Because Process Matters

Groundwork for a Reform of Planning and Budgeting at the United Nations

Independent Expert Panel Report

An initiative by:
Australia
Mexico
Nigeria
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Poland
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Foreword

The current system of budgeting and planning within the United Nations is dysfunctional. What might have worked when conceived thirty years ago is now cumbersome, time-consuming, disjointed, and rigid. The symptoms are well known: the Fifth Committee is increasingly unable to reach consensus; the authority of the ACABQ is diminishing; and delegations, of all sizes, face significant challenges to keep up with the growing workload and ever-expanding volume of documentation related to programme planning and budgetary matters.

The problem is evident to all Member States, but until now nobody has stepped up to remedy the situation. The Permanent Representatives from Australia, Mexico, Nigeria, Peru, Poland, Saudi Arabia, South Africa, Switzerland, and Thailand (the Support Group) are pleased to launch this joint initiative aimed at improving the UN programme planning and budgetary process. The Support Group mandated a highly qualified and experienced independent Expert Panel to review the process and make suggestions for improvement. The present 60-page report, which offers 26 recommendations, is the result of our common endeavor.

The extensive research that sits behind this report draws into stark relief the reality of the situation: the symptoms we all recognize are, at least in part, the result of an overly complex process and working practice.

Many illustrations of this are examined in the report. Inconsistencies in timing render the process not only much longer, but also more complicated and burdensome than necessary. For example, the programme planning and budget cycle spans five years, notwithstanding that the UN Regular Budget is a biennial budget; the UN has its programme plans approved separately from the budget, so when resources are allocated and the budget is approved, the plan can be, and often is, outdated; and the programme performance and financial performance of the Organization are not considered concurrently, and accordingly, programme performance does not lead into discussions regarding resource allocation and expenditure.

Another illustration of the unwieldy nature of the budget and planning process is the staggering volume of documentation it generates. In the past decade, the Strategic Framework, the UN Secretariat’s programme planning document, has doubled in length from 310 pages (2002–2005) to over 600 pages in 2012–2013 and 2014–2015. The “core” budget document for 2014–2015 contains 2,238 pages. Moreover, if you add all of the reports pertaining to the proposed programme budget 2014–2015 considered between October and December 2013, the related ACABQ reports, and the number of pages sought as supplementary information, the documentation for the biennial budget 2014–2015 comes to roughly 8,000 pages.

These and other issues not only make the process longer and more complex than it needs to be, but they also draw political rather than technical decision-making into the process.

The current programme planning and budgetary process has given rise to a system of financial and administrative governance that places more emphasis on detail than the overall picture. Member States seem to focus more on the number of outputs and individual indicators of achievement than on a true assessment of the results and their impact. Member States dedicate more time and energy to negotiating individual posts, including low-graded posts, than to the overall grade structure of the Organization. It raises important questions: Does the Fifth Committee govern at the right level, and does it expend its energy on the most relevant issues?

Processes, as we all know, matter. They are especially important in the field of multilateral diplomacy. They affect how Member States interact with one another, and they affect the outcome of negotiations. The more straightforward, transparent, and rational a process, the better the outcome both for Member States and the Organization.

Previous attempts to reform the budget process have been largely unsuccessful. We took stock of those failed attempts, and believe they were unsuccessful either because they were not backed by robust analysis, or because they failed to look at the process in a holistic manner. This initiative differs significantly from past attempts at reform; it is an informed and sober discussion, based on the comprehensive review and analysis of a panel of credible, experienced, and independent experts.
The Support Group went to great lengths to select a highly qualified group of experts to carry out this review. The experts were required to meet four criteria: (1) high level of authority and competence on budgetary/financial matters in international organizations; (2) solid knowledge of the United Nations programme planning and budgetary process; (3) geographical diversity; and (4) independence. No member of the Expert Panel could be a staff member of the UN Secretariat or represent the government of a UN Member State. We were very privileged to appoint panel members who met those criteria, bringing with them long-standing experience and broad expertise: Ambassador Conrad S. M. Mselle (Tanzania) as Chairman of the Expert Panel; Messrs. Juan Luis Larrañagu (Peru), Romesh Muttukumaru (Sri Lanka), and Warren Sach (UK) as members; and Ms. Khushali Parikh Shah as the panel’s Executive Secretary. The Support Group thanks the Expert Panel for its dedication and diligence, and greatly appreciates the fruit of its labor.

The Support Group has not influenced the findings of the report, and it has not redacted any portion. It encouraged the Expert Panel to be ambitious and even bold in its findings, underscoring our belief that cosmetic changes would not suffice. Accordingly, the Expert Panel divided its 26 recommendations into two categories: short-term proposals, which could be implemented relatively easily; and long-term proposals, which would require more substantial debate among Member States.

The United Nations is approaching its 70th anniversary. To ensure the continued vitality and efficiency of our Organization, we believe the time has come to design a more streamlined and efficient programme planning and budgetary process that will fully involve Member States, not take any decision-making authority away from the General Assembly, and allow for an improved consideration of the budget.

Overall, we believe that the recommendations, if implemented, would greatly improve the current process and therefore endorse the report as a whole. We encourage Member States to use this report as a framework for an in-depth debate among Member States that will lead to an improvement of the UN programme planning and budgetary process.

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As per its Terms of Reference, the Expert Panel was mandated to conduct a comprehensive review of the United Nations programme planning and budgetary process relating to the UN Regular Budget, and to make recommendations on how to improve it. The scope of the review included: (a) all stages and elements of the programme planning cycle; (b) the presentation, format, and structure of the budget; (c) the effectiveness of the various elements of General Assembly resolutions 41/213 and 42/211 as well as the budgetary mechanisms that were established subsequently; (d) the roles of the ACABQ, the Fifth Committee, the CPC, and any other bodies involved in the programme planning and budgetary process; (e) ongoing initiatives with potential impact on the programme planning and budgetary process, such as the introduction of IPSAS or developments and trends in the areas of oversight and accountability.

AMBASSADOR CONRAD S. M. MSELLE
(United Republic of Tanzania), Chairman of the Expert Panel, participated in the extensive debates that culminated in the introduction of results-based budgeting, medium-term plans, and programme budgets to the United Nations from 1974 onward. He was deeply involved in the process of drafting General Assembly resolutions 41/213 and 42/211. Under his strong stewardship as the ACABQ chairman, the ACABQ recommended and the General Assembly adopted a separate budgetary and financing regime for peacekeeping operations.

Ambassador Mselle was a member of the ACABQ for thirty-three years (1971–2003) and served as its chairman from 1974 to 2003. Previously he served in the Fifth Committee as a Tanzanian diplomat and as its chairman in 1973, and as the rapporteur of the CPC in 1970 and 1971. Other UN roles include work related to the formative years of several UN institutions, in particular Funds and Programmes such as UNDP, UNOPS, UNIDO, UNEF, UN-Habitat, UNCTAD, the establishment of the Joint Inspection Unit, and the replacement of the International Civil Service Advisory Board with the International Civil Service Commission. Prior to chairs the ACABQ, he worked as Director of Administration and Personnel Management, Ministry of Foreign Affairs, Dar es Salaam, Tanzania. In total, he has nearly four decades of service to the UN. Ambassador Mselle earned a BA Honours from London University, United Kingdom.

JUAN LUIS LARRABURE holds Peruvian and Canadian citizenships. He earned dual bachelor degrees in Economics and Business Administration and a master’s degree in Development Economics from Yale University. Mr. Larrabure’s career started with the Inter-American Development Bank in 1970, where, amongst other posts, he was a founding member of the then Ex-post Evaluation Unit. He joined UNDP in 1975, having been UN Resident Coordinator in Comoros, Guyana, and Haiti, amongst other senior posts. After four years as a private-sector consultant, Mr. Larrabure returned to the UN and held director-level positions at the International Trade Centre and UNOPS. In 2004 he became Executive Secretary of the Joint Inspection Unit (JIU), elected by the General Assembly as JIU Inspector in 2005, and, later that year, became its vice-chairperson. In that capacity he headed the effort to reform the JIU.

Since 2008, when he took early retirement, Mr. Larrabure has headed Larrabure and Associates, a consulting firm specializing in programme/project formulation and evaluation in areas such as sustainable development, environment, peace-building, and strategic planning. He has written many reports and articles, is fluent in Spanish, English, and French, and has a working knowledge of Portuguese. Mr. Larrabure has also taught economics and evaluation for several institutions and universities.
ROMESH MUTTUKUMARU, from Sri Lanka, served as Deputy Assistant Administrator of UNDP, retiring in August 2012 after twenty-eight years of service. Prior to his service at the UN, he worked in the private sector in the United States for five years with the international professional services firm of Deloitte Touche Tohmatsu. Currently he is a freelance international management and development consultant.

Mr. Muttukumaru began his tenure with UNDP in 1984 at its headquarters in New York, leading its field-level accounting operations, which at that time encompassed more than 120 country offices worldwide. In 1990 he moved to head the Programme Support Division of UNDP’s UN Volunteers (UNV) programme in Geneva, Switzerland. He returned to New York in 1993 as Deputy Budget Chief, and subsequently became Budget Director. After eleven years, Mr. Muttukumaru was assigned the responsibility for coordinating UNDP’s initiatives on UN Reform as a Special Advisor. In December 2006 he was asked by the UNDP Administrator to temporarily assume the leadership of the Office of Human Resource, and in 2007 became Deputy Assistant Administrator, Bureau of External Relations and Advocacy. He earned a bachelor’s degree in Commerce and a master’s degree in Accounting. He is also professionally accredited in the United States as a Certified Public Accountant and as a Chartered Global Management Accountant.

WARREN SACH of the United Kingdom was the Assistant Secretary-General for Central Support Services, Department of Management, from 2008 until he retired from the United Nations in 2013. Previously he served as the representative of the Secretary-General for the investments of the assets of the United Nations Joint Staff Pension Fund (2006–2013) and as the Assistant Secretary-General/Controller of the United Nations (2005–2008). Earlier in his career, Mr. Sach served in several roles in the Office of Programme Planning, Budget and Accounts: Director of the Office; Deputy Director and Chief, Political, Legal and Common Services Section; Chief, Data Analysis and Systems Control Unit; and Budget Officer. From 1988 to 1995 he also served as Chief, Salaries and Allowances Division of the International Civil Service Commission.

Mr. Sach began his career in Nairobi, Kenya, first as a Junior Professional Officer with UNDP, then with UNEP. Since his retirement, he has served on the panel reviewing reimbursement of troop costs. Mr. Sach has a BSc (Econ) from University College, London, United Kingdom, and a post-graduate diploma in Development Economics from Magdalene College, Cambridge, United Kingdom.

KHUSHALI PARIKH SHAH, the Expert Panel’s Executive Secretary, is an independent international affairs consultant based in New York City, with extensive expertise in the United Nations system and the U.S. Federal Budget, including the U.S. Congressional Appropriations Process. She was a member of the U.S. Senior Executive Service, serving as Managing Director for U.S. Foreign Assistance Resources at the U.S. Department of State, providing guidance and recommendations to the Secretary and Deputy Secretary of State on the allocation of the U.S. State Department and U.S. Agency for International Development’s $35 billion foreign assistance budget. From 2005 to 2007 Ms. Shah served as a U.S. Delegate to the Fifth Committee. Ms. Shah also worked in the White House Office of Management and Budget (2001–2005) and for U.S. Senator Carol Moseley-Braun (1997–1999).

Ms. Shah earned her master’s degree in Public Policy from the University of Maryland, College Park, and her bachelor’s degree in Political Science from the University of Illinois at Urbana-Champaign.
Executive Summary

The present report was prepared by a Panel of Experts appointed by nine Member States of the United Nations to review the United Nations Programme Planning and Budgetary Process relating to the Regular Budget. This included, inter alia, the programme planning and budget cycle, its format and structure, the effectiveness of General Assembly resolutions 41/213 and 42/211, the roles of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), Fifth Committee, Committee for Programme and Coordination (CPC), various subsidiary bodies, and other related matters. The Panel, whose composition is indicated in the Introduction below, held sessions in New York in December 2013 and in February, March, May, and June 2014.

The Panel’s recommendations fall into two main categories: those to be implemented in the short-term to address the current planning, programming, and budgetary procedures and structures; and those to be implemented in the long-term. These recommendations, such as those concerning the Strategic Framework and the proposed programme budget, would involve considerable streamlining of current documentation to make the process less cumbersome. In conjunction with streamlining planning and budgetary instruments, the Panel calls for an immediate review of the ACABQ and improvement in the way the CPC carries out its functions of reviewing the Strategic Framework and, in particular, its role in ascertaining the extent to which the intergovernmental machinery discharges the Strategic Framework review function set out in the Programme Planning Regulations and Rules (PPBME).¹

For long-term implementation, a complete revamping of the current process is recommended, including elimination of the current single planning document (i.e. the Strategic Framework); integration of planning preparation with budget preparation; integration of financial performance reports with programme performance reports; merging the present Programme Planning Regulations and Rules with the current Financial Regulations and Rules; proposals to deal with currency fluctuations; and proposals for separating financial arrangements for Special Political Missions (SPMs) from other Regular Budget provisions. It is also proposed that a new expert advisory body, the Advisory Committee on Budgets and Programmes (ACBP), be established to perform the current functions of the ACABQ and CPC by reviewing programmes and budgets in an integrated manner. These proposals, if implemented, would considerably streamline the current processes, including documentation, and ultimately would shorten the current planning and budgetary cycle by at least two years. This change would not, in any way, compromise the principle that Member States be fully involved in the planning and budgetary process from its beginning to its end. The Panel wishes to emphasise that the designation of a recommendation as long-term does not prevent the Support Group from promoting it for immediate implementation.

The Panel’s recommendations are summarised as follows:
UN Programme Planning Process

Strategic Framework and Programme Budget (Paragraphs 54, 56–58)

SHORT-TERM:
1. Modify Part One of the Strategic Framework by, inter alia, deleting Section II.
2. Shorten the Strategic Framework and programme budget documents by redesigning and reducing statements of overall orientation, strategy, expected accomplishments, and indicators of achievement.
3. Eliminate the inclusion of performance measures in budget fascicles.

LONG-TERM:
4. Discontinue the Strategic Framework and replace it with an integrated programme and budget.
5. Discontinue separate programme performance reporting, integrating this information into financial performance reporting.

UN Regular Budget Process

Budget Outline (Paragraph 71, short-term)
6. Reconfigure the budget outline to use the first revised appropriations (instead of the initial appropriations) to establish preliminary resources for the outline for the next biennium.

Annual vs. Biennial Budgeting (Paragraph 75, short-term)
7. Retain the current biennial cycle for the Regular Budget.

Contingency Fund (Paragraph 83, short-term)
8. Critically review the use and operation of the Contingency Fund.

Limited Budgetary Discretion and Transfer of Credits (Paragraph 86, short-term)
9. Critically review the experiment with limited budgetary discretion.

Budget Levels and Growth (Paragraph 93)
SHORT-TERM:
10. Consider presenting SPM budgets separately from other Regular Budget provisions.

LONG-TERM:
11. Consider a separate account for SPMs.

