trust that is legally separate from UNHCR and are thus not considered to be plan assets for the purpose of IPSAS 39.

Table 3.9.4
Unfunded defined benefit obligations

(Thousands of United States dollars)

<i>After-service health insurance</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Defined benefit obligations	1 340 109	916 438
Funded	(828 022)	(706 557)
Unfunded defined benefit obligations	512 087	209 881

196. Based on actuarial calculations, the contribution of UNHCR in 2025 for after-service health insurance is estimated at \$122.0 million.

Sensitivity analysis

197. On the basis of the actuarial assumptions used, the effect of an increase or decrease of one percentage point in the assumed medical cost trend rate and the discount rate on: (a) the aggregate of the current service cost and interest cost for 2024; and (b) the accumulated post-employment benefit obligation as at 31 December 2024 are shown in table 3.9.5.

Table 3.9.5
Sensitivity analysis – after-service health insurance

(Thousands of United States dollars)

	<i>Service cost and interest cost</i>	<i>Accumulated post- employment benefit obligations</i>
Effect of change in key assumptions		
Discount rates:		
One percentage point increase	(30 641)	(304 769)
One percentage point decrease	46 467	436 641
Net periodic post-employment medical costs:		
One percentage point increase	45 814	430 547
One percentage point decrease	(30 865)	(306 975)
Age factor:		
One per cent increase per year after age 65	32 366	397 387
One per cent decrease per year after age 65	(30 353)	(286 122)

Repatriation benefits

198. In line with the Staff Regulations and Rules of the United Nations, staff members in the Professional category and other relevant staff members are entitled to repatriation grants and related relocation costs upon their separation from UNCHR, based on the number of years of service. The actuarially determined accrued liability for repatriation grant and related travel as at 31 December 2024 was \$143.8 million (\$143.1 million in 2023), as shown in table 3.9.6.

Table 3.9.6
Repatriation accrued liability by type
(Thousands of United States dollars)

	2024	2023
Repatriation grant	91 648	87 656
Travel and shipment	52 176	55 464
Liability as at 31 December	143 824	143 120

199. The accrued liability represents the already earned portion of the present value of repatriation benefits.

200. Table 3.9.7 presents a reconciliation of opening and closing balances of the repatriation liability.

Table 3.9.7
Repatriation liability roll forward
(Thousands of United States dollars)

<i>Repatriation grant and travel</i>	2024	2023
Net obligation at 1 January	143 120	131 577
Service cost for the year	6 174	6 230
Interest cost for the year	6 142	6 359
Benefits paid	(11 887)	(6 049)
Actuarial (gain)/loss	276	5 002
Total obligation at 31 December	143 824	143 120

201. The aggregate of the current-year service and interest costs is recognized as an expense in the statement of financial performance (statement II). For 2024, the expense recognized was \$12.3 million (\$12.6 million in 2023). The sensitivity analysis below illustrates how small percentage changes in key assumptions affect the expense and the liability.

202. Actuarial gains and losses are recognized as a direct charge or credit to reserves. The net actuarial loss of \$0.3 million in 2024 is attributable to changes in financial assumptions (actuarial gain of \$9.2 million), primarily changes in the discount rate, offset by experience adjustments related to new entrants (actuarial loss of \$9.4 million).

Table 3.9.8
Funding status of repatriation liability
(Thousands of United States dollars)

<i>Repatriation grant and travel</i>	31 December 2024	31 December 2023
Total obligations	143 824	143 120
Funded	(56 050)	(40 734)
Unfunded obligations	87 774	102 386

203. Based on actuarial calculations, the contribution by UNHCR in 2025 for repatriation benefits is estimated at \$15.8 million.

Sensitivity analysis

204. On the basis of the actuarial assumptions used, the effect of an increase or decrease of one percentage point in the salary inflation and the discount rate on: (a) the aggregate of the current service cost and interest cost for 2024; and (b) the accumulated post-employment benefit obligation as at 31 December 2024 is shown in table 3.9.9.

Table 3.9.9

Sensitivity analysis – repatriation grant and travel

(Thousands of United States dollars)

	<i>Aggregated service cost and interest cost</i>	<i>Accumulated post-employment benefit obligations</i>
Salary inflation:		
One percentage point increase	977	7 243
One percentage point decrease	(851)	(6 443)
Discount rates:		
One percentage point increase	(974)	(9 641)
One percentage point decrease	1 133	11 036

Service-related insurance cover (appendix D to the Staff Regulations and Rules)

205. In 2024, an amount of \$7.3 million (2023: \$0.0 million) was set aside to cover entitlements of staff and certain contractors under appendix D to the Staff Regulations and Rules to compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. Prior to 2024, the risk under appendix D was assumed by the United Nations Secretariat in return for a premium equal to 1 per cent of annual net salary cost. In 2024, UNHCR began to self-insure against this risk. The amount set aside has represented 1 per cent of net salary since the conversion to the self-insurance approach. Once the amount set aside reaches an appropriate threshold, the rate of accrual will be monitored and adjusted as required to reflect historical and expected claims experience.

3.10 Other current liabilities

206. Other current liabilities include various payroll withholdings for third parties and contributions received by UNHCR before the agreements with donors were finalized. Upon finalization of the agreements, the amounts involved are recognized as revenue.

Table 3.10

Other current liabilities

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Other payables	48 145	54 425
Contributions pending agreement	2 254	801
Total other current liabilities	50 399	55 226

207. Other payables of \$48.1 million as at 31 December 2024 include cash received and expected to be passed through to other implementers of United Nations joint programmes (\$20.9 million), unapplied cash receipts (\$4.8 million) and other miscellaneous payable balances (\$22.5 million).

3.11 Provisions

Table 3.11

Provisions

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Type of provision		
Provisions for refunds of contributions	657	91
Legal claims	843	719
Other	94	94
Total provisions	1 594	903
Of which:		
Current	1 500	810
Non-current	94	94
Total provisions	1 594	903

208. Provisions for legal claims represent cases where payment is probable, and the amount of the settlement claim can be reliably estimated. UNHCR is in ongoing commercial disputes with a small number of suppliers regarding the quantities delivered and prices charged. These disputes are subject to negotiation and may ultimately be settled through arbitration, with uncertain outcome. The estimated additional cost to settle the agreements in arbitration is included as a legal provision.

