



---

IOM International Organization for Migration  
OIM Organisation Internationale pour les Migrations  
OIM Organización Internacional para las Migraciones

## **WORKING GROUP ON BUDGET REFORM**

### **Discussion paper**

(English only)

**Fourth meeting (22 February 2011)**



## **I. Introduction**

1. At the request of the Chairperson of the Council, Ambassador Jazaïry (Algeria), the Administration has prepared this paper to facilitate the ongoing discussion on budget reform. It builds on the work already accomplished under the leadership of the preceding Chairperson, Ambassador Kitajima (Japan), and takes into account the workplan for the Working Group on Budget Reform which envisages the formulation of appropriate recommendations for submission to the Standing Committee on Programmes and Finance (SCPF) in 2011. It is hoped that this objective will be achieved by the SCPF meeting to be held in May so that the recommendations can be applied in the preparation of the 2012 Programme and Budget.

## **II. Background**

2. The Organization has expanded substantially in the last fifteen years (see the annex: Organizational Growth – 1998 to 2010), and this has led to discussions on the funding of the core structure, which is not fully financed in a sustainable manner. During that period, the Administrative Part of the Budget was very often subjected to the principle of zero nominal growth, and this has resulted in a situation where much of the Organization's core funding needs is now supplemented from less predictable and secure sources under the Operational Part of the Budget. In the financial year 2011, less than 50 per cent of the core structure is covered under the Administrative Part of the Budget. Although this structural underfunding has been repeatedly highlighted by the Administration, there are currently limited possibilities to close this gap.

3. The chronic structural underfunding has created a growing dependence on temporary funding sources to finance permanent institutional functions. This fragile state of affairs has understandably deterred the Organization from making sustained investments in a number of essential areas, as outlined under section IV of this paper.

4. In order to find solutions that would address the problem of funding for the core structure, Member States had agreed at the Sixth Session of the SCPF, held on 10 and 11 May 2010, to establish a working group, open to interested Member States, under the chairmanship of the SCPF Chairperson.

5. Three meetings were organized, in June, September and November 2010, respectively, during which the Working Group on Budget Reform established its terms of reference and agenda, and reviewed the definition of the Organization's core "structure" and "functions". Although a consensus was not reached, a number of delegations highlighted the need to address the structural underfunding, and therefore wished to discuss funding options to bridge that financial gap (see SCPF/53 and SCPF/53/Add.1).

## **III. Sources of funding for the core structure**

6. Discussions on funding of the core structure in the past had mainly focused on the Administrative Part of the Budget. The ongoing discussions offer the opportunity to review other funding options to support the work of the Organization with adequate resources. Outlined below are two issues that need to be considered separately.

### **Administrative Part of the Budget**

7. While the economic constraints that have affected most economies over the last few years present a barrier to immediate increases under the Administrative Part of the Budget, the following options, having limited impact on the individual assessed contributions of Member States, could be considered.

- In recent years, a number of new Member States have joined the Organization and this trend is expected to continue. One method of partly addressing the structural underfunding would be to add the assessed contribution for each new Member State to the total Administrative Part of the Budget, rather than distributing it as a rebate to existing Member States. This would help bridge the funding gap without burdening Member States with increases.
- The Administration has to absorb CHF 1.2 million of statutory increases every year in the Administrative Part of the Budget, in line with the United Nations common system remuneration applied in IOM. This has been accomplished over the years by Member States agreeing to modest increases or by moving posts from the Administrative Part of the Budget to the Operational Part. There is a need to find a systemic solution for the coverage of statutory increases. One option would be to introduce a mechanism providing for annual or biannual adjustments in line with the established United Nations cost-of-living and inflation indices.

#### Other options for funding the core structure

8. Some Member States had indicated during earlier discussions that other options, besides the Administrative Part of the Budget, need to be pursued to adequately fund the core structure. The following options listed under Part A were previously mentioned in the deliberations of the Working Group, while those listed under Part B reflect new ideas for consideration.

##### Part A – Previously discussed options

- Review current sources and allocation of funding for the core structure from assessed contributions and Discretionary Income to see if adjustments could be made.
- Change the current rates of overhead charged to projects. It is estimated that a 1 per cent rise in the overhead rate from 5 to 6 per cent would increase resources by USD 6 to 8 million.
- Ease existing restrictions on the use of Discretionary Income components, while preserving the current level of funding for the 1035 Facility. Increasing restrictions placed on the use of IOM's funds in recent years has limited the Organization's ability to address its core needs.