Managing Currency Fluctuations and Inflation (Paragraph 103, short-term)
12. Consider an option to assess Member States in three currencies (U.S. Dollars, Swiss Francs, and Euros), based on the previous year’s expenditure pattern.

The Post System (Paragraph 106, short-term)
13. Request the Secretary-General to examine the current post-approval process and provide options for submitting estimates for staff costs, to be approved en bloc for the General Service and Professional categories, P-1 to P-5, while retaining the current approval process for individual posts at D-1 and above.

Presentation of SPM and Peacekeeping Budgets (Paragraph 112, short-term)
14. Request the Secretary-General to submit a mock-up of a revised presentation for peacekeeping and SPM budgets for ACABQ review.

Treatment of Extra-budgetary Resources and Information (Paragraphs 116–117, short-term)
15. The Strategic Framework and programme budget documents should exclude information on extra-budgetary programmes and funding for programmes such as those for the United Nations Environment Programme (UNEP), the United Nations Human Settlements Programme (UN-Habitat), the United Nations High Commissioner for Refugees (UNHCR), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and the United Nations Office on Drugs and Crime (UNODC).
16. The Secretary-General should undertake a review of the adequacy of reimbursement to Secretariat departments and offices for managing extrabudgetary funds and ensure that receipt of these funds is not distorting priorities set by Member States.

**Member States and the Intergovernmental Machinery**

**Committee for Programme and Coordination (CPC) and Subsidiary Bodies**

*Paragraphs 128–129*

**SHORT-TERM:**

17. Employ a higher level of expertise in the CPC, which should also pursue vigorously the implementation of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, Monitoring of Implementation and Methods of Evaluation (PPBME), especially Regulation 4.8, by United Nations subsidiary bodies.

**LONG-TERM:**

18. Combine the CPC's functions with the ACABQ's functions in a new Advisory Committee on Budgets and Programmes (ACBP), which would review programmes and budgets in an integrated manner.

**Advisory Committee on Administrative and Budgetary Questions (ACABQ)**

*Paragraphs 134–135, short-term*

19. Conduct a comprehensive review of the Advisory Committee to include term limits, qualifications, and a supplementary code of conduct.

20. Strengthen the ACABQ secretariat with additional qualified staff, including a highly qualified Executive Secretary with excellent drafting skills.

**The Fifth Committee**

*Paragraphs 143–145, short-term*

21. Prepare a document for Fifth Committee delegates that explains the Committee's working methods.

22. The Fifth Committee should review the issue of late submission of documentation.

23. During budget years, the budget should be presented to the Fifth Committee much earlier than currently is presented, without waiting for the conclusion of the General Debate.

**Fifth Committee/ACABQ Coordination**

*Paragraph 147, short-term*

24. Conduct regular joint planning meetings between the bureau of the Fifth Committee and the Chair and Executive Secretary of the ACABQ with relevant UN Secretariat staff dealing with reports and documentation processing.

**Programme Planning Regulations and Rules (PPBME)**

*Paragraphs 150–151*

**SHORT-TERM:**

25. Update and clarify the Programme Planning Regulations and Rules (PPBME).

**LONG-TERM:**

Introduction

At a meeting on 3 July 2013, nine Member States—Australia, Mexico, Nigeria, Peru, Poland, Saudi Arabia, South Africa, Switzerland, and Thailand (hereinafter referred to as the “Support Group”)—agreed on the basic purpose and general concept for an initiative to improve the programme planning and budgetary process relating to the United Nations Regular Budget. To this end, the Support Group decided to set up an Expert Panel to conduct an in-depth review of the current Regular Budget planning and budgetary process, and make recommendations on how the process can be improved. The Support Group agreed on the scope of the Expert Panel’s remit, on the composition of the Panel, its working modalities, and expected accomplishments.

On the composition of the Panel, the Support Group decided that it would consist of at least five but no more than six members, whom the Support Group would select by consensus using the following criteria: (a) high level of authority and competence on budgetary/financial matters in international organizations; (b) solid knowledge of the United Nations programme planning and budgetary process; (c) geographical diversity; and (d) independence. No member of the Expert Panel is a staff member of the UN Secretariat or represents the government of a UN Member State. Ultimately, four members of the Panel were appointed by the Support Group as follows:

Ambassador Conrad S. M. Mselle was appointed Chairman by the Panel members, in accordance with the Panel’s Terms of Reference. The other Panel members were Messrs. Juan Luis Larrabure, Romesh Muttukumaru, and Warren Sach. Ms. Khushali Parikh Shah was appointed Executive Secretary by the Support Group in accordance with the Panel’s Terms of Reference. The Panel held five sessions of five days each in December 2013 and February, March, May, and June 2014.

The establishment and status of the Panel is unique in United Nations history. The cost of the initiative was met entirely by members of the Support Group. In this regard, the Panel takes this opportunity to express its gratitude to the Support Group for the outstanding support and cooperation extended to members of the Panel by providing meeting space and other facilities that enabled the Panel to carry out its mandate expeditiously. The Panel also extends its appreciation for the information provided to it by officials of the United Nations.

The United Nations operates and manages a wide range of programmes at its centres in New York, Geneva, Nairobi, Vienna, in areas covered by United Nations Regional Commissions, and in numerous other countries and territories around the world. The United Nations intergovernmental machinery that provides...
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In view of time and resource limitations, the Expert Panel interpreted its broad mandate with pragmatism involving limits to some elements of the scope of coverage—for example, paragraph 6(e) above. Furthermore, even though the mandate called for a review of the planning and budgetary process relating to the United Nations Regular Budget, the Panel also included some limited commentary on extra-budgetary and peacekeeping operations, the omission of which would have distorted some of the findings and recommendations on United Nations planning and budgeting.

In carrying out its mandate the Panel examined a large number of studies and reports prepared by the United Nations Secretariat, and the related resolutions and decisions of the General Assembly. Secretariat officials and other United Nations entities provided useful information for which the Panel is deeply grateful. The Panel, through its Chair and Executive Secretary, maintained regular contact with the Support Group through its coordinator, the Swiss Mission, and held a very useful meeting with all members of the Support Group on 22 April 2014 to exchange views on the initial findings of the Panel.

In performing its mandate, the Panel was fully aware that the current limited trust amongst Member States, on the one hand, and between them and the Secretariat, on the other, is a fundamental constraint that would need to be overcome in any effort to reform the United Nations programme planning and budgetary process, including the related intergovernmental oversight machinery. Despite this situation, the Panel believes that even if its findings are not all acted upon immediately, they should become a source for future reference and action. In this connection, the Panel was encouraged by the Support Group to not shy away from providing bold, long- and short-term views on how the current system of planning and programming could be reformed.

To do so, however, one must first proceed from an understanding of the basic budgeting and programming principles and procedures of the Organization, and the roles of the United Nations intergovernmental machinery. The basic principles of the United Nations budgetary process are set out in article 17 of the United Nations Charter—namely, that the General Assembly shall consider and approve the United Nations budget and apportion the expenses of the Organization amongst Member States of the United Nations. The apportioning of United Nations expenses is done through the assessment process based on recommendations of the United Nations Committee on Contributions. There are two types of assessments: that for the Regular Budget and that for peacekeeping missions. A third type of budget, which is extra-budgetary, is not assessed but is financed on a voluntary basis. The General Assembly has delegated authority to approve extra-budgetary programmes and budgets to Funds and Programmes, for example the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the United Nations International Children’s Fund (UNICEF), UNHCR, UNRWA, UNODC, and UNEP, in addition to the extra-budgetary funds administered by the Secretary-General.
11 Before the budget referred to in article 17 of the Charter is approved by the General Assembly, it must first be prepared. The organ charged with that preparation is the United Nations Secretariat, one of the six principal organs of the United Nations established under article 7 of the Charter. In preparing the Regular Budget, the Secretariat takes into account its own proposals, decisions of the General Assembly, the Security Council, the Economic and Social Council (ECOSOC), the International Court of Justice, ad hoc conferences and summits, and the numerous subsidiary machinery of the principal organs of the United Nations.

12 The United Nations Charter refers to a budget, not a programme budget. The budget now also includes funding for SPMs. As indicated above, in addition to the Regular Budget, the United Nations now has peacekeeping budgets, which are also assessed on a special scale. The concept of a programme that reflects United Nations activities and decisions was an innovation introduced to the United Nations in the early 1970s. The introduction of the concept of programming United Nations activities revealed a problem that has plagued the Organization ever since, especially as regards the issue of long- and short-term planning and priority setting. It is essential to understand the nature of this problem before determining what type of action might be needed to reform United Nations planning, programming, and budgetary processes, and the related intergovernmental machinery.

13 The problem is this: whereas there is established under the United Nations Charter a single approval procedure for the United Nations budget—i.e., the General Assembly approves the United Nations budget—no such single procedure exists for establishing and approving all the programmes and activities funded through the Regular Budget, peacekeeping, or extra-budgetary budgets. Decisions on programmes and activities funded by these three sources of funds are made by numerous bodies of the United Nations machinery. For example, decisions of the ECOSOC and its subsidiary bodies are not subject to review by the General Assembly. The Assembly is merely informed of the programme budget implications of these decisions through the submission of revised estimates that are subsequently included in the budget proposals submitted by the Secretary-General to the General Assembly. The Assembly does not normally review the specific activities that give rise to programme budget implications.

14 A change in this procedure would require a United Nations Charter amendment to provide that all ECOSOC resolutions and decisions be submitted as recommendations to the General Assembly for action before implementation. The same Charter amendment would be required to subject Security Council decisions to General Assembly review. This means all peacekeeping decisions of the Council would be subject to General Assembly review prior to submission of related budgets. The outcome of this change would be that one United Nations principal organ, the General Assembly, would approve the programmes as well as the related budgets of the Organization, thereby aligning budget and programme approval. A single approval process for all United Nations programmes and activities, including peacekeeping operations of the Security Council, as is now done for the Regular Budget, would lead to a much easier process of setting priorities in relation to the related budget needs of the Organization. While this may seem desirable in some ways, it would fundamentally change the Charter and could likely pose significant difficulties for Member States.

15 In theory, one can argue that the General Assembly has the power to approve or disapprove programme decisions and resolutions of its own subsidiary machinery. However, the General Assembly has delegated authority to its subsidiary bodies to decide on programmes in their areas of concern. In addition, several intergovernmental bodies that consider and approve extra-budgetary plans and programmes have also been delegated authority to approve extra-budgetary budgets for such Funds and Programmes as UNDP, UNICEF, UNEP, UNHCR, the World Food Programme (WFP), UNRWA, and so forth. A change of the present arrangement would require a renegotiation of the instruments that established these bodies. The prospect of change could potentially be a challenge under the present circumstances.

16 There is another significant challenge preventing subsequent review of all programme decisions at the level of the General Assembly. Delegates of a Member State sitting in a General Assembly committee meeting will not easily contradict the action taken by their colleagues in a meeting of another United Nations entity. Sometimes coordination amongst representatives of the same Member State is not as refined as one would expect. However, when it comes to an issue of importance to a Member State, contradiction is hardly allowed amongst its delegates attending different United Nations fora. Therefore, the
arrangement, whereby the General Assembly approves the United Nations Regular and peacekeeping budgets to implement programme decisions taken by various United Nations intergovernmental bodies, and several intergovernmental bodies approve voluntary-funded budgets and programmes, is likely to continue for the foreseeable future.

17 The decentralisation of decision-making on programmes and activities as indicated above has not made it easy for the membership as a whole and the Secretariat to reach agreement on a long-term plan of what the Organization should or should not do, or what the priorities should be between the major programmes of the Organization. For example, whereas the present system can be used to establish priorities within a major programme like the environment programme or the human rights programme, there is currently no formal procedure to establish priorities between the environment and human rights programmes, i.e. which of the two has a higher priority for Member States and deserves a larger resource allocation and implementation effort.

18 Many outside commentators bemoan the fact that the United Nations lacks a vision for future planning and does not effectively establish priorities to guide the budget. Throughout its history, however, the growth of the United Nations has not been based on an agreed-upon prior plan for the long-term: in other words, Member States did not hold a conference to agree that for the long-term the United Nations should establish a UNDP, United Nations Conference on Trade and Development (UNCTAD), United Nations Industrial Development Organization (UNIDO), Law of the Sea Treaty, its Secretariat, the International Seabed Authority (ISA), UNEP and UN-Habitat, among others.

19 Member States, throughout the United Nations’ history, have decided what should be done based on the urgent needs of the moment, and conferences and summits are then convened. Decisions are made to establish new departments or offices, like those that led to the establishment of UNCTAD, UNIDO, UNEP, UN-Habitat, UN Women, Law of the Sea, Climate Change, Desertification, Sustainable Development programmes, and others. The United Nations currently has 193 Member States, and each of them, or a combination thereof, has a different view about what the United Nations should be doing now and in the future. These differences account for the difficulty experienced by United Nations Member States in their attempt to incorporate a long-term perspective for the Organization in Part One of the Strategic Framework. These are some of the challenges to be borne in mind when proposing changes to the United Nations planning and programming process.

20 The Panel is fully aware that some of its recommendations, such as those concerning the role of the Fifth Committee and CPC in the planning process and the submissions of financial and programme performance reports, have been proposed by the Secretariat in the past but were not accepted for implementation. The Panel believes that if the impetus for reform comes from the membership itself, there might be a better chance to reach agreement on reform measures. For such measures to be accepted, however, the membership as a whole has to be convinced that it is better for the United Nations to have a planning and budgeting process that is more cost-effective, shorter than the current five-year process, fully involves the Member States, and requires less effort and time than the current planning and budgetary process. The membership as a whole must also be convinced that shorter, well-prepared planning and programme budget documents would facilitate decision-making, would not imply non-implementation of intergovernmental mandates, and would not compromise the principle of Member States’ involvement in, and control of, the programming and budgeting system.

21 The Panel has taken the foregoing into account in its review of the overall planning and budgetary process, and its recommendations—both short- and long-term—reflect its belief that an incremental approach to reform might be best. To this end the Panel is submitting two categories of recommendations. The first are those to be implemented in the short-term to address the current planning, programming and budgetary procedures and structures. These recommendations, such as those concerning the Strategic Framework and the proposed programme budget, would involve considerable streamlining of current documentation to make the process less cumbersome. They would also involve short-term changes to improve the functioning of the ACABQ, CPC, and Fifth Committee. The second set of recommendations relates to long-term implementation. Here, a complete revamping of the current process is recommended, including elimination of the current single planning document, i.e. the Strategic Framework, integration of programme planning preparation with budget preparation, integration of financial performance reports with programme performance reports, and merging the present Programme Planning Regulations and Rules
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These proposals, if implemented, would ultimately shorten the planning and budgetary cycle by at least two years. The reduction would be achieved by eliminating the duplicative consideration, in two consecutive years of the same programme, planning materials which are initially presented as the Strategic Framework and then presented again in the following year as the programmatic component of the programme budget proposal. This would rationalize the processes by eliminating the overlapping functions of the two existing committees without compromising, in any way, the principle that Member States be fully involved in the planning and budgetary process from its beginning to its end. The Panel wishes to emphasise that the designation of a recommendation as long-term does not prevent the Support Group from promoting it for immediate implementation.
It is necessary to stress that programme planning is essential for all United Nations operations, whether they relate to economic development, peacekeeping operations, SPMs, human rights, and humanitarian and disaster relief operations or to management and common services. The challenge is to reconcile planning for these operations, the decisions for which are decentralised, with the centralised budget decision-making process described in the introduction to this report. Unfortunately, the development of planning and programming concepts in the United Nations, as outlined below, has failed to resolve this problem, thereby accounting for many of the dissatisfactions expressed over this subject both by Member States and the Secretariat.