Note 4

Fund balances and reserves

4.1 Accumulated fund balances and reserves

Table 4.1

Accumulated fund balances and reserves

(Thousands of United States dollars)

	31 December 2023	Surplus/(deficit)	Transfer in/(out)	31 December 2024
Annual Programme Fund				
Annual Programme Fund net of Reserves	3 048 318	(261 018)	(30 800)	2 756 501
Operational reserve	10 000	–	–	10 000
Total Annual Programme Fund	3 058 318	(261 018)	(30 800)	2 766 501
United Nations Regular Budget Fund	47 175	–	–	47 175
Junior Professional Officers Fund	10 579	3 260	–	13 839
Total accumulated fund balances and reserves	3 116 073	(257 758)	(30 800)	2 827 515

209. Fund balances represent the unexpended portion of contributions recorded as revenue that are intended to be utilized in future operational requirements of UNHCR.

210. The operational reserve is utilized to provide assistance to refugees, returnees and displaced and stateless persons for which there is no provision in the programmes approved by the Executive Committee. The reserve is maintained at not less than \$10.0 million by replenishments from the Working Capital Fund for Voluntary Contributions.

4.2 Working Capital Fund for Voluntary Contributions

211. The Working Capital Fund for Voluntary Contributions is maintained by savings from prior-year programmes, voluntary contributions and other income. It is utilized to guarantee commitments and payments pending receipt of pledged contributions and in respect of revenue-producing activities of UNHCR.

Table 4.2

Working Capital Fund for Voluntary Contributions

(Thousands of United States dollars)

	31 December 2023	Surplus/(deficit)	Transfer in/(out)	31 December 2024
Working Capital Fund for Voluntary Contributions	100 000	–	–	100 000

4.3 Medical Insurance Plan

Table 4.3

Changes in Medical Insurance Plan

(Thousands of United States dollars)

	31 December 2023	Surplus/(deficit)	Transfer in/(out)	31 December 2024
Medical Insurance Plan	73 593	12 389	–	85 982

212. The Medical Insurance Plan was established by the General Assembly at its forty-first session in accordance with United Nations staff regulation 6.2. The Plan is maintained by premiums from staff and proportional contributions from UNHCR and, if applicable, allocated interest revenue. Due to the level of funding relative to claims, no interest revenue was allocated to the Plan in 2024. Expenses include claims processed during the year and associated administrative expenses. Coverage under the Plan is limited to General Service staff members and National Professional Officers and eligible retirees originally recruited to designated duty stations away from headquarters.

4.4 Staff Benefits Fund

Table 4.4.1

Changes in Staff Benefits Fund

(Thousands of United States dollars)

	31 December 2023	Surplus/(deficit)	Actuarial gain/(loss)	Transfer in/(out)	31 December 2024
Staff Benefits Fund	(312 267)	51 636	(370 030)	30 800	(599 861)

Table 4.4.2
Analysis of Staff Benefits Fund
(Thousands of United States dollars)

	31 December 2024			31 December 2023		
	<i>Liabilities</i>	<i>Funding</i>	<i>Net fund balance</i>	<i>Liabilities</i>	<i>Funding</i>	<i>Net fund balance</i>
After-service health insurance	(1 340 109)	828 022	(512 087)	(916 438)	706 557	(209 881)
Repatriation	(143 824)	56 050	(87 774)	(143 120)	40 734	(102 386)
Annual leave	(122 064)	122 064	–	(125 971)	125 971	–
Service-related insurance	(7 323)	7 323	–	–	–	–
Other separation benefits	(3 410)	3 410	–	(4 367)	4 367	–
Total	(1 616 730)	1 016 869	(599 861)	(1 189 896)	877 629	(312 267)

213. The Staff Benefits Fund was established to record transactions relating to end-of-service and post-retirement benefits. The financial rules for voluntary funds administered by the High Commissioner require that assets and financial liabilities associated with accrued end-of-service and post-retirement benefits shall be recorded in the Staff Benefits Fund (A/AC.96/503/Rev.12, rule 414.3). Therefore, the deficit of funding compared with the related liabilities of \$599.9 million (2023: \$312.3 million) is presented as the net balance (deficit) of the Staff Benefits Fund on the face of the statement of financial position. UNHCR management considers that this presentation represents a necessary departure from the requirements of paragraph 95 of IPSAS 1: Presentation of financial statements, as permitted under exceptional circumstances in paragraph 31 of IPSAS 1. The full information required to comply with the presentation requirements of paragraphs 32 and 95 of IPSAS 1 by separately identifying the funding of \$1,016.9 million (2023: \$877.6 million) and the related liabilities of \$1,616.7 million (2023: \$1,189.9 million) is disclosed in table 4.4.2. Although the net fund balance represents the deficit of the funding compared with the related liabilities, the funding is not legally protected (“ring-fenced”) to cover the related liabilities.

214. UNHCR charges the current-year cost of the actuarially valued after-service health insurance and repatriation post-retirement benefits (service and interest), as well as the catch-up amounts for the two components of post-retirement benefits, to the annual budget for staff costs. The catch-up amount for after-service health insurance is calculated as 3 per cent of the net base salary of all Professional and relevant General Service staff and the catch-up for the repatriation liability is a fixed amount of \$3.0 million. The amount of actuarially valued post-retirement benefit liabilities, which consist of after-service health insurance and repatriation obligations that are funded as at 31 December 2024, is \$884.1 million (\$747.3 million in 2023) (see also note 3.9 above).

4.5 Self-Financing Activities Fund

215. The Self-Financing Activities Fund was established effective 1 January 2021 as a self-financing fund to manage UNHCR vehicle fleet activities, which were previously managed within the Annual Programme Fund. The Self-Financing Activities Fund is maintained by revenue from inter-fund charges for vehicle rental and insurance, and income from vehicle auction sales and external vehicle fleet revenue of United Nations Fleet. Expenses include staff costs, equipment and related supplies, depreciation on vehicles, insurance and other miscellaneous costs.

Table 4.5
Self-Financing Activities Fund

(Thousands of United States dollars)

	31 December 2023	Surplus/(deficit)	Transfer in/(out)	31 December 2024
Self-Financing Activities Fund	222 810	34 918	—	257 728

216. UN Fleet became operational effective 1 January 2023 within the Self-Financing Activities Fund to manage vehicle fleet activities for United Nations system entities. The initial funding is provided 50 per cent by UNHCR and 50 per cent by the World Food Programme (WFP). The surplus of \$34.9 million includes a net deficit of \$1.3 million for the UNHCR share of the results of UN Fleet for 2024.

