



INTERNAL AUDIT DIVISION

REPORT 2023/084

Audit of multi-country office in Panama for the Office of the United Nations High Commissioner for Refugees

The Multi-Country Office in Panama needed to review its organizational structure and strengthen its strategic planning and fair protection processes to ensure timely and cost-effective delivery of services to forcibly displaced persons

**22 December 2023
Assignment No. AR2023-151-02**

Audit of multi-country office in Panama for the Office of the United Nations High Commissioner for Refugees

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of multi-country office (MCO) in Panama for the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether the MCO in Panama was managing the delivery of services to forcibly displaced persons in a timely and cost-effective manner and in line with UNHCR's policy requirements. The audit covered the period from January 2021 to December 2022 and included: (i) adequacy of the MCO structure; (ii) planning and resource allocation; (iii) fair protection processes and documentation; and (iv) cash-based interventions (CBIs).

The MCO in Panama was resourced to support countries under its mandate in protection and capacity building of national asylum systems. However, it remained heavily vested in service delivery and this affected its already overstretched resource envelope. The timely and cost-effective delivery of services to displaced persons was also impacted by a sub-optimal organizational structure and staffing, gaps in strategic and operational planning, and weaknesses in the MCO's selection, management and monitoring of implementing partners.

OIOS made six recommendations. To address issues identified in the audit, UNHCR needed to:

- Assess the adequacy of the MCO coverage, structure and staffing for mandate implementation.
- Strengthen the MCO selection, management and monitoring of implementing partners.
- Strengthen the MCO multi-year strategic and operational planning processes, including through prioritization of needs and enhancing the performance management framework.
- Develop the MCO advocacy strategies to guide country operations' engagement with governments on ratifying refugee and statelessness conventions and development of national refugee legal frameworks and asylum systems.
- Strengthen the MCO processes related to mandate refugee status determination for asylum seekers in Cuba, Guyana and Trinidad and Tobago, and through continuous registration ensure that data on forcibly displaced persons is accurate.
- Strengthen the MCO planning, management and monitoring of CBI programmes including by enforcing post distribution monitoring and collecting and reporting of CBI interventions data.

UNHCR accepted all recommendations and has initiated actions to implement them. Actions required to close the recommendations are indicated in Annex I.

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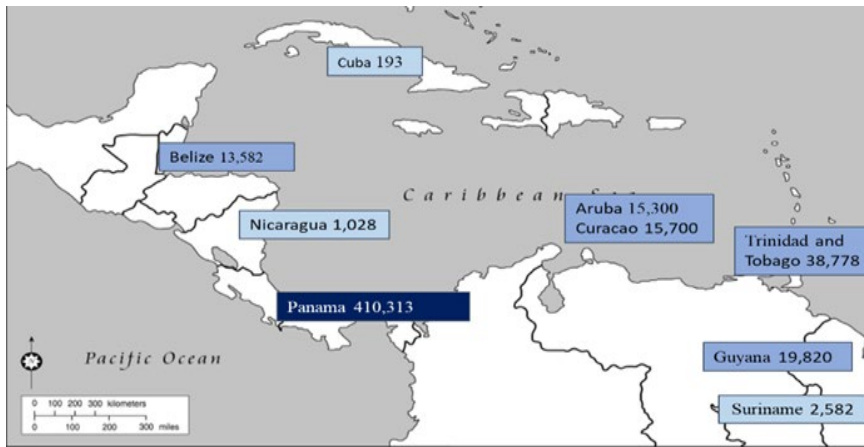
Audit of multi-country office in Panama for the Office of the United Nations High Commissioner for Refugees

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of multi-country office in Panama for the Office of the United Nations High Commissioner for Refugees (UNHCR).

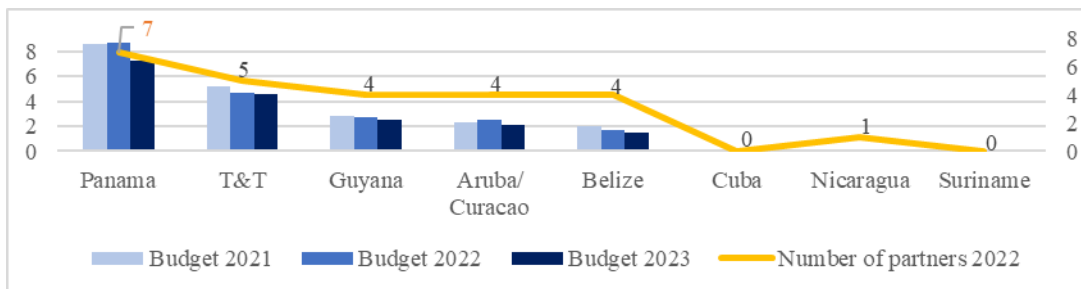
2. The UNHCR Multi-Country Office in Panama (hereinafter referred to as the ‘MCO’) was established in 2021 to provide refugees, asylum seekers and other forcibly displaced and stateless persons (displaced persons) with international protection and humanitarian assistance. The MCO covered nine countries: Aruba, Belize, Cuba, Curacao, Guyana, Nicaragua, Panama, Suriname, and Trinidad and Tobago (T&T) with a total population of 517,296 displaced persons that were primarily from Venezuela, Cuba, and El Salvador. Figure I provides the numbers of displaced persons by country.

