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

**STANDING COMMITTEE ON PROGRAMMES AND FINANCE**

**SEVENTH SESSION**

2–3 November 2010

**SCPF/53**  
**RESTRICTED**

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21 October 2010

**WORKING GROUP ON BUDGET REFORM**

**Progress Report**

(submitted by the Chairperson of the Working Group)

## **WORKING GROUP ON BUDGET REFORM**

### **Progress Report**

1. With the growth in the Organization, discussions on the funding of the core structure, which is not fully financed in a sustainable manner as is the case in other organizations, have continued to be a difficult process. In order to find solutions that would address the problem of core structure funding in the medium to long term, Member States agreed to engage in a budget reform discussion in an attempt to find a systemic solution.
2. At the Sixth Session of the Standing Committee on Programmes and Finance (SCPF) on 10 and 11 May 2010, the Working Group on Budget Reform, open to interested Member States, was established under the chairmanship of the SCPF Chairperson or his designated representative. The Working Group was tasked to examine the question of budget reform, taking into consideration the deliberations of the Sixth Session of the Standing Committee, and to present appropriate recommendations to the SCPF. The Administration was invited to support the Working Group.
3. It was agreed by the SCPF that a progress report would be submitted at the Seventh Session of the Standing Committee, including the Working Group's terms of reference, workplan and timetable.
4. The Working Group held two meetings, on 28 June and 28 September 2010. At the 28 June 2010 meeting, there was a broad discussion of the terms of reference. It was decided to proceed in a systematic way, starting from the definition of the Organization's core structure and "functions" before proceeding to a discussion on the various funding alternatives.
5. Following the first meeting, a draft of the terms of reference was circulated. In addition to providing a structured approach to the budget reform discussion, the terms of reference highlighted that the Working Group should take account of the parallel discussions on the review of the IOM Strategy and the implementation of the revised organizational structure. The terms of reference approved at the opening of the second meeting on 28 September 2010 are presented in Annex I.
6. Based on these terms of reference, a detailed agenda and workplan (Annex II) was adopted at the 28 September 2010 meeting. The initial debate focused on deciding how to advance the discussion and clarifying the definition of "core structure" as a basis for establishing a common understanding of the Organization's budgetary needs.
7. At the conclusion of the 28 September 2010 meeting, the Chairperson noted that the next meeting of the Working Group would be scheduled soon, preferably before the next regular session of the Council. The priority for the next meeting would be to continue the examination of the core structure and key "functions", and to then move to a discussion of alternative sources of funding for the core structure.

Annex I

**TERMS OF REFERENCE**

**IOM WORKING GROUP ON BUDGET REFORM**

1. Examine existing Council resolutions that define the core structure of the Organization, consider a new definition, as necessary, and determine the sources of funding for the core structure.
2. Define key “functions” of the Organization to determine if those are adequately funded and explore alternative funding sources, looking also into the practices of other international organizations.
3. Examine existing budget resolutions with the aim of consolidating all existing resolutions into a comprehensive budget framework resolution.
4. Consider alternatives concerning the funding of non-projectized activities of the Organization, including, but not limited to:
  - (a) changing the current rates of overhead charged to projects;
  - (b) modifying the existing restrictions on the use of Discretionary Income, while preserving the current level of funding for the 1035 Facility.
5. Take full account of:
  - (a) the parallel discussions on reviewing the IOM Strategy and
  - (b) the implementation of the revised organizational structure.

Annex II

**AGENDA**

**WORKING GROUP ON BUDGET REFORM**

28 September 2010

1. Adoption of the Terms of Reference (ToRs) for the Working Group on Budget Reform
2. Work plan  
Taking a holistic approach into consideration, review and discuss each point of the ToRs with the aim of formulating appropriate recommendations to be submitted to the SCPF in 2011.
3. Define the core structure
  - (a) review the current definition;
  - (b) review the sources of funding for the core structure;
  - (c) discuss the way forward to redefine the core structure.
4. Define the key “functions”
  - (a) review the current key “functions” covered by the core structure;
  - (b) review the adequacy of funding for the performance of key “functions”;
  - (c) discuss the way forward to redefine the key functions.
5. Alternative sources of funding for the core structure
  - (a) review current sources of funding for the core structure from Assessed Contributions and Discretionary Income;
  - (b) consider changing the current rates of overhead charged to projects;
  - (c) consider modifying the existing restrictions on the use of Discretionary Income, while preserving the current level of funding for the 1035 Facility.
6. Any other business
7. Date of the next meeting

Note 1: Relevant documents of the meeting: IC/2010/3 and IC/2010/4.

Note 2: Core structure refers to the Organizational structure as defined in Council Resolution No. 949 of 20 November 1996 and in document IC/2010/3, whereas core functions are the activities that are performed by the core structure. For example, Office of the Director General is part of the core structure and the activities carried out by that organizational structure are the functions of that core structure.