217. All of the funds and reserves referred to above were established by the Executive Committee or by the High Commissioner with the concurrence of the Executive Committee.

Note 5 **Revenue**

5.1 Voluntary contributions

Table 5.1.1
Analysis of voluntary contributions

(Thousands of United States dollars)

	2024	2023
Monetary contributions		
Government	3 500 368	3 345 541
Other intergovernmental organizations	269 361	249 435
Private donors	546 441	647 454
United Nations system organizations and funds	119 560	183 757
Subtotal monetary contributions	4 435 730	4 426 187
Refunds to donors and other reductions in prior-year revenue	(1 232)	(331)
Discounting of non-current receivables (IPSAS 41)	(8 978)	(18 540)
Net monetary contributions	4 425 520	4 407 316
In-kind contributions		
Government	24 664	28 600
Other intergovernmental organizations	783	213
Private donors	73 411	97 520
United Nations system organizations and funds	11	959
Subtotal in-kind contributions	98 869	127 292
Reductions in prior-year revenue	(801)	(36)
Net in-kind contributions	98 068	127 256
Total voluntary contributions	4 523 588	4 534 572

218. Monetary contributions revenue is adjusted for refunds made to donors and reductions in prior-year revenue arising primarily from underspending against earmarked funding or changes in estimates. In-kind contributions revenue is adjusted for accounting errors and short-shipped deliveries.

219. In-kind contributions represent donations of goods and, where material, selected services received that directly support operations. In-kind contributions generally include inventory items to be distributed to beneficiaries and the use of premises and personnel. In-kind contributions in 2024 comprised \$67.2 million for goods (\$88.8 million in 2023), primarily clothing and footwear, and \$31.6 million for services (\$38.5 million in 2023).

220. The total monetary contributions of \$4,425.5 million recorded in 2024 are further analysed below. Monetary contributions before adjustments are identified by year funded and by type of earmarking:

Table 5.1.2

Monetary contributions recognized by year to which funding relates

(Thousands of United States dollars)

<i>Year funded</i>	<i>2024</i>	<i>Year funded</i>	<i>2023</i>
2024 and earlier	3 285 913	2023 and earlier	3 259 998
Future years		Future years	
2025	983 581	2024	912 629
2026	106 437	2025	160 799
2027	48 703	2026	63 107
2028	9 027	2027	29 654
2029	2 068	2028	—
Subtotal, future years	1 149 817		1 166 189
Total monetary contributions (before adjustments)	4 435 730		4 426 187
Refunds to donors and other reductions in prior-year revenue	(1 232)		(331)
Discounting of non-current receivables (IPSAS 41)	(8 978)		(18 540)
Net monetary contributions	4 425 520		4 407 316

221. Revenue from earmarked voluntary contributions confirmed in writing is recognized as non-exchange transactions in accordance with IPSAS 23: Revenue from non-exchange transactions.

Table 5.1.3
Monetary contributions by type of earmarking

(Thousands of United States dollars)

	2024	2023
Unearmarked	563 945	588 437
Softly earmarked	634 410	694 284
Earmarked	2 227 068	2 264 572
Tightly earmarked	1 010 308	878 894
Total monetary contributions (before adjustments)	4 435 730	4 426 187
Refunds to donors and other reductions in prior-year revenue	(1 232)	(331)
Discounting of non-current receivables (IPSAS 41)	(8 978)	(18 540)
Net monetary contributions	4 425 520	4 407 316

222. Unearmarked contributions are fully flexible in how they can be used. Softly earmarked contributions are specified at a regional level or any combination of one or more of situation, population group, marker, impact or outcome area. Earmarked contributions are those that are directed to a specific country operation. Tightly earmarked contributions are earmarked at the country and/or operation level, with additional specifications or attributes for any combination of one or more of situation, population group, marker, impact or outcome area, and usage may be restricted to one or more countries. As most contributions pending an earmarking decision by the donor are ultimately restricted to a specific country, these contributions are reflected as earmarked.

5.2 United Nations regular budget

Table 5.2
United Nations regular budget

(Thousands of United States dollars)

	2024	2023
United Nations regular budget	50 497	49 597

223. The regular budget is allotted annually by the United Nations to UNHCR and covers staff and other management costs as determined under article 20 of the statute of the Office. Revenue recognized in 2024 is based on the date of receipt of allotment advice letters and primarily includes the initial allotment for 2025 (\$50.5 million).

5.3 Interest revenue

Table 5.3
Interest revenue

(Thousands of United States dollars)

	2024	2023
Cash and cash equivalents	80 028	71 608
Receivables amortization	33 033	22 375
Total interest revenue	113 061	93 983

224. The increase in market interest rates during 2024 was the primary reason for the higher interest revenue from cash and cash equivalents reported in the year of \$80.0 million compared with the interest revenue of \$71.6 million recorded in 2023.

5.4 Other revenue

Table 5.4

Other revenue

(Thousands of United States dollars)

	2024	2023
Gain on sale of assets	25 366	11 702
Use of guest-house accommodation	3 920	4 304
Use of office space and parking	543	710
UN Fleet revenue	1 028	194
Miscellaneous revenue	17 827	12 254
Total other revenue	48 684	29 164

Note 6

Expenses

6.1 Implementing partnership expense

225. The total implementing partners' expense incurred during the financial period amounted to \$1,173.3 million (2023: \$1,392.5 million).

Table 6.1

Implementing partnership expense

(Thousands of United States dollars)

	Total expenses	
	2024	2023
Expenses reported by implementing partners ^a	946 444	1 089 566
Report pending receipt or processing ^b	212 321	291 092
Distributions of goods to partners and other direct costs	14 505	11 811
Total expense	1 173 270	1 392 469

^a Includes partner expenses incurred in the current year against agreements of previous periods.

^b Costs not yet confirmed by receipt and processing of partner reports are accounted for as accrued expenses. Following processing of reports, confirmed expenses are offset against prepayments and accruals are released. At the time of reporting, \$212.3 million of partnership expenses are still under review. Substantially all the \$291.1 million previously reported for 2023 as reports pending receipt of processing have subsequently been processed.