Figure I: Forcibly displaced persons by resident country



3. The MCO was led by a Representative at the D1 level, who reported to the Director of the Regional Bureau of the Americas (the Regional Bureau). The MCO was also responsible for four National Offices (Aruba, also covering Curacao, Belize, Guyana, and T&T) and one Field Unit (Cuba). The operating level budget for 2021, 2022 and 2023 was \$21, \$20, and \$17 million respectively. Figure II presents the budgets and the number of partners in each office.

Figure II: Budget (\$ millions) and number of partners



4. Comments provided by UNHCR are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

5. The objective of the audit was to assess whether the MCO in Panama was managing the delivery of services to forcibly displaced persons in a timely and cost-effective manner and in line with UNHCR’s policy requirements, with due regard to the risks that it was exposed to and the operational context.

6. This audit was included in the 2023 risk-based work plan of OIOS due to risks that could emerge from the establishment and organization of the MCO as a new organizational structure in UNHCR.

7. OIOS conducted this audit from July to October 2023 and was carried out in Panama City. The audit conducted virtual meetings with the national offices and partners in Aruba, Belize, Guyana, Nicaragua, and T&T. The audit covered the period from January 2021 to December 2022. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in the MCO, which included: (i) adequacy of the MCO structure, (ii) planning and resource allocation, (iii) fair protection processes and documentation; and (iv) cash-based interventions. In reviewing the four areas above, the audit also covered cross-cutting areas like partnership and enterprise risk management.

8. The audit methodology included: (a) interviews of key personnel; (b) review of relevant documentation and data from the UNHCR Enterprise Systems; (c) sample testing of identified key controls; and (d) visits to selected UNHCR partner offices and project sites in Panama City and La Chorrera, Panama.

9. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

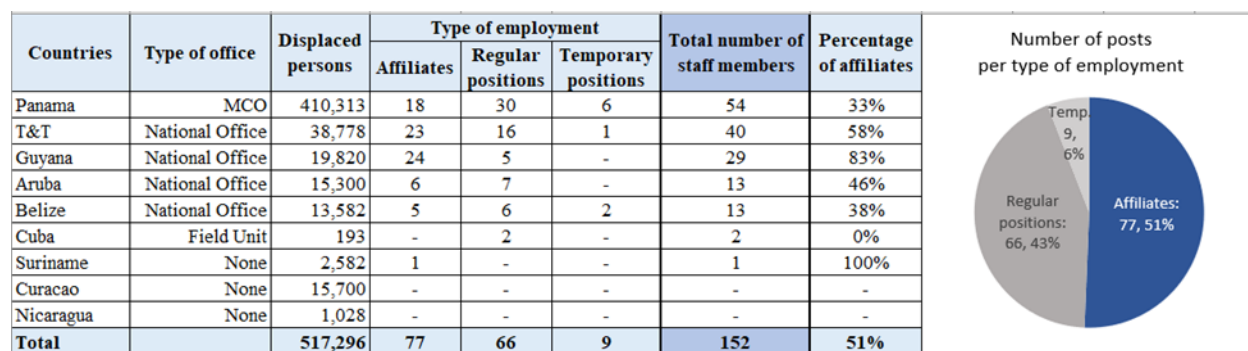
III. AUDIT RESULTS

A. Multi-country office structure and staffing

Need to review the MCO coverage, structure and staffing for effective mandate execution

10. The MCO structure and staffing should be appropriate to effectively support UNHCR’s engagement in the nine countries, i.e., the host country where the office is located, nearby countries with a national office or a field unit, and countries with no UNHCR presence. Figure III summarizes the staffing structure of the MCO in 2023.