In 1966, the Ad-hoc Committee of Experts (“Committee of 14”) created to examine the finances of the United Nations and of the specialized agencies proposed for the United Nations system a process for planning, programming, budgeting, priority setting, and making choices amongst competing demands. The Committee noted that these were essential to addressing the expanding volume of activities in the light of limited resources, and to allowing the United Nations system to know where it was going “over a given period of time.” To this end, the Committee recommended that a plan, in an integrated document, should be submitted to Member States indicating programmes as well as the estimated resources required to carry out these programmes. The integrated document should contain “all programmes financed both from budgetary and extra-budgetary funds.” The single document should also contain a long-term plan for the Organization, as well as “the proposed programme budget for the next budget period,” which would comprise two years of a six-year planning cycle. After extensive preparatory work, the United Nations adopted its first Medium-Term Plan starting from 1974 to coincide with another change from object of expenditure budgets to programme budgets, which also began in 1974.

It is noteworthy that since then the United Nations has endeavoured to implement the above concept of an integrated planning process through a single document, the Medium-Term Plan up to 2003, or, as it is currently called, the Strategic Framework. However, as already alluded to in the Introduction above, an integrated single planning document for the United Nations poses particular difficulties in view of the highly decentralised programme decision-making process of the United Nations’ intergovernmental machinery. Furthermore, whereas the Ad-hoc Committee called for a plan with indicative planning resources, this procedure, after a few trial years, was abandoned by the United Nations largely because many Member States stated that their national practices...
did not allow their governments to make financial commitments for a period of more than one year. Therefore, the United Nations proceeded with preparation of planning documents first, followed later by preparation of programme budget documents.

26 From 1974—when the first four-year Medium-Term Plan was introduced—to 2003, extensive debate took place amongst Member States and the United Nations Secretariat covering all aspects of United Nations planning, including the length of the planning period, the scope of planning, the format of the document, as well as the structure and content of United Nations plans. It is worth noting that nothing was done during this debate to address the unique issues related to the General Assembly’s approval of budgets for programmes that are decided by different United Nations principal organs and their subsidiary machinery.

27 In 2003, by its resolution 58/269, the General Assembly requested the Secretary-General to prepare, on a trial basis, a Strategic Framework to replace the four-year Medium-Term Plan. The Strategic Framework would comprise in one document:

a. Part One, a plan outline reflecting the longer-term objectives of the Organization;
b. Part Two, a biennial programme plan to cover two years.

The General Assembly also affirmed that the Strategic Framework would constitute “the principal policy directive of the United Nations and shall serve as the basis for programme planning, budgeting, monitoring and evaluation.” After considering the submission of the Secretary-General in 2004, the General Assembly, by its resolution 59/275, replaced the four-year Medium-Term Plan with a biennial Strategic Framework.

Scope of Planning for UN Operations

28 Nothing better illustrates the shortcomings of the United Nations planning process than an examination of the scope of coverage of United Nations planning. Regulation 1.1, on the applicability of the Programme Planning Regulations and Rules states, inter alia: “The present regulations shall govern the planning, programming, monitoring and evaluation of all activities undertaken by the United Nations irrespective of their source of financing.” This directive would imply that even activities and programmes related to peacekeeping operations, SPMs, and humanitarian operations in response to a sudden occurrence should be planned in strict accordance with this regulation. The Panel notes that there are essentially two main categories of funding United Nations programmes and activities.

Assessed contributions:

a. Assessed Regular Budget funds that go through a rigorous planning and budgeting process;
b. Assessed peacekeeping operations, mandated by the Security Council, that are approved individually with a fiscal year starting 1 July and ending 30 June the following year.

Voluntary contributions:

a. United Nations’ Trust Funds;
b. Funds and Programmes that are partially funded by the Regular Budget, such as UNEP, UNHCR, and UNRWA;
c. Funds and Programmes that are not funded by the Regular Budget but, such as UNDP and UNICEF;
d. Other ad-hoc funds for special operations, such as pledges for sudden disasters or urgent pledges for internally displaced persons;
e. Support of extra-budgetary administrative structures.

29 Rule 101.1(c) of the Programme Planning Regulations and Rules states, inter alia: “Due consideration shall be given in the planning, programming, monitoring and evaluation process to the specific nature of the varied activities of the Organization [emphasis added], some of which may arise from events that cannot be foreseen or planned, bearing in mind, in particular, the responsibility of the Security Council under the Charter of the United Nations.”

30 The United Nations’ attempt to prepare an integrated planning document for all United Nations operations has shown limited success since 1974. The field covered by the United Nations is large, and experience has shown that the planning documents prepared by the United Nations have limitations in revealing the “integrated” United Nations area of operation. The vast area now covered by extra-budgetary funding, namely Trust Funds, Funds and Programmes, global partnerships and compacts, are not fully integrated into a systematic planning and programming instrument for review by the General Assembly as foreseen in the Programme Planning Regulations and Rules. The plan currently prepared by the United Nations Secretariat, which is time-consuming and costly to produce, merely deals with a
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31 For these programmes—currently totalling more than $8 billion annually—once a mission is authorised by the competent authority, whether it is the General Assembly or the Security Council, then operational plans can be drawn up for implementation.

Preparation of the Strategic Framework

33 Because plans and budgets are prepared separately, the current planning process begins over two years before the related biennium programme budget can begin to be implemented. For example, the planning process for the programme budget for 2014–2015 started in the fall of 2011. The planning and budgetary process for a programme budget ends one year after the end of the budget biennium. For example, the final programme performance report for the biennium 2014–2015 will be delivered to the General Assembly for approval in the fall of 2016, five years after the start of the planning process in the fall of 2011. This five-year cycle of planning, programming, and budgeting is derived from the United Nations Financial Regulations and Rules, the Programme Planning Regulations and Rules, and numerous resolutions and decisions of the General Assembly.

34 The first step in the process is the preparation of the proposed Strategic Framework. As noted earlier, the Programme Planning Regulations and Rules call for the Strategic Framework to be an integrated document that covers all United Nations activities, irrespective of the source of financing (i.e. Regular Budget, peacekeeping budgets, trust funds, extra-budgetary resources, and so forth). Part Two of the Strategic Framework currently consists of 28 fascicles, generally aligned with the programme of work for each department or office of the United Nations. Each fascicle includes (1) an overall orientation for the programme; (2) subprogrammes; (3) the relevant legislative mandates. Under each subprogramme there are (a) objectives for each subprogramme; (b) expected accomplishments/indicators of achievement; and (c) strategy to achieve the expected accomplishments. In total, Part Two of the Strategic Framework for the biennium 2014–2015 is 618 pages long, without taking into account subsequent revisions. Annex I provides further information as to how the Secretariat prepares the Strategic Framework for consideration and approval by the General Assembly.

35 Once the Strategic Framework is prepared, it is submitted to the General Assembly through the CPC and, where relevant, components are submitted to the appropriate sectoral, functional, and regional subsidiary bodies for review. The CPC considers the Strategic Framework in even-numbered years, with General Assembly approval of the Strategic Framework later that same year. The CPC has the benefit of a summary report from the Secretary-General on the reviews conducted by the subsidiary bodies. Thus, the Strategic Framework for the biennium 2014–2015 was reviewed by the CPC in the spring of 2012 and approved by the General Assembly in the fall of 2012. Regulation 4.8 of the PPBME states that “The programmes and subprogrammes of the proposed medium-term plan [now the Strategic Framework] shall be reviewed by the relevant sectoral, functional and regional intergovernmental bodies, if possible during the regular cycle of their meetings, prior to their review by the Committee for Programme and Coordination, the Economic and Social Council and the General Assembly.”

36 The Secretary-General bases the programme aspects of the budget proposals directly on the approved Strategic Framework. The budget proposals are submitted to the General Assembly in odd-numbered years (i.e. the budget proposals for the biennium 2014–2015 were submitted to the General Assembly in 2013). During this time, between the General Assembly’s approval of the Strategic Framework in the even-numbered years and its approval of the budget the following year, intergovernmental bodies make numerous decisions, some of which impact the Strategic Framework and the necessary resource requirements in the
proposed programme budget. In accordance with the Programme Planning Regulations and Rules, this leads to revisions to the approved Strategic Framework, to account for new and/or revised mandates. These revisions are submitted to the CPC and then to the General Assembly for approval during the budget year and are factored into the approval of the proposed programme budget. Any further changes to mandates that require additional resources are submitted to the General Assembly through statements of programme budget implications or in subsequent annual financial performance reports. All new mandates are then included in the next proposed Strategic Framework.

37 Once the budget is approved, the Secretary-General also provides annual financial performance reports, one halfway through the biennium and the second at the end of the biennium. These financial performance reports propose revised appropriations based on further changes to mandates by intergovernmental bodies, as well as financial changes based on currency fluctuations and inflation since the approval of the budget. After the biennium ends, the Secretary-General prepares a programme performance report which is submitted to the General Assembly through the CPC. Annexes II and III depict the programme planning and budgeting cycle.

38 In conclusion, the Panel observes that the present planning and budgetary cycle lasts five years. The cycles for the four main instruments—the Strategic Framework, the Budget Outline, the related proposed programme budget, and the biennial programme performance report—derive from numerous decisions of the General Assembly as well as from the Financial Regulations and Rules and the Programme Planning Regulations and Rules. This regulatory regime has led to a programme planning process that is cumbersome, rigid, and lengthy, taking more than two years from the time the Secretariat starts to prepare the Strategic Framework to the time the General Assembly approves the programme budget. The Strategic Framework is also time-consuming to prepare, followed by revisions to reflect intergovernmental decisions even before the biennium starts. More seriously, the Strategic Framework preparation is disconnected from the budget preparation process. To compound these shortcomings, the programme performance report, to which the Strategic Framework relates, is approved by the General Assembly one year after the end of the biennium. This voluminous and costly report has no immediate value to programme formulation bodies at the time they review biennial plans in accordance with Regulation 4.8 of the Programme Planning Regulation and Rules. Nor is the report of much use at the time the General Assembly approves the Strategic Framework or the proposed programme budget. The best procedure is to establish a monitoring, evaluation, and programme performance reporting system that provides information in real time for use by the intergovernmental machinery and Secretariat units when preparing and approving the following biennium’s programmes and budget.

Structure, Format, and Content of the Strategic Framework

39 The General Assembly discontinued the old Medium-Term Plan and replaced it with the Strategic Framework comprising two main parts, Part One and Part Two (see paragraph 27). The Panel recalls that the controversy over the Secretary-General’s introduction to the old Medium-Term Plan was transferred to the new Part One of the Strategic Framework. As it was with the introduction to the old Medium-Term Plan, Member States are in sharp disagreement any time the Secretary-General attempts to provide a long-term perspective of the United Nations’ programmes and activities. As a result, the General Assembly has not approved Part One of the Strategic Framework since it was first submitted in 2004 for the biennium 2006–2007 to the most recent submission in 2012 for the 2014–2015 biennium, raising questions about its necessity. The Secretary-General commented on this issue in 2007: “Member States have reached consensus on how to address specific challenges at the programme and sub-programme levels, but in terms of overall longer-term objectives for the Organization, given the divergent views of Member States, agreement has not been reached.”

The disagreement amongst Member States indicates the difficulty of reaching agreement on how the long-term objectives of the Organization should be defined and presented (see also paragraph 17).

40 Since Part One is intended to include the Secretary-General’s presentation covering the long-term view of the Organization, it is unrealistic to expect the Secretary-General to provide that long-term view without encountering sharp criticism and disagreement amongst delegations over the content of this part of the Strategic Framework. Since Part One of the Strategic Framework has not been approved by the General Assembly for five biennia, totalling ten years of planning and programming, and since this lack of General Assembly approval has not adversely affected the preparation of the biennial plan and the
proposed programme budget, it would be useful to determine whether Part One is needed as currently structured or whether it can be modified. The work of the United Nations has continued even when the General Assembly did not approve Part One. As the Secretary-General has also said, the objectives in Part Two are “not limited to a two-year period.”

Even though Part One is short, it does involve costs related to the preparation and processing for submission to Member States, whether on paper or in digital formats.

Programme Narratives

41 The format and content of the programme planning documents, as well as their structure and the period covered, are based on numerous decisions of the General Assembly, as well as the Programme Planning Regulations and Rules and the Financial Regulations and Rules. For example, resolution 55/231 on Results-Based Budgeting (RBB) sets expectations with regard to the type of information that should be included in planning documents, and resolution 58/269 created the structure for the Strategic Framework. Resolution 58/269 also states that the narratives of the programmes in the Strategic Framework are to be the same as those to be included in the subsequent proposed programme budget.

42 The structure, content, and quality of the Strategic Framework determines the structure and quality of the narratives of the proposed programme budget. Therefore, proposals to streamline and amend the Strategic Framework would directly affect the structure and narratives of the proposed programme budget. The Panel does not believe there is an immediate need to change the programme structure of the Strategic Framework, which broadly corresponds to the organizational structure of the Secretariat, as mandated by the Programme Planning Regulations and Rules (for example, Regulation 4.5). Such congruence is necessary to ensure that programme accountability is attributable to Secretariat units and their officials.

43 The Panel, after reviewing a sample of Strategic Framework programmes and a few sections of the proposed programme budget, has concluded that there is considerable room for streamlining the presentation of statements of orientation, strategy, expected accomplishments, and related indicators of achievement in the Strategic Framework and in the proposed programme budget. Streamlining the way programmes are presented, both in the Strategic Framework and in the proposed programme budget, would reduce the documentation submitted for review by the intergovernmental machinery. The Panel notes that the last four-year Medium-Term Plan, published in 2003, was 310 pages; the Strategic Framework biennial programme plan for 2008–2009 was 400 pages and that for 2014–2015, considered in 2012, was 618 pages—excluding revisions. The growth in the number of mandates and activities as reflected in programmes and subprogrammes leads to the ever-expanding size of these documents. However, the Panel believes that the length of these documents is also a function of the way the expected accomplishments and indicators of achievement are coupled with numerous statements of orientation and strategy. For example, the number of expected accomplishments has increased from 523 in the biennium 2006–2007 to 582 in the biennium 2014–2015 (an increase of 11 percent), while the indicators of achievement in the same time period have increased from 809 to 995 (an increase of 23 percent).

Orientation and Strategy

44 The numerous paragraphs dealing with orientation and strategy raise many questions about their usefulness in decision-making in the Fifth Committee, for example, as regards the proposed programme budget. There is no specific definition of orientation in the Programme Planning Regulations and Rules. For strategy, the Annex to the Programme Planning Regulations and Rules states: “A programme strategy is a sequence of means of action to be undertaken for the purpose of achieving an objective.” The Secretary-General has explained strategy as “how we are getting there.” Although there is no specific definition in the glossary of terms of the Annex to the Programme Planning Regulations and Rules, orientation implies a shift to a new way of performing tasks and mandates.