226. The amount of \$1,173.3 million reported as implementing partner expenses (2023: \$1,392.5 million) includes \$212.3 million paid to implementing partners in 2024 in respect of which reporting is pending receipt from partners or processing by UNHCR. The estimated refunds to UNHCR for underspending are recorded within implementing partner receivables and advances (see note 3.4).

227. The total amount of funds recovered from implementing partners in 2024 for unjustified expenses was \$0.6 million (\$0.6 million in 2023). These were determined through UNHCR review of audit reports of activities implemented by partners.

6.2 Salaries and employee benefits

Table 6.2

Salaries and employee benefits

(Thousands of United States dollars)

	2024	2023
Salary	816 638	835 332
Staff allowances and entitlements	228 511	227 543
Pension	185 440	185 323
After-service health insurance	70 255	63 977
Temporary assistance	148 776	106 759
Medical insurance – current	32 010	29 526
Termination	38 845	6 178
Reimbursement of income tax	5 742	5 081
Evacuation	2 829	8 523
Annual leave	(3 896)	5 231
Other personnel costs	12 884	25 471
Total salaries and employee benefits	1 538 034	1 498 942

228. Annual leave of (\$3.9) million represents the decrease in annual leave entitlements accrued by staff during the period (2023: increase of \$5.2 million).

6.3 Cash assistance to beneficiaries

229. Cash assistance is a means of delivering protection, assistance and services providing recipients with choice in meeting their needs.

Table 6.3

Cash assistance to beneficiaries

(Thousands of United States dollars)

	2024	2023
Direct cash assistance	549 762	730 824
Financial Service Provider Charges	8 782	11 436
Total cash assistance to beneficiaries	558 544	742 260

230. Cash assistance of \$558.5 million (2023: \$742.3 million) excludes any cash assistance provided through partners, which is included in implementing partnership expense in note 6.1.

6.4 Contractual services

Table 6.4

Contractual services

(Thousands of United States dollars)

	2024	2023
Affiliated workforce and individual contractors	145 464	178 622
Advertising, marketing and public information	89 525	97 986
Construction contracts	66 586	79 951
Transport, cargo handling and warehouse management	17 928	2 013
Software and data management services	12 800	51 984
Direct services for beneficiaries	59 731	28 483
Professional services	103 152	48 804
Individual consultants	24 113	12 180
Translation, printing and publication	5 918	8 759
Other services	13 895	100 552
Total contractual services	539 111	609 333

231. Affiliate workforce comprises individuals who have a working relationship with UNHCR, including United Nations Volunteers, individual consultants, individual contractors under arrangements with affiliate partner organizations, fellows and those deployed.

232. Direct services for beneficiaries includes the provision of medical care, transportation, accommodation, and other services where UNHCR contracts with service providers on behalf of displaced people in lieu of cash assistance to beneficiaries.

233. Software and data management services includes costs of service providers incurred in the implementation of cloud-based software-as-a-service solutions which do not meet the criteria for treatment as intangible assets. Distinct subscription costs identified for periods prior to the deployment of software as a service are deferred, accounted for as prepayments, and amortized over the remaining minimum subscription period.

234. Professional services in 2024 reflect increased use of temporary human resource management services provided to country operations.

235. Other services in 2023 included accrued contractual service costs for various specialized services of a technical, analytical and operational nature provided through contractual arrangements, as well as uninvoiced accrued costs not apportioned to specific subcategories of contractual services as it was impractical to do so. The reversal of these 2023 accruals in 2024 offsets other services reported in 2024.

6.5 Supplies and consumables for beneficiaries

Table 6.5

Supplies and consumables for beneficiaries

(Thousands of United States dollars)

	2024	2023
Distributed from inventory		
Medical and hygienic supplies and apparel	18 365	123 820
Household items	149 859	149 733
Construction materials and related equipment	28 362	84 335
Tents	30 470	41 528
Basic food	9 468	3 964
Other supplies and equipment	67 425	(5 356)
Total distributed to beneficiaries	303 950	398 025
Other changes in inventory (not yet distributed)	15 459	(15 837)
Total supplies and consumables for beneficiaries	319 409	382 188

236. Other changes in inventory (not yet distributed) in 2024 primarily represent adjustments to reduce the value of inventory to its replacement cost if this is lower than cost. The 2023 comparative amount primarily reflected reductions in the level of allowances for inventories beyond their shelf lives and for in-transit inventory items where delivery was overdue. The 2024 allowances did not change significantly compared with those of 2023.

6.6 Operating expenses

Table 6.6

Operating expenses

(Thousands of United States dollars)

	2024	2023
Rental and maintenance of premises	98 922	92 512
Security	55 653	56 853
Fuel and lubricants	37 062	37 990
Communications	30 582	33 497
Utilities	14 284	12 101
Guest houses	7 756	12 172
Rental and maintenance of vehicles and equipment	11 105	12 050
Insurance	3 927	6 434
Other operating expenses	51 070	23 019
Total operating expenses	310 360	286 626

237. Other operating expenses includes local transport, miscellaneous supplies and materials for various operational needs.

6.7 Equipment and supplies

Table 6.7

Equipment and supplies

(Thousands of United States dollars)

	2024	2023
Equipment and related supplies	55 647	72 538
Software and licences	45 140	31 712
General office supplies	7 914	12 786
Furniture and fixtures	5 384	10 160
Property, plant and equipment transferred	891	3
Buildings (non-capitalizable)	5 079	768
Vehicles and workshop supplies	(842)	5 780
Alterations and improvements	(2 739)	363
Total equipment and supplies	116 474	134 111

6.8 Travel expenses

238. Travel expenses decreased to \$81.0 million in 2024 from \$92.2 million in 2023, reflecting both reduced travel and lower average costs per travel event.

6.9 Other expenses

Table 6.9

Other expenses

(Thousands of United States dollars)

	2024	2023
Seminars and workshops	20 383	20 418
Bad debt expense	1	462
Training	5 984	7 485
Miscellaneous expenses	9 723	6 600
Other accrued expenses	(1 768)	2 610
Total other expenses	34 323	37 575

239. In 2023, other accrued expenses represented primarily miscellaneous costs for services received during 2023 but not invoiced and paid until 2024. The accrued 2023 amounts are reversed in 2024. Similar accrued expenses for uninvoiced services received in 2024 are reflected in the expense lines to which the accruals relate.