Figure III: Staffing structure of MCO



11. As reflected in Figure III, 51 per cent of MCO staff were affiliated workforce (affiliates), compared to 43 per cent regular and 6 per cent temporary positions. Affiliates also constituted 83 and 58 per cent of

total staff numbers in Guyana and T&T respectively which exceeded the UNHCR norm of 70:30. Further, affiliates were performing core functions which contravened UNHCR rules. While the heavy reliance on affiliates to deliver the MCO mandate brought a temporary solution to staffing gaps in a resource-constrained environment, their large number in critical roles over a long period of time not only represented a gap in compliance with UNHCR accountability structure but also carried the risk that the high turnover of affiliates would disrupt programme continuity.

12. Additionally, the distribution of staff across general service, professional and national officer staff was 51, 43 and 6 per cent respectively. The fact that more than half of staff positions at the MCO were affiliates at the general service level undertaking administrative, secretarial, and clerical support indicated the need for MCO to review its staff composition for effectiveness in line with UNHCR rules.¹ Moreover, the percentage of National Officers in the MCO was lower than the global rate of 11 per cent. Considering the MCO's resource constraints, the deployment of more National Officers in some roles conducted by professional staff was not only more cost-effective but also would increase the number of staff members speaking local languages and establish longer-term capacity in operations.

13. The MCO had adopted the same structure as its predecessor, the Regional Office of Panama, and did not consider necessary changes to the structures, staffing, and division of roles to execute its new mandate, as reflected in UNHCR's Roles, Authorities and Accountabilities (RAAs). Taking cognizance of this, the MCO with the support of the Division of Human Resources (Strategic Workforce and Structural Planning Section) conducted a structural and staffing review in October 2022.

14. Per the review, for the MCO structure and coverage to be geographically and operationally sound, all Caribbean countries needed to be under one MCO. However, a decision by the Regional Bureau to move Haiti and the Dominican Republic from the MCO Washington to Panama was long outstanding. The review concluded that the existing structure and MCO coverage would negatively impact the effective execution of its mandate, with key recommendations made regarding the need to: (i) reconsider the coverage of the MCO; (ii) identify the minimum structure needed to operate; and (iii) regularize critical and core functions as a priority. Most of the 21 recommendations remained outstanding at the time of the audit because they had cost implications and due to pending direction from the Regional Bureau on the MCO's positioning in the Caribbeans.

(1) The UNHCR Regional Bureau for the Americas in coordination with the Multi-Country Office in Panama should review the coverage of the Office in the Caribbeans and assess the adequacy and effectiveness of the office structure, staffing and resources in achieving the priorities outlined in its strategy.

UNHCR accepted recommendation 1 and stated that in view of the upcoming appointment of a new Representative, the Regional Bureau and the MCO Panama team will be discussing the regional structure. There will be a detailed review of the coverage of the MCO in the first quarter of 2024. Discussions will be in close coordination with the Regional Bureau for the Americas and Headquarters in Geneva. Overall, UNHCR will propose a structure that allows for greater efficiency.

Programme implementation through partners needed strengthening.

15. The MCO delegated the implementation of its programmes to 25 implementing partners in 2021 and 2022 and reduced these to 23 in 2023 as shown in figure IV. The decisions to delegate programme

¹ UNHCR's Administrative Instruction requires that affiliates are used for: (i) short-term operational or highly technical skilled and strategic roles in non-emergency situations; and (ii) supporting emergencies, i.e., where the lives or well-being of forcibly displaced persons is threatened if immediate and appropriate action was not taken.

implementation to partners were not informed by an assessment to determine whether it was more cost-effective than direct implementation. Further, there were gaps in the selection and performance monitoring of partners.

Figure IV: Budget and Expenditures paid to partners from 2021 to July 2023

Total paid to Partners	2021		No. of Partners	2022		No. of Partners	Jul-23		No. of Partners
	Budget	Expenditures		Budget	Expenditures		Budget	Expenditures	
		7,262,672	7,238,460	25	6,713,754	6,593,651	25	5,084,189	2,251,991

16. The selection process for the implementing partners that was last conducted in 2021 retained partners with poor performance and this negatively impacted the implementation of programme activities. For instance, partners were selected/retained in 2021 despite:

- Having previously failed to deliver the programme in two instances. Also, the partner selected to implement the pre-registration and registration programme did not have the capacity to conduct related activities.
- Having weak internal controls. Two partners that failed to adhere to UNHCR financial rules were retained in 2021. Another partner lacked documentation to support their distribution of uniforms to intended beneficiaries in Panama.
- Implemented programmes failing to create the desired impact. Gaps in selection criteria resulted in the inclusion of Panamanians as beneficiaries in training and job creation programmes. Additionally, the training certificates issued to trainees at the end of the courses were not recognized in Panama. Also, only two of the 61 participants in a five-year programme to create job pathways had been employed since 2021.
- Their failing to meet set targets in project partnership agreements. In such instances, no explanations were sought nor actions taken to rectify root causes. In cases where additional budgets were given during the year, the audit noted that targets were not adjusted accordingly.