45 However, little of this can be gauged from the many statements of orientation. A good example of explaining orientation is in programme 4 (proposed Strategic Framework for the biennium 2014–2015), Peacekeeping Operations, paragraph 4.12, in which “a fundamental shift in existing division of labour” is mentioned. However, the bulk of orientation and strategy statements in the Strategic Framework and proposed programme budget do not provide a clear indication of what the subprogrammes will be orienting to or a clear indication of “how we are getting there.” It is also difficult to get clear direction from a reading of “overall orientation” paragraphs 7.1–7.6 and strategy paragraph 7.7 of programme seven, Economic and Social Affairs (proposed Strategic
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Expected Accomplishments and Indicators of Achievement

49 Statements of expected accomplishments and indicators of achievement are initially proposed by the Secretary-General and approved by the General Assembly in the context of approving the Strategic Framework and the programme narratives of the proposed programme budget as recommended by the CPC. The Panel has concluded that there is room for the Secretary-General to rethink the number and descriptions of statements of expected accomplishments and indicators of achievement that are presented in the context of the Strategic Framework and the proposed programme budget. In this context, the Panel points out that the quality and specificity of objectives affects the quality of statements of expected accomplishments and indicators of achievement. When objectives are vague, or compound (a situation in which an objective is actually a combination of several objectives), statements of accomplishments and indicators of achievement are often vague as well, and tend to be in larger numbers. An example of this is the stated objective of the Organization for subprogramme one, Trade and Development (proposed Strategic Framework for the biennium 2014–2015). 27 It can be argued that this objective has within it a subset of three objectives: promote economic policies; full and decent employment for all; and eradication of hunger and poverty. Thus, the subprogramme has four statements of expected accomplishments and eight indicators of achievement.

48 It is possible that much of what is described in the orientation and strategy paragraphs would have been affected wholly or partially by subsequent events and/or decisions of the United Nations intergovernmental machinery. Hence the revisions that are made later, for review by the CPC, make the initial step of explaining orientation and strategy more of an academic exercise than an effort to produce timely and practical statements of orientation and strategy that programme managers can apply during the implementation of the related programmes as well as subprogrammes of subsequent programme budgets. Furthermore, where subprogramme implementation depends wholly or partially on extra-budgetary funding, inadequate receipt of these resources would jeopardise the claims made in the statements of orientation and strategy. 26 The Panel notes that statements of orientation and strategy in the Strategic Framework are not reproduced systematically in the related proposed programme budget when orientation and strategy statements are not presented at the subprogramme level.

46 Excellent explanations are provided for the main objectives of programme 10 and subprogramme 1. As regards programme ten, Trade and Development (proposed Strategic Framework for the biennium 2014–2015) paragraphs 10.1–10.10, on overall orientation, and paragraph 10.11 on strategy for subprogramme 1, Globalisation, interdependence and development. 25 However, it is not clear to what extent the proposed actions represent an orientation, a shift, or a reformulation of approach from previous courses of action. Furthermore, the short strategy statement for subprogramme 1, excellent reading though it is, could be omitted and rely on what is said in the overall orientation statement for programme 10. The Panel does not wish to give the impression that these three cited programmes are the worst ones. In fact, they are some of the best presentations both under the Strategic Framework and the proposed programme budget; they have been mentioned just for illustrative purposes.

47 The problem concerning statements of orientation and strategy is related to the nature of decision-making in the Organization and the constant changes that occur from one year to the next. For example, for 2014–2015, documents were prepared starting in 2011 in the Secretariat and discussed in the CPC and Fifth Committee in 2012. The subsequent proposed programme budget was discussed and approved by the General Assembly in 2013. The budget for 2014–2015 started to be implemented in 2014, three years after the start of the preparation of the related Strategic Framework programmes and subprogrammes.

45 There is a similar shortcoming with regard to the presentation of programme one, General Assembly and Economic and Social Council Affairs (proposed Strategic Framework for the biennium 2014–2015), from paragraphs 1.1–1.5, on overall orientation, and paragraphs 1.6 and 1.7 on strategy for subprogrammes 1 and 2. 24
the means stated under the expected accomplishments for subprogramme one. This observation for additional assessments applies not only to UNCTAD but also to the entire Strategic Framework and to the programme budget where indicators of a similar nature are presented. The problem for UNCTAD and for the rest of the United Nations is that to carry out such verification would be prohibitively expensive.

51 To know whether its activities are accomplishing what is stated in the objective and related statements of expected accomplishments and indicators of achievement, UNCTAD, for example, might have to conduct an actual assessment and verification at national, regional, and international levels to supplement the means stated under the expected accomplishments for subprogramme one. This observation for additional assessments applies not only to UNCTAD but also to the entire Strategic Framework and to the programme budget where indicators of a similar nature are presented. The problem for UNCTAD and for the rest of the United Nations is that to carry out such verification would be prohibitively expensive.

52 Some proposals made by the Secretariat to improve presentation of the Strategic Framework and the proposed programme budget have not met the intended objective of enhancing decision-making both at the programme and budget stages. With respect to the narratives of the proposed programme budget, the Panel recalls the statement of the Secretary-General that “the introduction of result-based budgeting has brought about significant improvements in the manner in which the budget is prepared and presented.”

According to the Secretary-General, further refinement was introduced in 2004–2005, when indicators of achievement were “augmented with quantified performance measures.”

53 Although the introduction of performance measures in the budget presentation would appear to be an improvement, the Panel has doubts about the value of such information during budget debate and decision-making by the Fifth Committee. The excessive number of such performance measures, and the related cost implications of producing a much longer and unwieldy document, have considerably lengthened budget fascicles and increased the cost of preparation and production of documents, whether in digital or physical formats. In the view of the Panel, the performance measures presented in the budget fascicles should be discontinued. During budget review, such information can, upon request, be made available as supplementary information.

54 In the short-term, the Panel recommends that Part One of the Strategic Framework be modified as follows, taking the 2014–2015 Strategic Framework as an example: retain section I, Background; omit section II, Long-term Objectives of the Organization—the section that has created so much difficulty amongst Member States; retain section III, Priorities for 2014–2015; retain section IV A, B, C, D, and E on structure and format. This modified version would constitute the new introduction to the biennial programme plan. As is currently done with the Introduction to the proposed programme budget, the Secretary-General should be given broad discretion to prepare this part of the Strategic Framework.

Explanatory Note

55 Being a Secretary-General’s introduction, the General Assembly need not specifically approve it; the Assembly would simply approve the biennial programme plan of which the introduction is an integral part. If action is taken as proposed above, there would be need to amend Regulation 4.6 of the Programme Planning Regulations and Rules, in addition to the amendments proposed by the Secretary-General now before the CPC.

56 In the short-term, the Panel recommends that the presentation of statements of overall orientation, strategy, expected accomplishments, and indicators of achievement in the Strategic Framework and in the proposed programme budget be redesigned with a view to considerably shortening them and reducing their number for each programme and subprogramme, avoiding whenever possible multiple statements and indicators for each objective. Performance measures should also be eliminated from budget fascicles but retained as supplementary information that can be made available upon request. To the extent that a subprogramme reflects the role of a Secretariat organizational unit, as envisaged in Regulation 4.5 of the Programme Planning Regulations and Rules, the overall orientation for the programme should act as an introductory statement that would explain the role of the Secretariat unit in programme implementation.
57 For the long-term, the Panel recommends the discontinuation of the current practice of preparing a separate biennial work plan, the Strategic Framework, followed by a proposed biennial programme budget. Instead, the preparation of biennial plans for each of the current twenty-eight programmes should be integrated with the preparation of the biennial budget sections of the proposed programme budget. Before plans for each section are submitted with proposed estimates to the Secretary-General for review, the Secretariat units concerned would have cleared the programmatic aspect of their plans with the related intergovernmental machinery using the current practice and procedures set out in Regulation 4.8 of the Programme Planning Regulations and Rules.

58 Also for the long-term, the Panel recommends discontinuation of the present practice of submitting a single programme performance report at the end of the budget and planning period. Instead, the current financial performance reports should be integrated with programme performance information. Secretariat units and the Office of Internal Oversight Services (OIOS) would continue to perform their programme monitoring and evaluation services as they currently do in accordance with their Terms of Reference, but the result of their work should be incorporated into the financial and programme performance report to be submitted to the General Assembly when it considers proposed programme budgets or revised appropriations during the first or second year of the biennium.

Explanatory Note

59 The new system, when implemented, would cut the planning and programming cycle by at least two years. This would have the United Nations implement plans and the related budget much earlier than the current process, when implementation of the Strategic Framework begins more than two years from the date of its preparation (see Annex III (a) and (b) for a depiction of the current and proposed new processes). The current cumbersome and expensive process of submitting revisions and updates to the Strategic Framework whenever an intergovernmental body makes a decision on programmes and activities would no longer be needed. The decisions of intergovernmental bodies would continue to be subject to programme budget implications, and changes resulting from these decisions would be included in revised and/or proposed biennial work plans and budgets. The certification of such inclusion would be made during the normal process of Secretariat and intergovernmental review of the related programme budget.
United Nations Regular Budget Process

Resolutions 41/213 and 42/211, as well as the United Nations Financial Regulations and Rules, the Programme Planning Regulations and Rules, and numerous decisions of the General Assembly, govern the current United Nations Regular Budget process. Resolutions 41/213 and 42/211 approved the introduction of an outline of the United Nations budget as an integral part of the budgetary process. They also established a Contingency Fund, provided for its use and operation, and expressed the intention to seek an overall solution to the problem of currency fluctuations and inflation. The resolutions set out specific roles for the ACABQ, CPC, and Fifth Committee in the budgetary process. On decision-making, resolution 41/213, without prejudice to the provisions of the United Nations Charter, “agreed that the CPC should continue its existing practice of reaching decisions by consensus” and “considered it desirable . . . that the Fifth Committee should continue to make all possible efforts with a view to establishing the broadest possible agreement” on the outline of the proposed programme budget. The Panel would like to point out that this latter provision, concerning the method of work by the Fifth Committee on the outline—and therefore the United Nations budget—has been expanded to mean that almost all items considered by the Fifth Committee should be arrived at by consensus, an expansion which has accounted for much of the protracted and sometimes stalemated decision-making process in the Fifth Committee.

Some provisions of resolutions 41/213 and 42/211 have not been implemented as envisaged, and recent actions of the General Assembly have modified other elements of 41/213. For example, pursuant to General Assembly resolution 58/269, the CPC no longer reviews the Budget Outline. Regarding the proposed programme budget, the CPC now reviews only changes to the biennial plan as included in the proposed programme budget. The provision to seek a final solution to additional expenditure for currency fluctuations and inflation, and the call on Member States and the Secretariat to evaluate alternatives for programmes and activities before calling for additional funding, have become difficult to implement, as explained further in the section on currency and inflation below (Paragraphs 94–103).

Despite these developments concerning the two resolutions, they remain important foundational resolutions for the United Nations planning and budgetary process. Indeed, even though many differences still exist concerning the way the budget is prepared, Member States continue to approve the Organization’s budget by consensus, as called for in resolution 41/213. However, for the long-term, if the Panel’s recommendations in this report are implemented, these resolutions will need to be updated to reflect the streamlining of the programme planning cycle.
and the integration of the United Nations programme plans and budgets into a single document.

**Budget Outline**

63 The same year the General Assembly considers and approves the Strategic Framework, it also considers and approves the Budget Outline. The Budget Outline is a critical part of the budgetary process, as it signals the estimated level of resources required for the Secretariat to carry out approved mandates. The outline tells Member States what the level of the forthcoming budget is likely to be, thereby avoiding the previous criticism that Member States were confronted with budget proposals for which they had not been alerted. The concept of preliminary resources as the basis for the outline is essentially a compromise. Originally, in 1967, some Member States wanted to give the Secretary-General a fixed sum of resources to prepare the budget. Other Member States indicated that such a quantum of resources must be related to the activities of the Organization and be flexible enough to accommodate subsequent decisions of the intergovernmental machinery after the approval of the outline—hence the concept of an outline of preliminary resources rather than an outline of a fixed amount of resources for the preparation of the United Nations budget. The outline and the Contingency Fund facilitated Member States’ ability to reach agreement by consensus rather than by vote on the proposed programme budget.

64 The Budget Outline is the first step in the budget approval process for the biennial budget, and, as envisioned by resolution 41/213, allows Member States a chance to participate in the process at the earliest opportunity. It also gives the Secretariat greater ability to manage the budget preparation process when the Secretary-General gives programme managers policy guidance.

65 The first outline for the biennium 1990–1991 was based on the initial appropriation for 1988–1989 and was submitted on 15 August 1988 in accordance with resolution 42/211. The reason for choosing 15 August was to enable the Secretary-General to take into account decisions of the United Nations intergovernmental machinery during the spring of the year in question. However, because of the meeting cycles of the United Nations intergovernmental machinery, even the cutoff date of 15 August was not able to take into account all decisions of intergovernmental bodies. The present procedure is now to submit the outline toward the end of the even-numbered year in order to be as up-to-date as possible with regard to estimated requirements for the upcoming biennium. Even then, many decisions of the intergovernmental machinery, including decisions made by the General Assembly during the even-numbered years, are not fully accounted for at the time the Secretary-General submits the outline. The submission of the outline toward the end of the year should allow for more realistic outline estimates than submitting it as of 15 August of the even-numbered years.

66 The situation described in the previous paragraph and the historic starting point for preparing the outline have recently led to sharp disagreement about the methodology for preparing the outline and the subsequent proposed programme budget. By its resolution 41/213, the General Assembly decided that the outline shall contain an indication of “real growth, positive or negative, compared with the previous budget.” For the first outline submitted to the General Assembly, 15 August 1988, the Secretary-General used the initial appropriations for 1988–1989 as the starting point. The Advisory Committee re-costed the outline to the latest 1989 inflation and currency exchange rates and then to 1990–1991 rates and the General Assembly approved the recommendations of the Committee. Recent developments to have the outline submitted in December provides an opportunity to use the rates and levels assumed for the first revised appropriations of the current biennium budget. In recent years this has led to difficulties related to changes that the General Assembly makes to determine the levels of the revised appropriations.

67 For example, in 2011 the General Assembly adopted initial appropriations for 2012–2013 but decided to defer consideration of post-related re-costing for inflation and exchange rate projections to the first performance report in December 2012. In effect, the post portion of the first of four re-costings for the budget was postponed. This gave rise to questions as to the starting point for the outline for 2014–2015, to be considered in 2012, and the related proposed programme budget for the biennium 2014–2015, to be considered in 2013. When the first performance report for the biennium 2012–2013 was submitted at the end in 2012, the General Assembly again postponed adjustments to standard costs relating to payroll, common staff costs and vacancy rates, re-costing for inflation and exchange-rate projections.
68  Rule 102.2 of the Financial Regulations and Rules of the United Nations states, *inter alia*, that the proposed programme budget shall contain "a detailed statement of resources by section, programme and sub-programme; for purposes of comparison, the expenditures for the previous financial period and the revised appropriations for the current financial period shall be indicated alongside the resource estimates for the forthcoming financial period." The proposed programme budget, therefore, should include a comparison to the revised appropriation of the prior biennium, reflecting General Assembly decisions.