6.10 Depreciation, amortization and impairment

Table 6.10

Depreciation, amortization and impairment

(Thousands of United States dollars)

	2024	2023
Depreciation of property, plant and equipment	64 027	61 600
Impairment of property, plant and equipment	1 552	4 652
Amortization of intangible assets	966	18 075
Total depreciation and amortization	66 546	84 327

6.11 Other non-operational expenses

Table 6.11

Other non-operational expenses

(Thousands of United States dollars)

	2024	2023
Bank charges	9 109	10 401
Provisions and write-offs	(86)	49 296
Total non-operational expenses	9 024	59 697

240. Provisions and write-offs in 2024 represent an increase in allowance for doubtful accounts (\$13.2 million), implementation partner receivables (\$3.0 million) and bank balances (\$3.1 million) and a decrease in inventory valuation allowance (\$16.2 million) and VAT allowance (\$3.3 million). See notes 3.2, 3.3 and 3.4.

6.12 Change in fair value of financial instruments measured at fair value through surplus and deficit

Table 6.12

Change in fair value of financial instruments measured at fair value through surplus and deficit

(Thousands of United States dollars)

	2024	2023
Net fair value gains/(losses) on debt instruments measured at fair value through surplus and deficit	20 039	—
Total change in fair value of financial instruments	20 039	—

241. During the 2024 financial year, the \$20.0 million loss on investments resulted from changes in the fair value of financial instruments due to changes in the market value of externally managed investments and fluctuations in foreign exchange rates.

6.13 Foreign exchange gains and losses

Table 6.13.1

Foreign exchange gains and losses

(Thousands of United States dollars)

	<i>Realized (gain)/loss</i>	<i>Unrealized (gain)/loss</i>	<i>Total 2024</i>	<i>Realized (gain)/loss</i>	<i>Unrealized (gain)/loss</i>	<i>Total 2023</i>
Accounts payable	58 686	4 821	63 507	19 106	(3 536)	15 570
Contributions receivable	31 355	42 353	73 707	4 851	(46 210)	(41 358)
Cash and investments	1 867	(6 937)	(5 070)	(40 438)	36 050	(4 389)
Other	(13 152)	9 466	(3 686)	18 496	(10 628)	7 869
Total foreign exchange (gains) and losses	78 755	49 703	128 458	2 015	(24 324)	(22 309)

Table 6.13.2

Realized foreign exchange gains and losses

(Thousands of United States dollars)

	<i>Realized (gain)</i>	<i>Realized loss</i>	<i>Total 2024</i>	<i>Realized (gain)</i>	<i>Realized loss</i>	<i>Total 2023</i>
Accounts payable	(38 797)	97 483	58 686	(6 563)	25 669	19 106
Contributions receivable	(30 313)	61 668	31 355	(11 177)	16 028	4 851
Cash and investments	–	1 867	1 867	(40 438)	–	(40 438)
Other	(16 126)	2 974	(13 152)	(11 007)	29 503	18 496
Total realized foreign exchange (gains) and losses	(85 236)	163 991	78 755	(69 185)	71 200	2 015

Table 6.13.3

Unrealized foreign exchange gains and losses

(Thousands of United States dollars)

	<i>Unrealized (gain)</i>	<i>Unrealized loss</i>	<i>Total 2024</i>	<i>Unrealized (gain)</i>	<i>Unrealized loss</i>	<i>Total 2023</i>
Accounts payable	–	4 821	4 821	(5 165)	1 629	(3 536)
Contributions receivable	–	42 353	42 353	(112 958)	66 748	(46 210)
Cash and investments	(6 937)	–	(6 937)	–	36 050	36 050
Other	–	9 466	9 466	(10 628)	–	(10 628)
Total unrealized foreign exchange (gains) and losses	(6 937)	56 640	49 703	(128 751)	104 427	(24 324)

242. In 2024, the net unrealized exchange losses of \$49.7 million resulted primarily from the impact of the strengthening of the United States dollar against those currencies in which UNHCR held contributions receivable balances as at 31 December 2024.

Note 7**Statement of comparison of budget and actual amounts**

243. As required by IPSAS 24: Presentation of budget information in financial statements, reconciliation is provided between the actual amounts on a comparable basis, as presented in statement V, and the actual amounts, as shown in the financial accounts, identifying separately any basis, timing and entity differences, which are as follows:

(a) **Basis differences:** the budget of UNHCR is formulated on a modified cash basis and the financial statements are prepared on an accrual basis, thereby giving rise to basis differences;

(b) **Timing differences** occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for UNHCR for the purpose of comparison between budgets and actual amounts;

(c) **Entity differences** occur when the budget does not include programmes or entities that are part of the main entity for which the financial statements are prepared. In UNHCR, the budget does not include activities relating to the Working Capital Fund for Voluntary Contributions, the Medical Insurance Plan and the Self-Financing Activities Fund;

(d) **Presentation differences** are due to differences in the format and classification schemes adopted for presentation of the statement of financial performance (statement II) and the statement of comparison of budget and actual amounts (statement V). The UNHCR budget in statement V is presented on an operational and geographical basis, while expenses are presented by nature of expense in the statement of financial performance (statement II).

244. A reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts (statement V) and the actual amounts in the statement of financial performance (statement II) for the year ended 31 December 2024 is presented below.

Table 7.1

Statement of comparison of budget expenditure and actual amounts

(Thousands of United States dollars)

	2024
Actual amount on a comparable basis (statement V)^a	4 932 551
Basis differences	
Commitments and accruals	(213 294)
Employee benefit timing differences	(24 183)
Inventory timing differences	40 557
Fixed asset capitalization and depreciation	29 592
Provisions for liabilities	200
Other	137 134
Total basis differences	(29 994)

	2024
Entity differences	
Staff Benefits Fund	11 797
Medical Insurance Plan	(12 374)
Working Capital Fund for Voluntary Contributions	–
Self-Financing Activities Fund	(7 337)
Total entity differences	(7 912)
Total expenses	4 894 644

^a The breakdown of the actual amount on a comparable basis is provided in chapter IV, table IV.3.

245. Explanations of material differences between the original budget and the final budget and the actual amounts are presented in section D of chapter IV above.