17. The shortcomings above reflected gaps in not only the selection of partners, but also the inadequate monitoring of activities implemented by them.

(2) The UNHCR Multi-Country Office in Panama should strengthen its selection, management and oversight of implementing partners, including through enhanced role of the Implementing Partner Management Committee for selection and retention of partners.

UNHCR accepted recommendation 2 and stated that in the latter part of 2023, the MCO conducted the selection of partners for the duration of the Multi-Year strategy (2024-26) for Aruba, Belize, Curacao, Guyana and Trinidad and Tobago. The process was only deferred for Panama, due to an ongoing Level 1 emergency.

B. Planning and resource allocation

Need for a strategic plan to support prioritization of needs in a resource constrained environment

18. UNHCR’s RAAs require that MCOs develop strategies based on situational contexts and oversee and support National Offices in their development of country plans. The three strategic priorities listed in the interim MCO strategic plan (2022-2023) consist in: (i) access to safety and protection from refoulement; (ii) support communities as sources of protection; and (iii) prevent and respond to Gender Based Violence (GBV) and Prevention of Sexual Exploitation and Abuse (PSEA) for the countries under its management.

These strategic priorities however were generic and impractical to implement across the nine countries because of the different country contexts and limited resources. Further, these strategic priorities were not translated into plans to direct and support their implementation at the country level. For cost-effective implementation, the strategy needed to be tailored to the different country protection contexts and beneficiary needs.

19. At the time of the audit, the MCO had developed a multi-year strategy (2024-2026) that reflected its priorities in an environment of declining financial resources. The development of the strategy however did not involve key stakeholders in creating a sustainable vision for prioritizing protection and solutions. The MCO also did not have operational plans to drive the implementation of this strategy, e.g., advocacy required to improve inclusion and integration of displaced persons in eight of the nine countries. It also did not outline service delivery plans within its resource constraints in core areas like livelihoods, Refugee Status determination (RSD), and durable solutions.

Processes that underpin effective strategic planning

20. To provide crucial assistance to displaced persons within the resource constrained environment, and prevent their increased vulnerability, strategic plans needed to: (i) be informed by needs assessments; (ii) prioritize and set goals and objectives that are aligned to UNHCR's global and regional strategic priorities; (iii) be based on up-to-date and reliable data; (iv) be supported by protection and operational strategies; and (iv) be adequately resourced in order to meet set objectives.

21. The MCO conducted 11 needs assessments in Aruba, Belize, Guyana, Panama, and T&T, that identified: (i) protection issues such as gender-based violence, lack of documentation and the risk of detention and deportation; and (ii) lack of durable solutions, livelihoods and basic services, e.g., health and education. However, these results were not used to direct prioritization of needs during strategic planning processes. Considering the small sizes of country offices and budget limitations, such prioritization would have ensured that the limited resources are allocated more effectively, e.g., to programmes with greater impact.

22. Further, the MCO did not have reliable data on the number of displaced persons to inform its development of an effective multi-year plan and allocate resources effectively. For instance, the figures contained in ProGres for T&T were inaccurate. Additionally, the MCO was aware of inaccuracies in national migration figures provided by the governments of Panama and Belize but did not have a plan on the support that would be provided to address them. Further, considering the limited resources available, the audit questioned Nicaragua's decision to include in its displaced persons population numbers and continue supporting nationals from Italy, Peru and Mexico that had been in the country for a long time. Such data was needed to support the allocation of resources effectively based on priorities, strategic objectives, and vulnerabilities of displaced persons in the MCO and among country offices.

23. The operating budget plan of the MCO was \$54 million for 2023, but it only received \$17 million (31 per cent) as of July 2023 and this impacted its delivery of services to displaced persons. The allocation of funds did not adequately address the larger protection needs in other countries. Funds were also spread across many activities instead of prioritizing interventions where the MCO wanted to create an impact. For instance, most funds were allocated to basic needs (25 per cent) and operational support (23 per cent) which were not strategic priorities.

Performance results to inform strategic planning

24. The MCO noted that the design of the COMPASS was yet to be tailored to fit the peculiarities of its structure. Each country in the MCO was expected to operate accounts in COMPASS as if they were

separate country offices. However, the countries under the MCO management were unable to customize the specific targets within the system to align with their distinct circumstances, as exemplified in Table 1 below. The MCO already communicated the shortcomings of the COMPASS system to headquarters, thus a recommendation was not raised in this regard.