69  From what is stated above, the Panel is of the view that unless clarification is given as to what methodology to follow when such actions are taken, as those taken by the General Assembly in 2011 and 2012, unnecessary conflict and confusion will continue. The decisions of the General Assembly in 2011 for the biennium 2012–2013 have had a domino effect on the application of standard methodology for the construction of the Budget Outline and the proposed budget for the subsequent biennium 2014–2015.

70  Prior to the adoption in 2011 of resolution 66/246, paragraph 27, Secretariat officials should have clarified any methodology changes that would need to be followed in preparing the outline and the proposed programme budget for 2014–2015. This would have avoided the subsequent criticism concerning whether the Secretariat was using a methodology not approved by Member States. It is better to settle questions of methodology before starting budget preparation; this course of action will also facilitate proceedings in the Fifth Committee by shortening the time for budget review.

**Recommendations**

71  Accordingly, in the short-term, the Panel recommends that the Secretary-General and officials dealing with administration and budget should explain clearly and with full transparency what the Secretariat intends to do to implement General Assembly resolutions and decisions on the outline and the budget. In the short-term, the Panel also recommends that the Budget Outline be reconfigured so that it uses the first revised appropriations (rather than the initial appropriations) for the current biennium as the starting point for estimating the preliminary level of resources for inclusion in the Budget Outline. The outline should also continue to take into account changes in actual resource levels required as a result of proposed changes in programme levels.

**Annual vs. Biennial Budgeting**

72  Recent discussions, especially during the debate on the 2014–2015 proposed programme budget, have suggested that reverting to annual budgets might mitigate certain problems, such as additional requirements related to currency fluctuations and inflation. Comparison has been made with peacekeeping budgets, a comparison that is not quite appropriate. Whereas the financial period for peacekeeping operations lasts twelve calendar months, from 1 July to 30 June the following year, peacekeeping budgets are prepared based on mandates of the Security Council for each mission. Such mandates can last for a few months or even for six or more months. The General Assembly approves and assesses the budget of a mission only for the duration of its mandate as approved by the Security Council, but then authorises the Secretary-General "to enter into monthly commitments for a specified amount and to send letters of assessments to Member States" should the Security Council extend the mandate of the mission concerned. If the Council terminates a mission’s mandate, no commitments and no letters of assessments would be sent to Member States. Many peacekeeping missions therefore do not have annual budgets.

73  The United Nations Regular Budget covers a two-year period, but the financial period and assessments on Member States are annual. At the halfway point of the biennium, the General Assembly reviews the first financial performance report and decides on revised appropriations, which allows for the following year’s assessment. While the budget is approved for a two-year period, in essence it is reviewed and adjusted annually. In addition, significant effort is required by the Secretariat to produce the programme budget, as well as in the review and approval process by the General Assembly. Repeating this process annually is not likely to produce better budgets; it would increase the workload on all of them and add significantly to the oversight burdens of the governance mechanisms.
74 It is not useful to compare peacekeeping budgets that are prepared in accordance with the special procedure outlined in the preceding paragraphs with United Nations biennial budgets that are assessed annually. First, the levels of peacekeeping budgets have never been as controversial as those of the Regular Budget as regards, for example, the handling of additional expenditures due to currency fluctuations and inflation. The main reason for this situation is that costing standards, like those for reimbursement for troops deployed to missions or reimbursement for such items as contingent-owned equipment (COE) are U.S. Dollar-based and depend on prior agreement amongst Member States and approval by the General Assembly. Second, most peacekeeping missions occur in areas with currencies that are generally weaker than the U.S. Dollar, so the issue of additional requirements due to currency fluctuations rarely arises. Third, many peacekeeping budgets have shown under-expenditure, sometimes showing remaining balances of up to $300 million. The conditions in areas of peacekeeping missions often make it impossible to commit the entire appropriation authorised by the General Assembly. In such circumstances the Secretary-General easily absorbs any additional currency fluctuation and inflation requirements before reporting unspent balances that are returned to Member States, as indicated in each mission’s financing resolutions. It is therefore not valid to argue that if the Regular Budget were to be presented like peacekeeping budgets, there would be no additional requirements to cover currency fluctuations and inflation.

**Recommendations**

75 In view of the foregoing, the Panel has therefore concluded that the current two-year Regular Budget cycle works well for the Organization. The Panel therefore recommends retention of the current biennial cycle for the United Nations Regular Budget.

**Contingency Fund and Unfunded Mandates**

76 The General Assembly, in approving the budget process in resolutions 41/213 and 42/211, was aware that during the course of each biennium, new requirements would emerge that would need to be funded. Therefore, in resolution 41/213, the General Assembly created a Contingency Fund, to be expressed as a percentage of the budget (currently 0.75 percent of the preliminary estimates for the outline), which would accommodate additional expenditures from new mandates. However, the General Assembly excluded additional expenditures related to the maintenance of peace and security as well as currency fluctuations and inflation from the Contingency Fund. The Contingency Fund itself is not funded but reflects the upper limit of resources that can be charged to it and then later appropriated under various sections of the budget. According to the procedure set out in resolutions 41/213 and 42/211, the use of the Fund is confined to the year for which the budget is being prepared and to the subsequent two years of the biennium.

77 Resolutions 41/213 Annex I C, and 42/211 Annex, Sections A, B, and C govern the establishment, use, and operation of the Contingency Fund. The establishment of the Fund dramatically reduced the practice of requesting additional resources through statements of programme budget implications and many delegates in various intergovernmental fora resisted accepting resolutions that could lead to requests for additional resources. This led to one unintended result: that of adopting resolutions without statements of programme budget implications, leading to what the Panel has characterised as unfunded mandates. Furthermore, the practice of adopting resolutions by consensus has also expanded the practice that predated resolutions 41/213 and 42/211 of accepting resolutions with the provision that they be funded “within existing resources.”

78 A recent example of adopting a decision without a statement of financial implications is the decision by the Fifth Committee to authorise an independent study on currency fluctuations and inflation. The Panel could not find evidence that a statement of programme budget implications was submitted to the Fifth Committee before it agreed to that study, which will, of course, have costs. Many examples can be identified in resolutions now adopted by intergovernmental machinery. For example, the Second Committee recommended, and the General Assembly adopted, resolution 68/225 on Landlocked Developing Countries. In paragraph 21, the Secretary-General is requested to take “necessary measures within existing resources to ensure effective, efficient and timely preparation” for the ten-year Review Conference. The Second Committee recommended, and the General Assembly adopted, resolution 68/224 on Least Developing Countries. In paragraph 25(a) the Secretary-General is requested to set up a high-level panel using extra-budgetary resources, with Secretariat support “within existing resources.” The Third Committee recommended, and the General Assembly adopted, resolution 68/224 on Least Developing Countries.
Assembly adopted, resolution 68/195 on combatting corrupt practices. Paragraph 46 expanded the reporting workload of the Secretariat by calling for additional information “within the reporting obligation” of the Secretary-General, representing a new approach to avoid submission of a statement of programme budget implications.

The Panel stresses that unless this trend is checked, including the use of “within existing resources,” the Secretariat will continue to be loaded with mandates, the full funding of which has not been determined and authorised. In effect, the workload for Secretariat units expands through this method of legislation without providing the necessary funding. It also needs to be stressed that a statement of programme budget implications does not always have to lead to additional funding. Such a statement would help to show to all concerned what the effect the particular legislation has on existing workload and related funding prior to a final decision.

The Panel does not envisage an increase of the level of the Fund, currently set at 0.75 percent of the preliminary estimates of the outline, unless it can be fully justified and is not subject to re-costing. The Panel recalls that the ACABQ, in its report, requested an analysis of the way in which the Contingency Fund is currently utilized.

The Panel recommends that the Secretary-General critically review the use and operation of the Contingency Fund since the Fund’s establishment by resolutions 41/213, 42/211 and 43/214. Such a review would clarify whether recourse to the Fund has been in accordance with the provisions of 41/213 and 42/211 and would provide lessons to bear in mind in the future so that the Fund is not exhausted prior to the end of the biennium to which it relates. The Secretary-General should also include all known and anticipated requirements in the initial proposed programme budget rather than hold back such requirements for subsequent charges against the Contingency Fund.
Assembly responded by approving a new experiment entitled “limited budgetary discretion,” which was meant to give the Secretary-General increased flexibility to reallocate up to $20 million in post and non-post resources per biennium. This new authority is not an appropriation, but rather allows the Secretary-General to utilize savings in order to meet emerging needs. Amounts over $6 million require concurrence of the ACABQ. This experiment has been renewed and approved biennially by the General Assembly, including for the 2014–2015 biennium. The Secretary-General reports on the amounts utilized from this discretion and to date has not utilized the full amount.

The Panel, after careful review, has concluded that the inflexibility referred to above is somewhat exaggerated, in light of the existing procedures for unforeseen and extraordinary expenses. The United Nations Secretariat has failed to indicate the extent to which it is constrained in the transfer of resources between appropriation lines. In the first place, the General Assembly has always included the following provision in Regular Budget financing resolutions: “The Secretary-General shall be authorized to transfer credits between sections of the budget, with the concurrence of the ACABQ.” In practice, such transfers between appropriation lines occur routinely and are reflected at the time of the first and second financial performance reports, as well as in the final request submitted to the ACABQ to allow transfer between sections before the closure of accounts of the biennium concerned. As far as the Panel is aware, there has not been any instance of the Secretary-General failing to implement mandates because of a lack of authority to transfer between appropriation lines.

88 Re-costing is composed of several elements:

- Changes in exchange rates
- Changes in inflation
- Changes in staff costs
- Actual staff vacancies vs. estimated vacancy rates

89 Tables 1–4 show Regular Budget levels at each step in the cycle, from proposed initial appropriations to final expenditures in gross terms, including amounts attributed to SPMs from 2000 to 2015. Table 5 shows the initial and final appropriation levels for the Regular Budget without SPMs. Table 6(a) shows the effect of the Swiss Franc/U.S. Dollar exchange rates and 6(b) shows the combined effect of currency fluctuations and inflation on the Regular Budget. Table 7 shows post-related costs under the Regular Budget.

90 The tables provide some useful facts. The average biennial nominal growth of the Regular Budget, including SPMs, from the biennium 2000–2001 to the biennium 2012–2013 is 14.2 percent (Table 1). There is rapid increase from the biennium 2002–2003 to the biennium 2006–2007; by 2012–2013 the increase slowed to 3 percent. Table 2 shows an average increase of 9.7 percent during budget implementation between the biennia 2000–2001 and 2012–2013. However, the bulk of these increases relate to SPMs (Tables 4 and 5).

91 An underlying element of budget changes in these tables is the growth of estimates and expenditures for SPMs (Table 4). The tremendous increase for SPMs accounts for the largest portion of increases in the Regular Budget from 2000 onward. In the biennium 2000–2001, SPMs constituted five percent of the budget. For 2012–2013, SPMs account for approximately 22 percent of the Regular Budget. Increases for SPMs are also disproportionate to overall budget growth. For example, the Regular Budget final appropriation for 2004–2005 shows an increase of 23 percent compared with 2002–2003 final appropriation (Table 1). For the same period, the increase for SPMs is 84 percent, from $193.4 million in the final 2002–2003 appropriation to $355.9 million in the final 2004–2005 appropriation (Table 4). For 2010–2011, while the Regular Budget shows an increase of 13 percent compared with the previous biennium (Table 1) SPMs show an increase of 36 percent, from $877 million to $1,192 million (Table 4). Final appropriations for SPMs in 2000–2001 were $115.3 million; for 2012–2013 the corresponding amount was $1,213 million, approximately eleven times the appropriation for...
TABLE 1

<table>
<thead>
<tr>
<th>Biennium</th>
<th>Final Appropriation</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000–2001</td>
<td>2,561.2</td>
<td></td>
</tr>
<tr>
<td>2002–2003</td>
<td>2,967.7</td>
<td>16%</td>
</tr>
<tr>
<td>2004–2005</td>
<td>3,655.8</td>
<td>23%</td>
</tr>
<tr>
<td>2006–2007</td>
<td>4,193.8</td>
<td>15%</td>
</tr>
<tr>
<td>2008–2009</td>
<td>4,799.9</td>
<td>14%</td>
</tr>
<tr>
<td>2010–2011</td>
<td>5,416.4</td>
<td>13%</td>
</tr>
<tr>
<td>2012–2013</td>
<td>5,565.1</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: Relevant GA resolutions, OPPBA

Average increase: 14.2%

Comparison of Regular Budget nominal growth between biennia
(in millions of U.S. dollars)

TABLE 2

<table>
<thead>
<tr>
<th>Biennium</th>
<th>Initial Appropriation</th>
<th>Final Appropriation</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000–2001</td>
<td>2,535.7</td>
<td>2,561.2</td>
<td>1%</td>
</tr>
<tr>
<td>2002–2003</td>
<td>2,625.2</td>
<td>2,967.7</td>
<td>13%</td>
</tr>
<tr>
<td>2004–2005</td>
<td>3,160.9</td>
<td>3,655.8</td>
<td>16%</td>
</tr>
<tr>
<td>2006–2007</td>
<td>3,798.9</td>
<td>4,193.8</td>
<td>10%</td>
</tr>
<tr>
<td>2008–2009</td>
<td>4,171.4</td>
<td>4,799.9</td>
<td>15%</td>
</tr>
<tr>
<td>2010–2011</td>
<td>5,156.0</td>
<td>5,416.4</td>
<td>5%</td>
</tr>
<tr>
<td>2012–2013</td>
<td>5,152.3</td>
<td>5,565.1</td>
<td>8%</td>
</tr>
<tr>
<td>2014–2015</td>
<td>5,530.3</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Source: Relevant GA resolutions, OPPBA

Average increase: 9.7%

Comparison of Regular Budget nominal growth from initial appropriation to final appropriation within biennia
(in millions of U.S. dollars)

TABLE 3

<table>
<thead>
<tr>
<th>Biennium</th>
<th>Final Appropriation</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000–2001</td>
<td>2,561.2</td>
<td>2,561.0</td>
</tr>
<tr>
<td>2002–2003</td>
<td>2,967.7</td>
<td>2,964.6</td>
</tr>
<tr>
<td>2004–2005</td>
<td>3,655.8</td>
<td>3,612.2</td>
</tr>
<tr>
<td>2006–2007</td>
<td>4,193.8</td>
<td>4,146.3</td>
</tr>
<tr>
<td>2008–2009</td>
<td>4,799.9</td>
<td>4,749.4</td>
</tr>
<tr>
<td>2010–2011</td>
<td>5,416.4</td>
<td>5,414.2</td>
</tr>
</tbody>
</table>

Source: Board of Auditors financial audits

Expenditure vs. Appropriation of Regular Budget
(in millions of U.S. dollars)

TABLE 4

<table>
<thead>
<tr>
<th>Biennium</th>
<th>Initial Appropriation*</th>
<th>Final Appropriation</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000–2001</td>
<td>90.4</td>
<td>115.3</td>
<td>28%</td>
</tr>
<tr>
<td>2002–2003</td>
<td>98.4</td>
<td>193.4</td>
<td>97%</td>
</tr>
<tr>
<td>2004–2005</td>
<td>169.4</td>
<td>355.9</td>
<td>110%</td>
</tr>
<tr>
<td>2006–2007</td>
<td>355.9</td>
<td>651.0</td>
<td>83%</td>
</tr>
<tr>
<td>2008–2009</td>
<td>403.9</td>
<td>877.0</td>
<td>117%</td>
</tr>
<tr>
<td>2010–2011</td>
<td>1,000.0</td>
<td>1,192.0</td>
<td>19%</td>
</tr>
<tr>
<td>2012–2013</td>
<td>1,083.0</td>
<td>1,213.0</td>
<td>12%</td>
</tr>
<tr>
<td>2014–2015</td>
<td>1,081.1</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Source: Initial appropriation from relevant GA resolutions; final appropriation from Section 3 (Political Affairs) or OPPBA (2006–2007 to 2012–2013)

*The initial appropriation consists of individual appropriations for each SPM for the first year and an estimated gross amount for the second year for all SPMs.