##### Part B – New ideas

- Review the current funding allocations for the core structure in order to establish whether the burden of delivering projects is adequately supported by donors instead of being charged to beneficiaries.
- Compare IOM's overhead rate and cost delivery mechanisms with those of other agencies to determine whether the delivery costs of projects by IOM are competitive and appropriate.
- Review international best practices in the area of cost allocation mechanisms to determine the most appropriate methods.
- Focus fund-raising on issues at the forefront of international concern, and use that as a basis to further strengthen core functions in the Organization. This will help focus additional resources on areas of urgent and immediate need.

- Promote the awareness of migration and the Organization's work through a variety of methods – educational, technical, and so on – to expand fund-raising possibilities to broader global audiences.
- Encourage Member States and other donors to provide voluntary support, in the form of unearmarked contributions (mentioned at the Working Group's third meeting), staff secondments or new funding facilities (funds, endowments, etc.) to cover the Organization's core needs. Fund-raising should include underrepresented regions and non-traditional donors, and provide visibility and incentives to donors.
- Promote, with Member States' assistance, private sector fund-raising initiatives focused on partnerships with private sector actors, including those with a link to migration.
- Prepare and develop projects that incorporate specific core funding needs.
- Prioritize use of the Web and Internet to expand fund-raising possibilities to broader global audiences.

#### **IV. Core needs and services requiring additional resources**

9. In presenting the 2011 Programme and Budget (MC/2297, paragraphs 181–186), the Administration brought to the attention of Member States certain core funding needs, which are normally covered by assessed budgets in other international organizations, as follows:

- Staff safety and security
- PRISM maintenance costs
- Cluster responsibilities
- Statutory increases.

10. The 2011 Programme and Budget (MC/2297, paragraphs 187–197) also outlined key areas that are not adequately resourced and therefore require strengthening or the establishment of new structures to enhance the Organization's capacity to meet the increasing demands for its services, as follows:

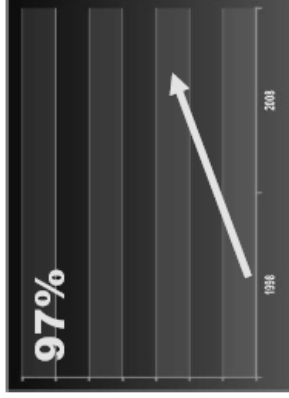
- Audit and evaluation
- Human resources
- Gender coordination
- Private sector liaison
- Media and communications
- International Dialogue on Migration
- Migration health – psychosocial response capacity
- Inter-agency affairs
- Reparation programmes
- Finalization and translation of official documents.

11. The Administration is prepared to present these needs in more detail at a subsequent Working Group meeting, in order to help provide a full understanding of the requirements of the Organization and determine how best to address these needs.



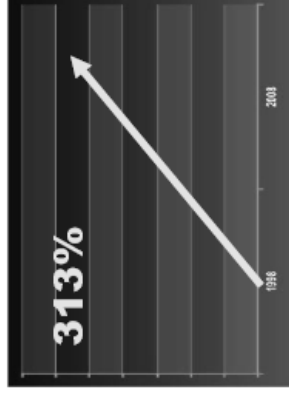
# Organizational Growth - 1998 to 2010

Membership



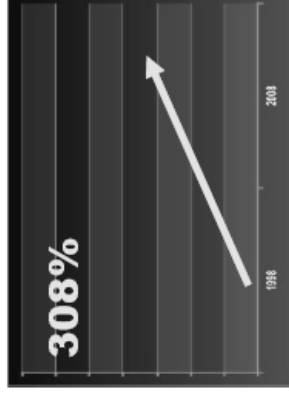
67 – 132

Total Expenditure



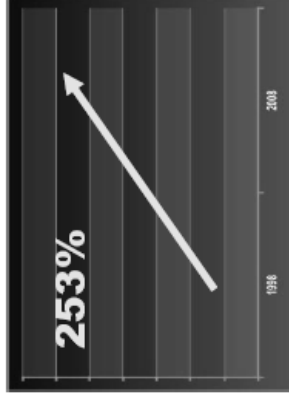
\$242 m - over \$1 billion

Projects



686 - 2,800

Offices



119 – 420

Staff



1,100 - > 7,000  
HQ less than  
200 staff.