Table 1: Example of COMPASS Indicators 2022

Country	Indicator	Target (2022)	Actual (2022)	%	Reason for difference
T&T	# of refugees/asylum seekers registered on an individual basis with min set of data required	12,037	3,469	28%	Unable to adjust target
T&T	# of asylum seekers assisted with food vouchers	1,800	1,926	107%	Inaccurate accounting of number of beneficiaries
Panama	# of consultations refugees/asylum seekers	15,000	953	6%	Unable to adjust target, indicator was vague

25. The MCO performance framework was generally aligned with relevant population planning groups. However, OIOS review of the performance framework noted the following:

- It had a large number of indicators, i.e., 90 in 2022. This number was unreasonable considering that the countries were small and lacked the capacity to collect and report results against all of the indicators.
- It had some input indicators that were ineffective in measuring programme performance, e.g., the number of community-led projects supported and the number of partners supported.
- Indicators and targets in partners' agreements were not consistently aligned to what was reported in COMPASS, thereby making it difficult to assess their contribution to the MCO's overall strategic objectives.
- There were inconsistencies between reported results in COMPASS, MCO performance reports, and partners' narrative reports.
- Adjustments were not made to targets during the year to account for changes in circumstances, thereby leading to significant underperformance in some indicators and overachievement in others as shown in table 1. For example, partners achieved over 300 per cent of set targets in some indicators which indicated that they may have been understated.
- The MCO did not analyze reasons for non-performance nor take action to address root causes. For instance, the budget of some programme activities was overspent and yet related indicators were not met.

26. The issues above were caused by the fact that the new COMPASS system was still going through configuration for different types of entities. The issues above impacted the reliability of information in the COMPASS system to inform planning and decision making.

(3) The UNHCR Multi-Country Office in Panama, with support from the Regional Bureau for the Americas should strengthen its multi-year strategic and operational planning processes, including through prioritization of needs and enhancing the performance management framework.

UNHCR accepted recommendation 3 and stated that the MCO started since 2022 to implement a new programme monitoring system across all areas of responsibilities/countries. This process is well advanced and addresses most of this recommendation. The process will be finalized during the first quarter of 2024, once the implementation of the 2024-26 Multi-Year Plan starts. Furthermore, the

MCO in several instances is already using needs assessments and result monitoring surveys to inform strategic planning, program implementation and results reporting.

C. Fair protection process and documentation

Need to reinforce registration and refugee status determination processes

27. Registration, RSD, and solutions (integration) were core to the MCO activities since they were precursors to displaced persons’ access to assistance and durable solutions. However, each country had a different legal context, as reflected in Figure V below, which required a strong and targeted advocacy strategy and programme with regard to registration, RSD and provision of identification documents:

Figure V: Legal context of the MCO portfolio

Country	Legal Context	Implications
Aruba, Cuba, Curacao, Guyana	The governments did not ratify the 1951 Convention on the Status of Refugees and its 1967 Protocol.	Need for MCO to advocate with countries to ensure that the basic minimum standards for the rights and treatment of refugees were met including the right to housing, work and education.
Belize	The government ratified the 1951 Convention and its 1967 Protocol and adopted the 1984 Cartagena declaration and the 2022 Los Angeles declaration.	Need for MCO to follow up with the new government on ongoing local integration processes.
Nicaragua, Suriname	Nicaragua and Suriname acceded to the 1951 Convention in 1980 and 1978 respectively.	Need for MCO to advocate with governments to take over service delivery.
Panama	The government ratified the 1951 Convention and its 1967 Protocol, acceded to the 1954 and 1961 Conventions on stateless persons and adopted the 1984 Cartagena declaration although it was not yet reflected in legal framework.	Need for MCO to advocate for the enacting of the Cartagena declaration into law.
T&T	The government acceded to the 1951 Convention and its 1967 Protocol however it was not incorporated into national law.	Need for MCO to advocate with government authorities to ensure that the basic minimum standards for the rights and treatment of refugees were met.

28. The MCO had an RSD strategy that was developed under the assumption that the governments would conduct RSD and registration with UNHCR only providing support, which did not materialize. Therefore, the MCO remained primarily responsible for strengthening the capacity of national asylum systems so they could execute their protection functions. The strategy and related draft standard operating procedures also needed to be updated to provide for the different country contexts below:

- In Belize and Panama, the governments conducted registration and shared related data with UNHCR. However, there were gaps in the systematic registration of forcibly displaced people.
- The government in Guyana was responsible for registration and the MCO conducted RSD. The government refused to share data with the MCO which impacted the latter’s execution of its role.
- In Aruba, MCO conducted registration for pre-screening to meet resettlement quotas.
- Curacao and Nicaragua did not have a functional RSD process.
- The MCO conducted registration and RSD in Cuba, Suriname and T&T. T&T had an RSD backlog of 14,225 cases, which was attributed to the high staff turnover rate and the caseload inherited from MCO Washington. The MCO needed to verify that the cases reflected as backlogs were still bona-fide and implement a plan to address the outstanding cases.