TABLE 5

<table>
<thead>
<tr>
<th>Biennium</th>
<th>Initial Appropriation</th>
<th>Final Appropriation</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000–2001</td>
<td>2,445.3</td>
<td>2,445.9</td>
<td>0%</td>
</tr>
<tr>
<td>2002–2003</td>
<td>2,526.8</td>
<td>2,774.3</td>
<td>10%</td>
</tr>
<tr>
<td>2004–2005</td>
<td>2,991.5</td>
<td>3,299.9</td>
<td>10%</td>
</tr>
<tr>
<td>2006–2007</td>
<td>3,443.0</td>
<td>3,542.8</td>
<td>3%</td>
</tr>
<tr>
<td>2008–2009</td>
<td>3,767.5</td>
<td>3,922.9</td>
<td>4%</td>
</tr>
<tr>
<td>2010–2011</td>
<td>4,156.0</td>
<td>4,224.4</td>
<td>2%</td>
</tr>
<tr>
<td>2012–2013</td>
<td>4,069.3</td>
<td>4,352.1</td>
<td>7%</td>
</tr>
<tr>
<td>2014–2015</td>
<td>4,448.2</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Source: Relevant GA resolutions, OPPBA

Comparison of Regular Budget nominal growth from initial appropriation to final appropriation within biennia (excluding Special Political Missions)
(in millions of U.S. dollars)
TABLE 6 (a)  

<table>
<thead>
<tr>
<th>Year</th>
<th>Budgeted (in millions of U.S. Dollars)</th>
<th>Actual (in millions of U.S. Dollars)</th>
<th>Increased requirements (in millions of U.S. Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1.59</td>
<td>1.69</td>
<td>-47.4</td>
</tr>
<tr>
<td>2001</td>
<td>1.76</td>
<td>1.68</td>
<td>11.4</td>
</tr>
<tr>
<td>2002</td>
<td>1.68</td>
<td>1.58</td>
<td>32.4</td>
</tr>
<tr>
<td>2003</td>
<td>1.58</td>
<td>1.36</td>
<td>44.5</td>
</tr>
<tr>
<td>2004</td>
<td>1.36</td>
<td>1.26</td>
<td>54.9</td>
</tr>
<tr>
<td>2005</td>
<td>1.26</td>
<td>1.23</td>
<td>9.0</td>
</tr>
<tr>
<td>2006</td>
<td>1.31</td>
<td>1.26</td>
<td>27.8</td>
</tr>
<tr>
<td>2007</td>
<td>1.26</td>
<td>1.20</td>
<td>20.2</td>
</tr>
<tr>
<td>2008</td>
<td>1.20</td>
<td>1.08</td>
<td>71.2</td>
</tr>
<tr>
<td>2009</td>
<td>1.14</td>
<td>1.09</td>
<td>18.7</td>
</tr>
<tr>
<td>2010</td>
<td>1.09</td>
<td>1.05</td>
<td>36.7</td>
</tr>
<tr>
<td>2011</td>
<td>1.05</td>
<td>0.89</td>
<td>93.3</td>
</tr>
<tr>
<td>2012</td>
<td>1.05</td>
<td>0.94</td>
<td>77.4</td>
</tr>
<tr>
<td>2013</td>
<td>0.94 (non-post)</td>
<td>0.93</td>
<td>49.5</td>
</tr>
</tbody>
</table>

TABLE 6 (b)  

<table>
<thead>
<tr>
<th>Year</th>
<th>Exchange Rate additional requirements (in millions of U.S. Dollars)</th>
<th>Inflation additional requirements (in millions of U.S. Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>-66.3</td>
<td>1.9</td>
</tr>
<tr>
<td>2001</td>
<td>10.4</td>
<td>9.1</td>
</tr>
<tr>
<td>2002</td>
<td>33.8</td>
<td>28.0</td>
</tr>
<tr>
<td>2003</td>
<td>59.1</td>
<td>7.7</td>
</tr>
<tr>
<td>2004</td>
<td>79.4</td>
<td>32.8</td>
</tr>
<tr>
<td>2005</td>
<td>19.2</td>
<td>19.2</td>
</tr>
<tr>
<td>2006</td>
<td>55.1</td>
<td>18.7</td>
</tr>
<tr>
<td>2007</td>
<td>42.0</td>
<td>-8.6</td>
</tr>
<tr>
<td>2008</td>
<td>63.0</td>
<td>103.8</td>
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<tr>
<td>2009</td>
<td>22.9</td>
<td>-27.9</td>
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<tr>
<td>2010</td>
<td>29.3</td>
<td>-24.3</td>
</tr>
<tr>
<td>2011</td>
<td>103.7</td>
<td>11.9</td>
</tr>
<tr>
<td>2012</td>
<td>53.1</td>
<td>143.8</td>
</tr>
<tr>
<td>2013</td>
<td>47.2</td>
<td>67.3</td>
</tr>
</tbody>
</table>

Swiss Franc vs. U.S. Dollar in the Regular Budget

Impact of Currency Fluctuations and Inflation on the Regular Budget

TABLE 7  

<table>
<thead>
<tr>
<th>Staff related expenditure</th>
<th>Expenditure</th>
<th>Final Appropriation</th>
<th>Initial Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>1,277.5</td>
<td>1,404.9</td>
<td>1,549.4</td>
</tr>
<tr>
<td>Benefits and allowances (Common Staff Costs)</td>
<td>532.2</td>
<td>599.5</td>
<td>641.5</td>
</tr>
<tr>
<td>Staff Assessment</td>
<td>429.8</td>
<td>436.1</td>
<td>491.3</td>
</tr>
<tr>
<td>Total post cost</td>
<td>2,239.6</td>
<td>2,440.5</td>
<td>2,682.2</td>
</tr>
<tr>
<td>Percentage of post expenditure in regular budget (excluding SPM)</td>
<td>68%</td>
<td>69%</td>
<td>68%</td>
</tr>
</tbody>
</table>

Source: OPPBA

Post-related costs of the Regular Budget
2000–2001 (Table 4). While the portion attributable to SPMs grew by 952 percent over these biennia, the Regular Budget, without SPMs, grew by 78 percent.

92 SPMs, like peacekeeping missions, are an important function of the United Nations. They are central to the United Nations’ responsibility for peace, security, and development amongst nations. The question often asked is whether SPM expenditure diverts resources from United Nations development programmes; the Panel recognises that there cannot be development without peace, for which SPMs are designed to prepare. The issue of financing SPMs under one budget or another has been addressed on multiple occasions without any consensus being reached. If financial provisions for SPMs are to remain within the Regular Budget, it might be appropriate to consider whether the current presentation of SPMs is optimal. The Budget Outline is presented with a separate identification of aggregate SPM requirements, distinct from other core components of the Regular Budget. However, the current format for Regular Budget proposals and subsequent statements of accounts are both presented with the SPMs component fully subsumed within the Regular Budget. Thus, SPM budgetary provisions and expenditures are fully aggregated within the total provisions for all other Regular Budget components. Given the different purposes and budget dynamics of SPMs from other components of the Regular Budget, there is an advantage to be gained in developing budget and account presentations that identify other core Regular Budget provisions separately from SPM elements.

However, the Panel does not believe that a change to the budget process would resolve these concerns, since they arise from external factors beyond the Organization’s control. Fundamentally, these concerns are not about process but largely about the level of the budget and priority setting within the planning and budgetary process. Tables 6(a) and (b) on currency fluctuations and inflation indicate that, since 2000, exchange rate fluctuations between the Swiss Franc and U.S. Dollar have had a significant budgetary effect. The combined effects of currency fluctuations and inflation (Table 6(b)) indicate real uncertainties when one tries to predict the impact of these factors for the future. For 2000–2001, the effect was a savings of $44.9 million; for 2010–2011 there was an additional requirement of $120.6 million; for 2012–2013 it was $311.4 million. The information in Tables 6(a) and (b) indicate that it would be impossible to establish beforehand, following the initial appropriation, what the Organization will require to cover additional requirements due to future currency fluctuations and inflation. The Panel notes, however, that requirements due to changes in currency fluctuations and inflation are less onerous on Regular Budget levels than the growth of SPMs.

95 In resolution 41/213, the General Assembly sought a more comprehensive solution to funding additional expenditures during a biennium, including those stemming from currency fluctuations and inflation. As a global organization, the United Nations conducts its operations in a number of currencies, whereas its budget is formulated and approved in one currency, U.S. Dollars. The approved biennial budget is recalculated four times, twice during the preparation process and twice during budget implementation.

96 Over the course of the last three decades, the Secretary-General and the ACABQ have analysed possible solutions to this issue. In general, it appears that there are a handful of options for resolving concerns regarding re-costing, as outlined by the Secretary-General in his report “Investing in the United Nations: for a stronger Organization worldwide: Addendum 3 on Financial management practices”: 59 (a) providing contingencies within the budget to meet potential shortfalls in funds arising from inflation and exchange-rate fluctuations; (b) split-currency system of assessment; (c) forward-currency cover through purchase of forward-currency contracts; (d) special reserve accounts to finance exchange-rate fluctuations; and (e) establishing the budgets in the main currency in which the expenditures are incurred.
97 The Secretary-General, on numerous occasions, has suggested that the General Assembly may wish to create a reserve fund to address these requirements. The ACABQ, in reviewing the Secretary-General’s proposals, noted: “On the basis of the Secretary-General’s proposals, it appears to the Advisory Committee that Member States, early in the budget process, will not have a more precise idea of the final total amount to be paid than they have now and, in addition, will have to pay in advance for requirements that might or might not materialize.” 51 The General Assembly has previously expressed interest in this idea but has not made a decision to pursue it.

98 The Panel reviewed possible options for managing currency fluctuations and inflation and does not believe any of the options previously discussed are viable solutions to addressing this issue. Given the number of currencies in which the United Nations works, a split currency or increased forward-currency contracts may be unduly complicated and may not result in savings to the Organization. The Panel notes that the forward-currency authority used by the Secretary-General for Swiss Francs in the 2012–2013 biennium resulted in savings of $3.5 million. 52 This is relatively modest in comparison to the overall costs shown in Tables 6(a) and (b) above. Furthermore, opportunities for forward-purchase savings change according to the overall direction of U.S. Dollar strength vis-à-vis the currencies of interest to United Nations operations. The forward market in foreign exchange tends to be limited to quarterly periods, much shorter than the Regular Budget biennium. The Panel notes that expectations that forward purchases could resolve currency fluctuations should be recognised as limited.

99 Other international organizations have been cited as examples to follow but many of these organizations are small, some centred in Europe, with most of their costs incurred in a single budgeted currency. 53 The United Nations operates in numerous currencies, making these options challenging for the United Nations Regular Budget. The Panel notes that the practices followed by multinational corporations in handling currency issues do not provide a useful model to follow for the United Nations. The United Nations does not earn revenue in other currencies that it can use to offset costs in those currencies, nor does it have the authority to hedge or forward purchase in large amounts. Instead, it must exchange U.S. Dollars for whatever currency is needed, at current rates.

100 Since currency fluctuation and inflation are a permanent feature of United Nations budgeting, the controversy has not been how to eliminate these features but with how to deal with the additional expenditures arising from them. In recent years, with the weakening of the U.S. Dollar, re-costing has led to increased net requirements. Table 6(a) above shows the impact on the budget of a weakening U.S. Dollar as compared to the Swiss Franc. The Secretary-General is encouraged to absorb additional costs, and he notes where he has in the performance reports. The question is really whether, in addition to what the Secretariat has been doing so far to absorb additional expenditure, more could be done.

101 Reducing, postponing, and modifying programmes can create limited room in the budget for new requirements but is not sustainable over time. As pointed out by the Panel in this report, this is the most difficult option for Member States to implement, more challenging because of the complex intergovernmental machinery of the Organization. In this connection, the Panel is aware of the General Assembly’s decision to authorize an independent study on this issue: “Requests the Secretary-General to commission an independent study on re-costing and options for the Organization for dealing with fluctuations in exchange rates and inflation, inter alia, drawing on the experience of other international organizations, and to report thereon to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions at the main part of its sixty-ninth Session.” 54 The Panel trusts that this issue will be handled as a technical aspect of the United Nations budget preparation process.

102 The Panel believes the current practice of having a biennial budget reviewed and assessed annually provides Member States with the best opportunity to evaluate more accurate requirements for currency fluctuations and inflation. The Panel believes that Member States are better off paying the actual requirements, as they do now, rather than providing funds in advance for a requirement that may never exist. The Panel is aware that the Secretary-General has the authority to receive assessments in currencies other than the U.S. Dollar, as long as the currency is readily usable by the Organization.
44

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Recommendations

103 In the short-term, the Panel recommends that the General Assembly consider the option of assessing Member States for the Regular Budget in the three most-used currencies (U.S. Dollars, Swiss Francs, and Euros), based on the previous year’s expenditure pattern. This would allow the United Nations to receive funds in the needed currencies and might significantly reduce the current exchange rate risk. To this end the Secretary-General might first be requested to submit a paper indicating the administrative, accounting, and other factors the adoption of this option might entail both for the Secretariat and for Member States.

The Post System

104 In reviewing the role of the Fifth Committee in considering and recommending approval of the proposed programme budget, the Panel wishes to draw attention to what appears as excessive concern with individual posts for the Regular Budget. It is true that staff costs, as can be seen in Table 7 (page 36), account for between 68 and 71 percent of Regular Budget expenditure, and it can be argued that controlling the growth in the number of posts implies controlling Regular Budget expenditure. However, Regular Budget posts are now relatively small in number compared with the overall number of posts for United Nations operations worldwide. Excessive concern with low-graded posts often misses the larger picture of grade-creep worldwide for the Organization, whether this creep relates to Regular Budget, peacekeeping, SPMs, or extra-budgetary funded operations.