Table 7.2

Reconciliation of balance of available funds with operating cash flow

(Thousands of United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total 2024</i>
Balance of available funds	245 066	–	–	245 066
Basis differences	110 384	(60 932)	–	49 452
Entity differences	(98 944)	(354 895)	–	(453 839)
Net increase/(decrease) in cash and cash equivalents from the statement of cash flow	256 505	(415 827)	–	(159 322)

Note 8
Segment reporting

8.1 Schedule of assets and liabilities by segment as at 31 December 2024

Table 8.1.1

Schedule of assets and liabilities by geographic segment as at 31 December 2024

(Thousands of United States dollars)

	<i>West and Central Africa</i>	<i>East Africa, Horn of Africa and Great Lakes Region</i>	<i>Southern Africa</i>	<i>Middle East and North Africa</i>	<i>Asia and the Pacific</i>	<i>Europe</i>	<i>The Americas</i>	<i>Headquarters/ global programmes/ other</i>	<i>31 December 2024</i>
Assets									
Current assets									
Cash and cash equivalents	22 701	44 896	21 190	72 508	101 798	73 068	38 866	1 490 921	1 865 948
Investments	–	–	–	–	–	–	–	158 143	158 143
Contributions receivable – current	–	–	–	–	–	–	–	1 215 319	1 215 319
Inventories	30 650	70 916	4 760	61 246	24 390	61 417	2 412	60 120	315 911
Prepayments and other current assets	–	–	–	–	–	–	–	573 467	573 467
Total current assets	53 351	115 812	25 950	133 754	126 189	134 485	41 278	3 497 972	4 128 789
Non-current assets									
Investments	–	–	–	–	–	–	–	256 919	256 919
Contributions receivable – non-current	–	–	–	–	–	–	–	315 546	315 546
Property, plant and equipment	–	–	–	–	–	–	–	176 553	176 553
Intangible assets	–	–	–	–	–	–	–	619	619
Total non-current assets	–	–	–	–	–	–	–	749 637	749 637
Total assets	53 351	115 812	25 950	133 754	126 189	134 485	41 278	4 247 609	4 878 426

	West and Central Africa	East Africa, Horn of Africa and Great Lakes Region	Southern Africa	Middle East and North Africa	Asia and the Pacific	Europe	The Americas	Headquarters/ global programmes/ other	31 December 2024
Liabilities									
Current liabilities									
Accounts payable and accruals	—	—	—	—	—	—	—	485 856	485 856
Deferred revenue	—	—	—	—	—	—	—	1 880	1 880
Employee benefits – current	—	—	—	—	—	—	—	184 112	184 112
Other current liabilities	—	—	—	—	—	—	—	50 399	50 399
Provisions	—	—	—	—	—	—	—	1 500	1 500
Other financial liabilities	—	—	—	—	—	—	—	9 744	9 744
Total current liabilities	—	—	—	—	—	—	—	733 492	733 492
Non-current liabilities									
Employee benefits – non-current	—	—	—	—	—	—	—	1 473 477	1 473 477
Provisions	—	—	—	—	—	—	—	94	94
Total non-current liabilities	—	—	—	—	—	—	—	1 473 571	1 473 571
Total liabilities	—	—	—	—	—	—	—	2 207 062	2 207 062
Net assets	53 351	115 812	25 950	133 754	126 189	134 485	41 278	2 040 546	2 671 364

Table 8.1.2
Schedule of assets and liabilities by geographic segment as at 31 December 2023

(Thousands of United States dollars)

	<i>West and Central Africa</i>	<i>East Africa, Horn of Africa and Great Lakes Region</i>	<i>Southern Africa</i>	<i>Middle East and North Africa</i>	<i>Asia and the Pacific</i>	<i>Europe</i>	<i>The Americas</i>	<i>Headquarters/ global programmes/ other</i>	<i>31 December 2023</i>
Assets									
Current assets									
Cash and cash equivalents	24 719	79 841	22 520	61 532	62 188	71 982	44 557	1 650 993	2 018 333
Contributions receivable – current	–	–	–	–	–	–	–	1 247 714	1 247 714
Inventories	37 558	71 918	5 552	59 032	34 658	76 406	5 106	134 775	425 005
Prepayments and other current assets	–	–	–	–	–	–	–	571 574	571 574
Total current assets	62 277	151 760	28 072	120 564	96 846	148 388	49 664	3 605 056	4 262 626
Non-current assets									
Contributions receivable – non-current	–	–	–	–	–	–	–	622 696	622 696
Property, plant and equipment	–	–	–	–	–	–	–	190 196	190 196
Intangible assets	–	–	–	–	–	–	–	1 209	1 209
Total non-current assets	–	–	–	–	–	–	–	814 101	814 101
Total assets	62 277	151 760	28 072	120 564	96 846	148 389	49 664	4 419 157	5 076 727
Liabilities									
Current liabilities									
Accounts payable and accruals	–	–	–	–	–	–	–	601 791	601 791
Deferred revenue	–	–	–	–	–	–	–	901	901
Employee benefits – current	–	–	–	–	–	–	–	175 615	175 615
Other current liabilities	–	–	–	–	–	–	–	55 226	55 226
Provisions	–	–	–	–	–	–	–	810	810
Total current liabilities	–	–	–	–	–	–	–	834 343	834 343

	<i>West and Central Africa</i>	<i>East Africa, Horn of Africa and Great Lakes Region</i>	<i>Southern Africa</i>	<i>Middle East and North Africa</i>	<i>Asia and the Pacific</i>	<i>Europe</i>	<i>The Americas</i>	<i>Headquarters/ global programmes/ other</i>	<i>31 December 2023</i>
Non-current liabilities									
Employee benefits – non-current	–	–	–	–	–	–	–	1 042 081	1 042 081
Provisions	–	–	–	–	–	–	–	94	94
Total non-current liabilities	–	–	–	–	–	–	–	1 042 175	1 042 175
Total liabilities	–	–	–	–	–	–	–	1 876 518	1 876 518
Net assets	62 277	151 760	28 072	120 564	96 846	148 389	49 664	2 542 639	3 200 209

8.2 Schedule of revenue and expenses by segment for the year ended 31 December 2024

Table 8.2.1

Schedule of revenue and expenses by geographic segment as at 31 December 2024

(Thousands of United States dollars)