29. To ensure that registration information is reliable in such circumstances, operations had to maintain strong data management processes. However, gaps in data management process resulted in outdated and unreliable registration data for displaced persons for planning, budgeting, targeting assistance, and implementing durable solutions, e.g., the backlog of T&T comprised of local citizen and forcibly displaced persons that might not be in the country. To address this issue, the MCO agreed to conduct continuous registration exercises in T&T and Guyana. It also would collaborate with the governments of Panama and Belize to conduct population verifications and enhance the capabilities of their asylum systems.

30. If unaddressed, the gaps above could negatively impact displaced persons' protection in the nine countries as well as their access to services, including durable solutions.

(4) The UNHCR Multi-Country Office in Panama should develop targeted country advocacy strategies for countries under its management to actively engage relevant stakeholders, including governments, on ratifying refugee and statelessness conventions, development of national refugee legal frameworks and asylum systems and addressing backlogs.

UNHCR accepted recommendation 4 and stated that targeted country strategies, including advocacy activities, were developed as part of the Multi-Year Strategy (2024-2026) for MCO Panama. In this regard, the Office started to conduct a thorough analysis of the situation in each country, including analysis of root causes, problems and ways they can be addressed. The Office is also assessing the input needed from other relevant stakeholders, to: (i) advance the advocacy on ratifying refugee and stateless convention (where not in place); (ii) develop and strengthen national refugee legal frameworks and asylum systems; and (iii) prevent and reduce RSD backlogs.

(5) The UNHCR Multi-Country Office in Panama should ensure that accurate data on forcibly displaced persons is maintained including through continuous registration exercise.

UNHCR accepted recommendation 5 and stated that data validation and verification of the population data stored in UNHCR's PRIMES database has been finalized in Guyana and is currently ongoing for Suriname and Trinidad and Tobago and should be finalized by the beginning of next year to ensure accurate population data in the Annual Statistical Report for 2023. Cuba has up to date population data. For the other 5 operations covered by the MCO, population data is provided by the respective Governments.

D. Cash-based intervention

Need to strengthen the planning, management and oversight of cash assistance to displaced persons

31. The MCO allocated \$2.7 and \$1.5 million for implementation of CBI programmes in eight and seven countries in 2021 and 2022, respectively. The MCO ran CBI programmes related to multi-purpose grants, livelihoods (seed cash), education, food vouchers and medical care. The MCO directly implemented CBI programmes in two countries and through seven partners in the five countries.

Planning for and design of the CBI programme

32. The MCO reached 6,310 displaced persons which represented 1.2 per cent of the total population in 2022. The MCO delegated the assessment of vulnerability of beneficiaries and distribution of CBIs to implementing partners, without mechanisms in place to ensure resources were safeguarded and assistance was provided to the most vulnerable persons. For instance, one partner only selected beneficiaries who

received training provided by them, which was an unreasonable criteria for identifying vulnerability. Partners also did not have documentation to support the vulnerability assessments conducted when selecting beneficiaries.

33. The MCO conducted market assessments and minimum expenditure basket analyses to understand market conditions and prices in the countries as a basis for determining the cash assistance that would be provided to displaced persons. However, these assessments and analyses were outdated, e.g., the last market assessment for Panama had been conducted in 2017. T&T conducted a cash assistance feasibility analysis in 2018, and Cuba conducted a limited assessment in 2019 which was used to update assistance given to beneficiaries. No documentation was available to evidence that any assessments had been conducted in Belize.

Management of the CBI programme

34. The MCO did not establish adequate guidance and mechanisms for partners to ensure that the CBI programme is effectively managed. At the time of the audit, only three countries were using ProGres and therefore the MCO did not have reliable information to support its determination of eligibility of displaced persons for CBIs. Further, only T&T was using CashAssist, UNHCR's CBI management tool. Thus, partners lacked a centralized database for tracking assistance and mitigating the risk of making duplicate payments. While the MCO and its partners stated that they had informal coordination mechanisms to prevent duplicate payments, no documentation was provided to support this. T&T was the only country with a CBI working group that was reconciling CBI payments across partners on a quarterly basis.