105 There is another point the Panel wishes to highlight: while the United Nations Regular Budget covers the cost for individual posts proposed by the Secretary-General and approved by the General Assembly, salaries and allowances for individuals appointed to these posts are determined by the General Assembly after receiving recommendations from the International Civil Service Commission (ICSC). Furthermore, staff members have a contractual agreement with the Secretary-General and there are statutory procedures that have to be adhered to in terminating staff in employment with the United Nations. Therefore, reducing staff costs during the normal budget review process does not automatically imply that staff members would be terminated to accommodate the staff cost reduction. This point is made to guard against misunderstanding and questions being raised as to what authority the Secretariat has to pay for staff when provisions for staff costs are reduced abruptly during the budget process.

Recommendations

108 In the short-term, the Panel recommends that the Secretary-General be requested to examine the post approval process and provide options for submitting estimates for staff costs for the General Service and Professional categories differently from the current procedure of submitting staff costs for these categories. Posts at the D-1 level and above would continue to be individually approved by the General Assembly following the current procedure. Posts in the General Service categories and the Professional category (P-1 to P-5) should be proposed and approved en bloc per budget section, with distribution by grade to be administered by the Secretary-General, at his or her discretion, according to the needs of the programmes.

Explanatory Note

107 The General Assembly would be requested to approve a total number of posts with a commensurate budget level, and the Secretary-General would have to comply with these ceilings and report post-facto. Therefore, posts can be shifted within a budget section and grades changed as long as the total number of posts and total dollar budget levels are not exceeded. Changes due to ICSC decisions or due to currency fluctuations or inflation would be handled in accordance with existing budgetary practice. This proposed change in budgeting for posts should not in any way compromise existing arrangements for ensuring compliance with General Assembly decisions on equitable geographic representation.

Presentation of Special Political Mission and Peacekeeping Budgets

108 Planning for and preparing SPM and peacekeeping budget documents are issues that need addressing in any effort to improve the United Nations planning and the budgetary process. In this connection the Panel recalls this statement of the Secretary-General, “It should be noted that SPMs have characteristics that set them apart from the other activities of the Organization financed from the Regular Budget. The structures in each of the missions do not form a part of the organizational structure of the United Nations Secretariat. Their activities are directed
towards operational matters and as such do not lend themselves to full integration with the programme of work of the Secretariat. In view of their unique characteristics, SPMs are not treated in accordance with the Programme Planning Regulations and Rules. The procedures followed for the initiation of the missions, whether through the Security Council or the General Assembly, do not follow the programme planning and budgeting cycle of the Regular Budget. Furthermore, SPMs may be approved at any time of the year.\(^{66}\) This statement supports the need for a review of the format for SPM and peacekeeping budget documents.

109 In its examination of the question of the scope of planning for UN operations, the Panel has concluded that the flexibility provided for in Rule 101 of the Programme Planning Regulations and Rules has not been fully explored in many planning and budgeting submissions for SPM and peacekeeping budgets. For example, the budget document for the financing of the African Union-United Nations Hybrid Operation in Darfur\(^{66}\) employs the RBB elements, which possibly could have been handled in a more streamlined manner to achieve a reader-friendly format that would facilitate decision-making in the Fifth Committee.

110 The type of documents prepared for SPMs and peacekeeping operations need not be subjected to all the elements of RBB. It makes little sense to have peacekeeping budgets with that level of detail about expected accomplishments and indicators of achievement for operations with shifting needs as a consequence of reacting to changing circumstances in the field. For example, when instability suddenly resumes on the ground, when troop deployments vary, when agreement to deploy civilians to a mission changes, all these circumstances will alter radically the expected accomplishments and indicators of achievement assumed in the original budget submission.

111 The format of SPMs and peacekeeping budget documents, just like that for the Regular Budget, also needs considerable streamlining. The Panel is aware of the General Assembly’s invitation to the Secretary-General to submit a budget for the United Nations Multidimensional Integrated Stabilization Mission in Mali on the basis of a standardised funding model.\(^{67}\) The report of the Secretary-General and the related report of the ACABQ have been submitted to the General Assembly.\(^{68}\) However, at present the Panel has no information on the extent to which the standardised funding model would affect the RBB presentation elements in peacekeeping and SPM budget documents.

**Recommendations**

112 For the short-term, and in the context of streamlining the presentation of budget documents, the Secretary-General should be requested to submit a mock-up of a revised presentation for peacekeeping and SPM budgets for review by the ACABQ. This mock-up should aim at considerably reducing the level of RBB that currently accompanies peacekeeping and SPM budgets. As necessary, when the ACABQ is examining these budgets, additional information can be supplied for its use. Such additional information could also be made available online to be accessed by Fifth Committee delegates should they ask for it.

**Treatment of Extra-budgetary Resources and Information**

113 The current practice of preparing a single Strategic Framework that is meant to cover both regular and extra-budgetary funded programmes is in accordance with the present Programme Planning Regulations and Rules as cited in paragraph 28 above. In paragraph 10 above, the Panel indicated that the General Assembly has delegated authority to approve programmes and extra-budgetary financed budgets to several of its subsidiary bodies, including such Funds and Programmes as UNEP, UNHCR, UN-Habitat, UNRWA, and UNODC. In addition, the proposed programme budget includes information and resources for implementing Trust Fund activities. Therefore, except for United Nations Trust Funds whose activities are implemented by Secretariat departments and offices, and provide support to extra-budgetary administrative structures partially funded under the Regular Budget, the inclusion of extra-budgetary resources, a well-established feature of the proposed programme budget, is for informational purposes. For example, for the 2014–2015 proposed programme budget, information submitted to the Fifth Committee shows about $14.1 billion in anticipated extra-budgetary resources accounted for under various sections of the budget in 2014–2015.

114 Regulation 3.12 of the United Nations Financial Regulations and Rules states: “Voluntary contributions, whether or not in cash, may be accepted by the Secretary-General provided that the purposes for which
the contributions are made are consistent with the policies, aims and activities of the Organization and provided further that the acceptance of voluntary contributions that directly or indirectly involve additional financial liability for the Organization shall require the consent of the appropriate authority.\footnote{Rule 103.4 (b) states: “voluntary contributions, gifts or donations that directly or indirectly involve additional financial liability may be accepted only with the approval of the General Assembly.”}

115 The Panel recalls the views of the General Assembly that posts funded from extra-budgetary sources “must be administered and managed with the same rigour as Regular Budget posts” and that “future budgets should contain clear and specific information on extra-budgetary resources in order to make a distinction between voluntary and assessed sources “must be administered and managed with the same rigour as Regular Budget posts” and that “future budgets should contain clear and specific information on extra-budgetary resources in order to make a distinction between voluntary and assessed and programme support costs.”\footnote{Accordingly, there has been considerable progress in identifying extra-budgetary resources in the proposed programme budget. The role of United Nations extra-budgetary operations has expanded tremendously in recent years and there is no evidence this trend is slowing. Absent adequate arrangements for managing such support to extra-budgetary activities, the burden falls on the Regular Budget. There is, therefore, a need to address the question of reimbursement for Regular Budget support to extra-budgetary activities, and a need to refine the current practice of presenting information related to extra-budgetary programmes during the preparation of both the Strategic Framework and the proposed programme budget.}

Programmes and submit its recommendations to the concerned governing bodies. In the short-term, the streamlined Strategic Framework and the proposed programme budget, for the decision of the General Assembly, would contain only the information and resources related to the United Nations proposed programme budget, including, where applicable, information on support services and related estimates for Regular Budget support to extra-budgetary administrative structures.\footnote{If action is taken as proposed above, there will be a need to amend Regulation 4.4 of the Programme Planning Regulations and Rules, in addition to the amendments proposed by the Secretary-General now before the CPC.}

117 The Panel also recommends that the Secretary-General undertake a review to determine: (a) whether the United Nations Secretariat and its departments and offices worldwide are adequately reimbursed for managing extra-budgetary operations funded by extra-budgetary sources; and (b) that receipt of extra-budgetary funds, especially Trust Funds, is not distorting implementation of priorities decided upon by Member States.

**Recommendations**

116 As the General Assembly has delegated authority to certain of its subsidiary bodies to approve extra-budgetary funded plans and related extra-budgetary financed budgets, the Panel recommends that the streamlined Strategic Framework submitted to the General Assembly in the short-term should no longer cover the extra-budgetary financed portions of the programmes like those of UNEP, UN-Habitat, UNHCR, UNRWA, UNODC, and so forth.\footnote{The current practice, for example, of submitting to the General Assembly a Strategic Framework covering the UNEP programme is confusing in view of the delegated authority vested in the UNEP governing machinery. In this regard, the ACABQ, on behalf of the General Assembly, would continue the current practice of reviewing the extra-budgetary budgets for these Funds and their contributions.}
One of the most important elements of the United Nations planning and budgetary process is the requirement for comprehensive and inclusive involvement of Member States in all of the stages from the beginning to the end of the process. The Programme Planning Regulations and Rules and many resolutions and decisions of the General Assembly on planning, on the Budget Outline, and on the programme budget have regularly stressed the importance of complying with this objective. Thus, for example, resolution 41/213 Part II, paragraph 1(d), on planning, programming, and budgetary process, recognised “the need for Member States to participate in the budget preparation from its early stages and throughout the process.” The involvement of Member States as described above is related to another injunction regularly declared in intergovernmental fora and in resolutions of the General Assembly on the Strategic Framework, on the outline, and on budgets: that the setting of priorities is a prerogative of Member States.

The Financial Regulations, as well as the Programme Planning Regulations and Rules, indicate in specific provisions the method by which Member States should be involved. For example, the fact that the planning, programming, and budgeting cycle covers a period of five years, a cycle approved by the General Assembly, is a function of the need to involve Member States in the process from the beginning to the end.

Regarding the involvement of Member States in the process of preparing and approving the Strategic Framework, this is done in the context of the work of the Fifth Committee, the other main committees of the General Assembly, the CPC, the ECOSOC, and sectoral, functional, and regional bodies. With regard to the latter, as noted above, Regulation 4.8 of the Programme Planning Regulations and Rules states: “The programmes and sub-programmes of the proposed medium-term plan [now the Strategic Framework] shall be reviewed by the relevant sectoral, functional, and regional intergovernmental bodies, if possible during the regular cycle of their meetings, prior to their review by the Committee for Programme and Coordination, the Economic and Social Council, and the General Assembly.”

The CPC reviews the proposed Strategic Framework and receives documentation from the Secretariat containing information showing the extent to which Regulation 4.8 of the Programme Planning Regulations and Rules has been complied with by the relevant intergovernmental machinery referred to therein. For example, in 2012, when the Committee was reviewing the Strategic
Framework for the proposed programme budget for 2014–2015, the Secretariat submitted a document\textsuperscript{66} containing information about intergovernmental reviews of the proposed 2014–2015 Strategic Framework. Furthermore, in the context of submitting the proposed programme budget, the Secretary-General regularly provides information on the actions of the intergovernmental machinery. For example, table 17 of the Secretary-General’s introduction to the 2014–2015 proposed programme budget provides information on budget sections for which the programme of work was reviewed by programme review bodies.\textsuperscript{56}

122 The duration of the session of several of these bodies does not always facilitate a timely review of the proposed programme and subprogramme plans. For example, several of the policy-making organs related to section nine (Economic and Social Affairs) meet fewer than ten working days (exceptions to this are the United Nations Forum on Forests and the United Nations Permanent Forum on Indigenous Issues): for example, the Statistical Commission meets four working days; the Commission on Population and Development, five working days; the Commission for Social Development, eight working days.\textsuperscript{57} In addition, there are instances where the documentation refers to some programme review bodies that do not appear enthusiastic to review their areas of concern (e.g., the Special Committee on Peacekeeping Operations) or merely take note (e.g., the Committee on Information); some do not give any reasons at all.

123 The review by relevant intergovernmental bodies is important, not just because this is part of the envisioned process, but because of the expertise available in the programme review bodies. Technically, these are the bodies that may be responsible for originating many of the programmes and activities under review and, therefore, they are the most qualified to pass judgment on the issues referred to them under Regulation 4.8 of the Programme Planning Regulations and Rules. These reviews should be of considerable assistance to the CPC when it reviews the Strategic Framework. Furthermore, the Panel believes that intergovernmental review by these bodies and their technical experts can provide valuable input and direction to the CPC, ECOSOC, and the General Assembly, while also possibly resulting in fewer edits by non-technical experts during subsequent consideration of the programme plans. The documentation clearly indicates that not all programme review bodies have been involved in such reviews.

124 Where reports submitted to the CPC or the General Assembly (e.g., in the context of the proposed programme budget) indicate that reviews have taken place, the Panel notes that the majority of such reviews were superficial. The CPC should be informed of the outcome of such reviews, and whether, in the context of reviewing future programmes of work, programme performance and evaluation information of current or immediate past programmes and activities was available to the reviewing entity. It would be useful to know whether there was an opportunity to assess programme relevance, to suggest programme changes, to postpone, delete, or modify existing and proposed programmes and activities. It may be that all these actions are taking place within Secretariat units when they are formulating the Strategic Framework or the programme aspects of the proposed programme budget. The CPC should be informed of all such actions when it is reviewing actions of the intergovernmental machinery pursuant to Regulation 4.8 of the Programme Planning Regulations and Rules.

125 Instead, most of the substantive submission to the CPC under Regulation 4.8 deals with editorial changes, including wording and drafting changes for expected accomplishments and indicators of achievement. Important as these may be, this editorial function is not adequate for the CPC to perform its important function of programme review and coordination as mandated by the General Assembly. Further information from sectoral bodies would also enhance the quality of CPC review and remove it from what appears to be an excessive concern with editorial changes.

126 In summary, the Panel concluded that the current involvement of Member States in the early stages of planning and programming through intergovernmental review of the Strategic Framework left something to be desired. Despite regulatory requirements under Regulation 4.8 of the Programme Planning Regulations and Rules, and compliance monitoring of their involvement by the CPC, the actual involvement of the subsidiary machinery has been patchy, inconsistent, and superficial, with bodies failing to demonstrate a sense of ownership for areas of their substantive responsibility. Consequentially, much of the input by the subsidiary machinery was non-substantive and editorial in nature.

127 From the information provided, the Panel has concluded that the quality of involvement by the relevant intergovernmental machinery, pursuant to
Regulation 4.8, needs considerable improvement. The Panel is of the view that when programme plan reviews are due, all relevant intergovernmental organs should make the review of their relevant programme plan a priority in their annual meetings. The Panel is also of the view that the results of the review by intergovernmental organs be included in the documentation submitted to the CPC for its use when it considers and recommends approval of the Strategic Framework for General Assembly approval. The CPC should systematically follow up this issue when it is informed of a review body that has not met the requirements of Regulations 4.8 and 5.6 of the Programme Planning Regulations and Rules, establish the reasons for such weakness, and submit recommendations to the General Assembly and ECOSOC for appropriate remedy. As noted earlier by the Panel, the meeting cycles of many of these bodies do not permit reviews in a timely manner. In this connection, the experience of intergovernmental bodies that have established ad-hoc mechanisms to perform the review function should be systematically explored by the review bodies that are experiencing difficulties in reviewing the proposed Strategic Framework due to their meeting cycles.