	<i>West and Central Africa</i>	<i>East Africa, Horn of Africa and Great Lakes Region</i>	<i>Southern Africa</i>	<i>Middle East and North Africa</i>	<i>Asia and the Pacific</i>	<i>Europe</i>	<i>The Americas</i>	<i>Headquarters/ global programmes/ other</i>	<i>31 December 2024</i>
Revenue									
Voluntary contributions	427 763	822 658	142 720	955 928	341 585	669 211	309 481	854 240	4 523 588
United Nations regular budget	–	–	–	–	–	–	–	50 497	50 497
Interest revenue	–	–	–	–	–	–	–	113 061	113 061
Other revenue	1 278	5 163	856	1 333	1 963	396	532	37 163	48 684
Total revenue	429 041	827 822	143 576	957 262	343 548	669 606	310 013	1 054 961	4 735 830
Expenses									
Implementing partnership expenses	275 939	459 562	73 880	362 304	245 129	281 206	162 176	(686 926)	1 173 270
Salaries and employee benefits	155 593	281 131	88 437	231 890	161 919	180 236	136 772	302 057	1 538 034
Cash assistance to beneficiaries	12 142	23 331	1 753	280 039	40 246	214 865	25 359	(39 192)	558 544
Contractual services	17 546	66 512	10 940	102 987	49 229	90 983	52 896	148 017	539 111
Supplies and consumables for beneficiaries	29 259	85 219	6 231	53 492	49 481	40 602	9 929	45 197	319 409
Operating expenses	49 865	95 364	18 233	62 403	31 914	28 087	20 228	4 266	310 360
Equipment and supplies	10 594	23 394	4 517	15 482	13 954	8 561	9 038	30 933	116 474
Travel expenses	10 036	14 417	5 319	8 070	6 615	10 205	8 882	17 510	81 054
Other expenses	1 609	7 746	1 589	2 391	2 068	7 040	3 986	7 893	34 323
Depreciation, amortization and impairment	–	–	–	–	–	–	–	66 546	66 546
Other non-operational expenses	–	–	–	–	–	–	–	9 024	9 024
Net changes in fair value on other financial instruments (gains)/losses	–	–	–	–	–	–	–	20 039	20 039
Foreign exchange (gains)/losses	–	–	–	–	–	–	–	128 458	128 458
Total expenses	562 584	1 056 676	210 899	1 119 059	600 554	861 784	429 267	53 821	4 894 644
Surplus/(deficit) for the year	(133 543)	(228 854)	(67 323)	(161 797)	(257 005)	(192 178)	(119 254)	1 001 141	(158 814)

Table 8.2.2
Schedule of revenue and expenses by geographic segment as at 31 December 2023
 (Thousands of United States dollars)

	<i>West and Central Africa</i>	<i>East Africa, Horn of Africa and Great Lakes Region</i>	<i>Southern Africa</i>	<i>Middle East and North Africa</i>	<i>Asia and the Pacific</i>	<i>Europe</i>	<i>The Americas</i>	<i>Headquarters/ global programmes/ other</i>	<i>31 December 2023</i>
Revenue									
Voluntary contributions	307 793	703 940	113 586	844 087	417 242	624 907	304 567	1 218 450	4 534 572
United Nations regular budget	—	—	—	—	—	—	—	49 597	49 597
Interest revenue	—	—	—	—	—	—	—	93 983	93 983
Other revenue	1 309	3 557	349	1 362	1 206	212	311	20 858	29 164
Total revenue	309 102	707 497	113 935	845 449	418 448	625 119	304 878	1 382 888	4 707 316
Expenses									
Implementing partnership expenses	144 748	337 060	60 086	311 668	205 679	214 138	119 091	—	1 392 469
Salaries and employee benefits	147 287	294 540	84 177	227 095	157 753	170 760	120 052	297 278	1 498 942
Cash assistance to beneficiaries	11 151	19 647	4 911	239 729	70 823	364 923	19 025	12 050	742 260
Contractual services	33 453	75 519	15 079	102 500	53 770	106 987	47 835	174 189	609 333
Supplies and consumables for beneficiaries	22 234	92 599	8 827	56 108	67 083	114 869	12 179	8 289	382 188
Operating expenses	43 181	87 449	15 108	57 822	30 737	35 043	18 723	(1 437)	286 626
Equipment and supplies	10 733	21 987	3 655	19 110	15 918	14 751	10 294	37 662	134 111
Travel expenses	12 652	16 242	5 800	9 572	7 972	12 283	9 246	18 435	92 203
Other expenses	1 767	2 867	953	2 404	2 318	13 756	2 687	10 823	37 575
Depreciation, amortization and impairment	—	—	—	—	—	—	—	84 327	84 327
Other non-operational expenses	—	—	—	—	—	—	—	59 697	59 697
Foreign exchange (gains)/losses	—	—	—	—	—	—	—	(22 309)	(22 309)
Total expenses	427 206	947 910	198 596	1 026 008	612 053	1 047 510	359 132	679 004	5 297 422
Surplus/(deficit) for the year	(118 104)	(240 413)	(84 661)	(180 559)	(193 605)	(422 391)	(54 254)	703 884	(590 106)

246. Voluntary contributions by region in tables 8.2.1 and 8.2.2 correspond to the earmarking reflected in contribution agreements. Voluntary contributions not earmarked for a specific region are allocated to headquarters/global programmes/other for the purposes of presentation in these tables but are allocated for global spending.

247. Inter-fund charges and revenue in respect of the Self-Financing Activities Fund amounted to \$41.8 million in 2024. They are included in the headquarters/global programmes/other column in tables 8.2.1 and 8.2.2.

Note 9

Commitments and contingencies

9.1 Leases

Table 9.1

Obligations for operating leases

(Thousands of United States dollars)

	2024
Under 1 year	24 141
1–5 years	20 482
Beyond 5 years	2 008
Total obligations for operating leases	46 631

248. Obligations for operating leases includes obligations that may be cancelled under special circumstances owing to the existence of diplomatic clauses in the lease agreements. Given that the diplomatic clauses are generally not expected to be utilized, the obligations disclosed reflect the expected minimum term of the lease under normal circumstances. Operating leases include \$6.8 million of lease obligations without a diplomatic clause.