35. A review of the controls over the CBI programme also showed the following:

- Modalities for the use of Financial Service Providers were not developed in two countries (Cuba and Guyana). This resulted in CBI being distributed mostly through cash (Guyana – Region 1) and gift cards (T&T), which had security risks.
- The CBI SOPs were not consistently applied across the countries. For instance, in Nicaragua and Cuba, displaced persons were assisted for periods longer than prescribed in the SOPs.
- Except for T&T, countries did not assess the sustainability of livelihood projects that were funded through CBI. For instance, beneficiaries that received seed capital in Panama generated only \$2,000 per year, which was insufficient for ensuring sustainability of the projects. Additionally, nine beneficiaries became inactive after receiving seed money, with six of them having left the country and the other three saying that they did not have time to implement livelihood activities.

Monitoring and assessment of the CBI programme

36. The MCO did not consistently monitor CBI related activities implemented by partners during the audit period. In 2021, post distribution monitoring (PDM) exercises were conducted in Aruba, Cuba, Curacao and T&T; and in 2022, in the region and T&T. The effectiveness of the PDMs was impacted by the following:

- The PDMs only covered multi-purpose CBIs and not those in other sectors like livelihoods and education. Additionally, the PDMs in Aruba and Curacao were not representative due to restrictions, which led to biased conclusions about protection and socio-economic needs of displaced persons.
- The partner that implemented the CBI programme in Panama conducted a limited effectiveness review of CBIs which represented a conflict of interest.

- The MCO did not monitor the implementation of recommendations arising from PDMs conducted in 2021. Beneficiaries were also unaware of complaint and feedback mechanisms, necessitating improved communication to prevent potential abuse and fraud.

37. PDM reports revealed that 85 percent of beneficiaries could not meet over half of their basic needs, e.g., their healthcare expenses, and resorted to negative coping methods like not paying rent and withdrawing children from school. This reinforced the need to review transfer values and align them to the cost of living. While limited funding was cited for low transfer values, only 30 per cent of partner budgets in 2022 went towards cash assistance, with the remainder covering their staff salaries and administration costs. Although the 2021 PDM for Curacao recommended re-introducing the CBI programme, it was not implemented due to funding limitations.

38. The MCO attributed the above to the lack of CBI staff and limited funding available to the programme. The audit, however, also attributed the issues to inadequate guidance in the selection and monitoring of CBI partners.

(6) The UNHCR Panama Multi-Country Office should implement targeted measures to strengthen its planning, management and monitoring of Cash Based Intervention programmes, including by enforcing post distribution monitoring (PDM), and collecting and reporting of CBI interventions data.

UNHCR accepted recommendation 6 and stated that the proposed actions to improve the management of Cash-Based Interventions are ongoing. Additional efforts will be made to implement UNHCR-wide guidelines to provide this assistance in the most efficient way. The MCO will also continue to work on post distribution monitoring throughout the whole region.

IV. ACKNOWLEDGEMENT

39. OIOS wishes to express its appreciation to the management and staff of UNHCR for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of multi-country office in Panama for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	The UNHCR Regional Bureau for the Americas in coordination with the Multi-Country Office in Panama should review the coverage of the Office in the Caribbeans and assess the adequacy and effectiveness of the office structure, staffing and resources in achieving the priorities outlined in its strategy.	Important	O	Receipt of evidence of the review of the office structure, staffing and resources.	30 June 2024
2	The UNHCR Multi-Country Office in Panama should strengthen its selection, management, and oversight of implementing partners, including through enhanced role of the Implementing Partner Management Committee for selection and retention of partners.	Important	O	Receipt of evidence of the implementation of an action plan to strengthen the selection, retention, oversight, and management of implementing partners, including a plan to enhance the role of the Implementing Partner Management Committee.	30 December 2024
3	The UNHCR Multi-Country Office in Panama, with support from the Regional Bureau for the Americas should strengthen its multi-year strategic and operational planning processes, including through prioritization of needs and enhancing the performance management framework.	Important	O	Receipt of evidence of assessments conducted to support the prioritization of needs and the implementation of a plan to strengthen the performance management framework.	31 March 2024
4	The UNHCR Multi-Country Office in Panama should develop targeted country advocacy strategies for countries under its management to actively engage relevant stakeholders, including governments on ratifying refugee and statelessness conventions, development of national refugee legal frameworks and asylum systems and addressing backlogs.	Important	O	Receipt of evidence of country advocacy strategy for countries under the MCO portfolio.	30 June 2024

² Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

³ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁴ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁵ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of multi-country office in Panama for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
5	The UNHCR Multi-Country Office in Panama should ensure that accurate data on forcibly displaced persons is maintained including through continuous registration exercise.	Important	O	Receipt of evidence of implementation of continuous registration exercises in Cuba, Guyana and Trinidad and Tobago.	31 March 2024
6	The UNHCR Panama Multi-Country Office should implement targeted measures to strengthen its planning, management and monitoring of Cash Based Intervention programmes, including by enforcing post distribution monitoring (PDM), and collecting and reporting of CBI interventions data.	Important	O	Receipt of evidence of an action plan to strengthen Cash Based Intervention's planning, management, monitoring and collection and reporting of CBI interventions data.	30 June 2024

APPENDIX I

Management Response

Management Response

Audit of multi-country office in Panama for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical/ ⁶ Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
1	The UNHCR Regional Bureau for the Americas in coordination with the Multi-Country Office in Panama should review the coverage of the Office in the Caribbeans and assess the adequacy and effectiveness of the office structure, staffing and resources in achieving the priorities outlined in its strategy.	Important	Yes	Bureau Director/ MCO Representative	30 June 2024	In view of the upcoming appointment of a new Representative, the Regional Bureau and the MCO Panama team will be discussing the regional structure. There will be a detailed review of the coverage of the MCO in the first quarter of 2024, influencing the planning process for 2025. Discussions will have to be closely coordinated with the UNHCR Regional Bureau for the Americas and UNHCR's Headquarters in Geneva. Overall, UNHCR will propose a structure that will allow for greater efficiency.
2	The UNHCR Multi-Country Office in Panama should strengthen its selection, management, and oversight of implementing partners, including through enhanced role of the Implementing Partner Management Committee for selection and retention of partners.	Important	Yes	Programme Officer	30 December 2024	In the latter part of 2023, the MCO conducted the selection of partners for the duration of the Multi-Year strategy 2024-26 in Aruba, Belize, Curacao, Guyana and Trinidad and Tobago. Only in Panama, where UNHCR passed through an emergency (L1), the selection was deferred to September 2024.
3	The UNHCR Multi-Country Office in Panama, with support from the Regional Bureau for the Americas should strengthen its multi-year strategic and operational	Important	Yes	Information Management Officer	31 March 2024	Since 2022, the MCO has started to implement a new programme monitoring system across all Areas of Responsibilities/countries. This

⁶ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

⁷ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

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	planning processes, including through prioritization of needs and enhancing the performance management framework.					process has advanced well and is addressing most parts of this recommendation. The process will be finalized during the first quarter of 2024, when a start has been made with the 2024-26 Multi-Year Plan. Furthermore, the MCO is implementing several instances in which evidence from needs assessments and result monitoring surveys are used to inform strategic planning, program implementation and results reporting.
4	The UNHCR Multi-Country Office in Panama should develop targeted country advocacy strategies for countries under its management to actively engage relevant stakeholders, including governments on ratifying refugee and statelessness conventions, development of national refugee legal frameworks and asylum systems and addressing backlogs.	Important	Yes	Senior Protection Officer	30 June 2024	Targeted country strategies, including advocacy activities – were developed as part of the Multi-Year Strategy 2024-2026 for MCO Panama. In this regard, the Office started to conduct a thorough analysis of the situation in each country, including analysis of root causes, problems and ways they can be addressed. The Office is also assessing the input needed from other relevant stakeholders, with the overall view to advance the advocacy on ratifying refugee and stateless convention (where not in place); to develop and strengthen national refugee legal frameworks and asylum systems, as well as to prevent and reduce RSD backlogs.
5	The UNHCR Multi-Country Office in Panama should ensure that accurate data on forcibly displaced persons is maintained including through continuous registration exercise.	Important	Yes	Senior Protection Officer	31 March 2024	Data validation and verification of the population data stored in UNHCR's PRIMES database has been finalized in Guyana and is currently ongoing for Suriname and Trinidad and Tobago and should be finalized by the

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						beginning of next year to ensure accurate population data in the Annual Statistical Report for 2023. Cuba has up to date population data. For the other 5 operations covered by the MCO, population data is provided by the Government.
6	The UNHCR Panama Multi-Country Office should implement targeted measures to strengthen its planning, management and monitoring of Cash Based Intervention programmes, including by enforcing post distribution monitoring (PDM), and collecting and reporting of CBI interventions data.	Important	Yes	Programme Officer	30 June 2024	The proposed actions to improve the management of Cash-Based Intervention are ongoing. Additional efforts will be made to implement UNHCR-wide guidelines to provide this assistance in the most efficient way. The MCO will also continue to work on PDM throughout the whole region.