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17 February 2015

Excellency,

I wish to convey my sincere gratitude for your Government's interest in and support to UNHCR's activities over the years. It is in this context that I feel compelled to draw your attention to the difficult financial situation presently confronting my Office.

UNHCR is facing unprecedented needs for protection and assistance of refugees and others affected by conflict around the world. Since its approval by the Executive Committee in October last year, the organization's 2015 budget has already grown from USD 6.2 billion to USD 6.8 billion. This increase includes supplementary budgets to respond to emergencies in and around Iraq, Nigeria, Pakistan, South Sudan and Ukraine, as well as to address the on-going challenges of the Ebola outbreak in West Africa.


These escalating needs arise concurrent with major currency fluctuations, in particular the decline in the value of the Euro. This will significantly affect UNHCR's financial situation this year, as a large percentage of the organization's revenue is received in currencies that strongly devaluated in relation to the US dollar, our primary currency of expenditures. The potential impact is simply illustrated by comparing 2014 contributions – which totaled some USD 3.3 billion – to their value at current exchange rates. Assuming all donors were to maintain the same level of funding in their currencies, UNHCR would experience a decrease in the value of contributions of some USD 190 million this year. Reductions in expenditure due to the same factors would offset only USD 27 million. Additionally, the rise of the Swiss Franc leads to significantly increased costs in Geneva.

My Office is actively examining how best to address this situation. As a result of UNHCR's reform process, the percentage of resources allocated to Headquarters and other structural costs has already substantially decreased in recent years, and we will pursue every additional opportunity in that regard. We are also reviewing possible reductions that will have no or minimal direct impact on beneficiaries in order to reduce as much as possible the need to introduce cuts across the board. These measures include drawing down stockpiles of relief supplies, anticipating the sale of depreciated assets, reducing fuel and travel expenditures, freezing or delaying the filling of vacant posts, as well as accelerating the introduction of innovative and more cost-effective forms of delivery.

Yet given the size of the projected shortfall, it is highly likely that we will need to implement additional measures that will have a direct impact on operations. This threatens to affect the delivery of protection, assistance and solutions to the 46 million refugees and other persons of concern to my Office. We will do our best to minimize this impact and make it predictable.

UNHCR cannot redress this situation alone. We will work closely with both traditional and new financial donors, including the private sector, to increase our income, as well as coordinate with host countries in optimizing the use of our scarce resources. As we face the current reality, I have a responsibility to bring this situation to the attention of Member States, and to seek sustained strong funding for UNHCR's programmes. I count on your Government's continued support in assisting my Office to address this complex challenge.

Please accept, Excellency, the assurances of my highest consideration.

With my warmest regards

António Guterres

Executive Committee Members and
Standing Committee Observer States