249. As at 31 December 2024, UNHCR did not have any finance leases.

9.2 Commitments

250. As at 31 December 2024, UNHCR had commitments for the acquisition of goods and services, as well as capital commitments contracted but not delivered, as follows:

Table 9.2

Open commitments

(Thousands of United States dollars)

	2024	2023
Assets and supplies	230 838	162 382
Services	180 119	181 527
Operating expenses	63 625	48 060
Consultants	18 858	17 729
Other commitments	5 738	14 283
Total open commitments	499 177	423 981

251. Multi-year commitments through 2026 of \$28.2 million to secure information technology services are reflected in table 9.2.

252. In 2024, no purchase orders were issued against partnership agreements expected to be implemented in 2025 or later.

9.3 Legal or contingent liabilities

253. Voluntary contribution revenue includes revenue that, under the terms of the contribution agreement, must be spent within a specified period and for an agreed purpose (“earmarked”). Where UNHCR has clearly not fully spent an earmarked contribution by the agreed deadline and a refund is expected, such shortfalls are accounted for as a reduction in revenue and disclosed in table 5.1.1.

254. As at 31 December 2024, there were 23 outstanding cases relating to various claims from staff members or former staff members pending United Nations Dispute Tribunal judgments against UNHCR, with a total potential financial compensation amounting to approximately \$1.3 million.

255. There are 59 unresolved third-party claims against UNHCR. The main third-party claims relate to ongoing disputes with a small number of suppliers and implementing partners. These disputes are subject to negotiation, and some may be settled through arbitration, with uncertain outcome. While the best estimates of additional costs to settle the agreements in arbitration have been accounted for as accruals and legal provisions and disclosed in notes 3.10 and 3.11, there are additional third-party claims with maximum expected settlement values of approximately \$6.5 million.

9.4 Contingent assets

256. As a result of political upheavals in the Sudan, during 2023 UNHCR experienced looting and other theft of significant fixed assets and inventory. While the final amount is subject to negotiation, insurance claims related to the losses of inventory are expected to result in the recovery of a minimum of approximately \$8.5 million of insurance proceeds. The related fixed assets and inventory have been impaired pending final determination of the level of losses suffered net of insurance claims.

Note 10

Related party disclosures

257. The key management personnel of UNHCR are the High Commissioner, the Deputy High Commissioner, the two Assistant High Commissioners and the Controller, as they have the authority and responsibility for planning, directing and controlling the activities of UNHCR.

Table 10
Related party disclosures

(Thousands of United States dollars)

	<i>Number of posts filled</i>	<i>Compensation and post adjustments</i>	<i>Entitlements</i>	<i>Pension and health plans</i>	<i>Total remuneration</i>	<i>Outstanding advances against entitlements</i>
Key management personnel, 2024	5	1 332	161	343	1 836	106

258. The table above summarizes aggregate remuneration paid to five key management personnel, which includes net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs and employer pension and current health insurance contributions.

259. Key management personnel also qualify for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified. They are also ordinary participants in the Pension Fund.

260. UNHCR relies on implementing partnerships and national fundraising partners for its operational activities. The transactions with these parties are at arm's length.

Note 11

Events after the reporting date

261. The reporting date for the Office of the United Nations High Commissioner for Refugees is 31 December of each year.

262. On January 20, 2025, a government donor announced a temporary suspension of foreign aid to re-evaluate its international funding priorities. As the announcement has no direct impact on the situation as at 31 December 2024, this event after the reporting date is considered a non-adjusting event under IPSAS 14, and no adjustments have been made to the 2024 financial statements.

263. Approximately \$203.1 million of the \$248.2 million in voluntary contributions receivables due directly from the government donor recognized in the statement of financial position relates to directly funded activities to be carried out in 2025 or later. The directly funded receivables relating to 2025 activities represent 13.3 per cent of total contributions receivable (see note 3). The following table summarizes the position:

Table 11

Events after the reporting date

(Thousands of United States dollars)

	2024	Percentage
Net contributions receivable	1 530 865	100.0
Government donor receivable as at 31 December 2024	248 200	16.2
Other receivables (indirect funding through other donors)	1 794	0.1
Of which:		
Relating to 2024 activities	45 100	2.9
Relating to 2025 activities	204 894	13.4
Collected since 31 December 2024 for 2024 activities	45 100	2.9
Collected since 31 December 2024 for 2025 activities	203 758	3.3
Not collected since 31 December 2024, as at 31 March 2025	1 136	0.1

264. The \$248.2 million of uncollected contributions receivable from the government donor and an additional \$1.8 million of funding from the same government which has been allocated indirectly through intermediary agencies have been recognized as revenue in the statement of financial performance.

265. At the date of authorization of these financial statements, the total impact of the temporary suspension of foreign aid and any related mitigating measures remains uncertain. The maximum impact on receivables recorded in 2024 is expected to be

limited to \$4.5 million, representing the portion of the total relevant receivable balances that remain outstanding as at 31 March 2025 and that relate to activities to be carried out after the reporting date. The maximum impact includes the potential refund requirement for receivables already collected. Any other financial impact will be assessed and reported in subsequent periods.

266. To mitigate immediate operational risks, UNHCR has temporarily placed on hold certain activities that were directly affected by the suspension.

267. On 16 June 2025, UNHCR leadership announced the completion of a review of UNHCR activities, expenditure, staffing and structures in response to the decline in humanitarian funding compared with 2024. The measures announced will reduce the overall scale of operations and include the expected closure or downsizing of offices worldwide, a reduction of nearly 50 per cent in senior positions at the Geneva headquarters and the regional bureaux, and the discontinuance of approximately 3,500 staff positions, representing a global reduction in staffing costs of around 30 per cent. At the date of issuance of these financial statements, the overall financial impact of these measures is still being assessed and cannot be reliably estimated.

268. UNHCR is actively engaging with the government donor's representatives to seek waivers and alternative funding solutions so as to ensure the continuity of programmes. As at the date of approval of these financial statements, none of the receivables reported as at 31 December 2024 relate to programmes that have been formally terminated or fully suspended.

269. Further discussion of the impact of this subsequent event on the financial position and financial performance of UNHCR, if relevant, will be reflected in the UNHCR financial report.

270. At the date of issuance of these financial statements, other than as referred to above, no material events, favourable or unfavourable, have occurred that would have impacted the present statements.

271. The financial statements were approved on 31 March 2025 and submitted to the Board of Auditors for opinion. No one other than UNHCR has the authority to amend these financial statements.