**Recommendations**

128 To enhance the quality of the CPC’s review of the Strategic Framework, the Panel recommends that, in the short-term, the CPC vigorously monitor the implementation of the Programme Planning Regulations and Rules by the United Nations subsidiary machinery in the light of the Panel’s comments in paragraphs 121–127 above. To this end, the review process should be strengthened by the CPC employing a higher level of expertise to discharge these responsibilities. The Panel also believes that if Member States were to review the criteria for determining individual representation in CPC discussions, the work carried out by the CPC would benefit considerably from such enhanced expertise. To this end, in addition to the current reliance largely on expertise from Fifth Committee delegates, the work of the CPC could benefit considerably from a mix of highly qualified non-Fifth Committee experts who have had extensive experience with United Nations programmes, including with Funds and Programmes and with specialised agency operations. Such individuals could provide the added programme planning/programme review/performance evaluation knowledge that might not be available to individuals who serve on the Fifth Committee. The appropriateness of relying mostly on Fifth Committee input is impacted by the frequent change of delegates attending the Committee, which militates against the opportunity to acquire the sort of expertise in programme matters that is so important for the work of the CPC.

129 The other change the Panel is recommending for the long-term is to combine the current functions performed by the ACABQ with those of the current CPC, to be discharged by a new expert Advisory Committee, which for the time being could be called the Advisory Committee on Budgets and Programmes (ACBP). The ACBP should comprise no fewer than 16 but not more than 25 members, to ensure more representation than is achieved by the current composition of the ACABQ. It would review budgets as well as programmes. This would be in line with the Panel’s proposal that preparation of biennial work plans, including the logical framework, for each section of the proposed programme budget be integrated with the preparation of the related budget estimates (see paragraph 57). The current ACABQ has no specific rules of procedure but uses the General Assembly rules, *mutatis mutandis*. The new ACBP should have its own rules of procedure.

**Explanatory Note**

130 In reviewing the proposed programme budget, the new ACBP would, taking into account information in budget fascicles and such additional information as it may request, ascertain the extent of involvement of the intergovernmental machinery in reviewing the programme of work, including to what extent the Secretary-General and other Secretariat units have complied with programme decisions of the intergovernmental machinery, such as decisions resulting from evaluation reports, programme performance information, programme modification, postponement, and discontinuation. The qualifications of the individuals serving on the ACBP would be a combination of what the Panel has stated in this report regarding the composition of the ACABQ and CPC.
Advisory Committee on Administrative and Budgetary Questions (ACABQ)

131 The ACABQ is a central element in the decision-making process of the General Assembly in the field of administration and budgetary matters. In accordance with the current rules of procedure of the General Assembly, “The General Assembly shall appoint an Advisory Committee on Administrative and Budgetary Questions consisting of 16 members, including at least three financial experts of recognised standing. Members shall retire by rotation and shall be eligible for reappointment. The three financial experts shall not retire simultaneously.”

132 Since its establishment in 1946, many changes have taken place, and unless these are addressed the role of the Committee may be adversely affected. For example, from 1946 to 2003, a period of 58 years, the Committee had four Chairs. From 2004 to 2013, a period of 10 years, the Committee had five Chairs. In recent years, there has been an equally rapid change of the membership of the Committee compared to past years. These changes in membership are due to many factors, including the role now played by regional groups in rotating ACABQ members from their regions. Too frequent a change in the membership of the Committee and the lack of criteria to define the qualifications of the financial experts referred to in the rules of procedure have compromised the effort to acquire and retain expertise and experience amongst members of the Committee.

133 The time has therefore come for the General Assembly to acknowledge these developments and take measures to accommodate and regulate the effect of the changes that have occurred so that the Committee continues to serve the General Assembly as effectively as originally envisaged. The objective would be to have a committee of qualified independent experts working in their individual capacity, as envisaged in resolution 14 (I) of 1946, and not as representatives of Member States. The membership may wish to have the General Assembly reiterate the importance of this principle.

ACABQ members should serve for two three-year terms, totalling a maximum of six years.

b. Qualifications: the General Assembly should define the criteria for selecting the members with financial expertise, as called for by the rules of procedure.

c. A supplementary code of conduct for all ACABQ members to include, inter alia, provisions prohibiting ACABQ members from pursuing employment in the United Nations system while still in service and for a specified period after ceasing to be a member of the Committee. This “cooling off” period could be modelled on existing arrangements for the ICSC and the Joint Inspection Unit (JIU), modalities that seem to work well.

d. The principle that conditions of service for the Chairman and the ACABQ members should continue, as heretofore, to be distinct and separate from those of United Nations Secretariat staff.

The ACABQ secretariat:

a. There is also a need for considerably strengthening the secretariat of the ACABQ by providing an additional mix of highly qualified long- and short-term staff in such subjects as IT, pension matters, health insurance, procurement, finance, and accounting.

b. The need to recognise the importance of preserving the current procedure of transferring to the ACABQ secretariat only staff that is already in employment with secretariats of the United Nations System rather than direct appointment of such staff from sources external to the United Nations system. In the performance of its duties, the independent role of the secretariat of the ACABQ, namely, that its sole purpose is to provide support and professional service to the Advisory Committee, should be recognised.

c. The Executive Secretary of the Committee, who should be appointed in full consultation with the Chairman, must have extensive knowledge of the United Nations and an excellent drafting ability to be able to supervise and guide the rest of the ACABQ secretariat staff in their work.
held 26 formal and at least 134 informal and “informal-informal” meetings, according to the programme of work on its website. Because many “informal-informal” meetings occur on short notice and often at a Member State’s mission or in small conference rooms somewhere in the Secretariat building, it is not possible to accurately estimate the total number of such meetings. At the end of the session, in particular, many “informal-informal” meetings occur simultaneously as the session draws to a close. The Panel observes that the current process is challenging to small delegations, most of whom have assigned one delegate to cover the Fifth Committee. Streamlining the operations of the Fifth Committee would allow for greater involvement of small delegations. Indeed, at the conclusion of the Fifth Committee meeting on 27 December 2014 regret was expressed as to the working methods of the Fifth Committee, including the tendency to work in small rooms that are not inclusive, and a call was made for the reform of the Fifth Committee working methods.

137 The Panel recalls that the number of informal meetings of the Fifth Committee grew tremendously after the adoption of resolutions 41/213 and 42/211—which encouraged making decisions by consensus on the budget item and which expanded to many non-budget items. The previous procedure, whereby items were first discussed in debates in the plenary of the Fifth Committee, was de-emphasized and the debates that used to take place in plenary were transferred to informal meetings. The “formal” and “informal-informal” process is now where most debate and negotiating occur. Even though this process cannot be avoided in a Committee that is required to operate by consensus, it is nevertheless difficult for all delegations to be involved in such a process.

138 The characterization of Fifth Committee proceedings as dysfunctional is often the result of not applying the rules of procedure to formal and informal meetings of the committee. Applying the rules of procedure does not mean the Committee would compromise the need to arrive at decisions on the budget by consensus.

139 The Panel observes that the workload of the Fifth Committee includes a number of complex agenda items that require significant time to debate and take decisions. In this regard it is important for documents to be made available on time and for the Committee to begin discussion of these items, such as the programme budget, as soon as possible. Late delivery of reports often leads to deferral of issues, exacerbating the Committee’s already full schedule.

140 According to the “Status of preparedness of documentation for the Fifth Committee during the main part of the sixty-eight session of the General Assembly,” 176 documents were to be submitted for the Fifth Committee’s consideration during the main part of the 68th session. Some of these documents were only a few pages long, while others, such as the proposed programme budget for the biennium 2014–2015, included multiple parts and were hundreds of pages long. This included not only reports submitted by the Secretariat, the Board of Auditors, etc., but also the related reports of the ACABQ. The non-availability of ACABQ reports on a timely basis has resulted in many instances where available reports of the Secretary-General cannot be introduced to the Fifth Committee as the Financial Regulations and Rules require simultaneous introduction of Secretary-General and ACABQ reports. In this connection, the Fifth Committee expressed concern over the late issuance of the first report of the ACABQ on the 2014–2015 proposed programme budget. According to Resolution 46/190 urges the Secretariat to provide documents six weeks before meetings begin, simultaneously in all official languages. The 68th General Assembly started on 17 September and the first meeting of the Fifth Committee was held on 3 October. Not all of the documents that were issued had necessarily been six weeks in advance. In addition, when the Fifth Committee convened on 3 October 2013 nearly 100 documents had yet to be issued. Regulation 2.4 of the Financial Regulations and Rules requires the budget to be transmitted to all Member States at least five weeks prior to the opening of a session.

141 Of the reports to be considered by the Fifth Committee, 79 were issued at the time the status of preparedness of documents was submitted to the General Assembly (30 September 2013). Resolution 46/190 urges the Secretariat to provide documents six weeks before meetings begin, simultaneously in all official languages. The 68th General Assembly started on 17 September and the first meeting of the Fifth Committee was held on 3 October. Not all of the documents that were issued had necessarily been six weeks in advance. In addition, when the Fifth Committee convened on 3 October 2013 nearly 100 documents had yet to be issued. Regulation 2.4 of the Financial Regulations and Rules requires the budget to be transmitted to all Member States at least five weeks prior to the opening of a session.
Recommendations

143 The Panel recommends that a document be prepared by the Fifth Committee secretariat that explains clearly the working methods of the Fifth Committee, and that this document be available to all delegates whenever a new session starts.

144 Furthermore, the Panel recommends that the Fifth Committee takes a hard look at the issue of late submission of documents. The Committee could devote a number of meetings to discussing this issue alone on the basis of a formal report from the Secretariat. If late submission of documents is related to lack of staff capacity and insufficient production services in both the Department for General Assembly and Conference Management and in submitting departments, the Secretariat should identify and explain the causes of this lack of capacity and insufficient production services. Is it because the Secretariat is being asked to do too much with less, or is it also because of too much pressure to be implemented “within existing resources?” Whatever the reasons, the Panel is of the view that the problems of late submission of documents require urgent remedy. In this connection, the situation experienced on 27 December 2013, when the General Assembly took decisions on Fifth Committee reports that had not been fully processed, should also be addressed without delay; otherwise the important role of the Fifth Committee could be adversely affected.

145 The Panel recalls the statement of the President of the General Assembly on 27 December 2013, in the context of the final meeting of the Fifth Committee, when he suggested the timing of the presentation of the budget to the Fifth Committee be reviewed. Therefore, the Panel recommends that, during the budget year, the presentation of the budget to the Fifth Committee take place at a much earlier date than is the current practice. There is no reason for the introduction of the budget to await the conclusion of the General Debate.

Fifth Committee/ACABQ Coordination

146 The Panel would like to point out that the Fifth Committee these days often duplicates much of the technical review done by the Advisory Committee. As a result of this development, the lines between the roles of these two committees have become blurred and have overlapped in recent years. The Fifth Committee often requests a large number of pages of information (for example, during Fifth Committee reviews of budgets) that comprise, more or less, the same type of information previously submitted to the ACABQ. The Panel trusts that if the recommendations to review the Advisory Committee made in paragraphs 134–135 above are acted on, the result might enhance the capacity of the ACABQ to submit technical recommendations that could facilitate the work of the Fifth Committee, thereby reducing the risk of the current overlap of the functions of the two Committees.

Recommendations

147 The Panel recommends the convening of regular joint planning meetings between the Bureau of the Fifth Committee and the Chair and Executive Secretary of the Advisory Committee with relevant United Nations Secretariat staff dealing with reports and documentation processing.
The main purposes of the Programme Planning Regulations and Rules, last updated in 2000, are: (a) to subject all programmes of the Organization to periodic and thorough reviews; (b) to afford an opportunity for reflection before choices among the various types of action possible are made in the light of all existing conditions; (c) to associate in that reflection all participants in the Organization’s actions, especially Member States and the Secretariat; (d) to assess what is feasible and derive from this assessment objectives that are both feasible and politically acceptable to Member States as a whole; (e) to translate those objectives into programmes and work plans in which the responsibilities and tasks of those who are to implement them are specified; (f) to indicate to Member States the resources needed to design and implement activities and to ensure that those resources are utilized according to legislative intent and in the most effective and economical manner; (g) to provide a framework for setting priorities among activities; (h) to establish an independent and effective system for monitoring implementation and verifying the effectiveness of the work done; (i) to evaluate periodically the results achieved, with a view either to confirming the validity of the orientations chosen or to reshaping the programmes toward different orientations. The Panel notes from the above that the Programme Planning Regulations and Rules overlap with the budget portions of the Financial Regulations and Rules. Consequently, the Panel believes there would be benefit to the Organization of combining the two sets of Regulations and Rules.

The Panel notes that the current Programme Planning Regulations and Rules are also out of date, as they do not reflect all the changes made by the General Assembly on the planning process since 2003. The Panel is aware that the Secretary-General has proposed revisions to the Programme Planning Regulations and Rules to reflect General Assembly decisions, for example on replacing the Medium-Term Plan with a Strategic Framework. However, due to lack of time, the CPC deferred consideration of the revisions to its 55th session, in 2015. Meanwhile, the current system for the Strategic Framework is inconsistent with the current wording of the Programme Planning Regulations and Rules.

**Recommendations**

In the short-term, the Panel recommends that every effort be made in the forthcoming review in 2015 to clarify and update the Programme Planning Regulations and Rules, some provisions of which have not been followed as a matter of practice. For example, there is an apparent non-implementation of Regulation 4.2 and Rule 104.2(c) regarding the need to justify the retention of mandates that are more than five years old. The CPC should examine the
question in full and ensure effective observation of the intent of Regulation 4.2 and the corresponding rule with a view to recommending either the amendment or abolition of these provisions. The Programme Planning Regulations and Rules should be more specific about the scope of United Nations planning for Regular Budget programmes, peacekeeping, and SPM operations as well as those programmes and activities that are funded by extra-budgetary resources.

For the long-term, the implementation of recommendations made in this report will lead to a complete revision of the current PPBME regime.
At this stage of the process of implementing the International Public Sector Accounting Standards (IPSAS), this project remains within the scope of work for the Board of Auditors. Therefore, the Panel believes that the Board should continue to monitor the implementation of IPSAS and report on benefits and challenges. The Panel notes, however, that managers should understand the new rules with regard to fixed-asset controls so they can handle those matters appropriately. The Panel trusts that the Board of Auditors will provide comments on all of these matters at the appropriate time.

In recent years, Member States have given considerable attention to the subject of oversight and accountability, with the result that both have been strengthened and the independent role of OIOS has been enhanced. The Panel trusts that OIOS, in its capacity as the Organization's internal auditor and while independent in its reporting to the General Assembly, will continue, in a timely manner, to bring to the direct attention of the Secretary-General challenges or problems it has identified that require the Secretariat's urgent attention.
BECAUSE PROCESS MATTERS

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Annex I: How the Secretariat creates the Strategic Framework for the consideration and approval by the General Assembly

In November, a little more than two years before a biennium begins, the Secretary-General sends a memo to all programme managers providing guidance on how to draft the Strategic Framework, including any changes from the previous biennium. The Secretary-General also provides a Support Guide to ensure programme managers understand the requirements and format.

For the biennium 2014–2015, this process started in November 2011.

In January, two years before the biennium begins, drafts are due to the Office of Programme Planning, Budget and Accounts (OPPBA). OPPBA and the programme managers discuss the draft document in half-day working sessions, making further adjustments as needed.

For the biennium 2014–2015, this process occurred in January 2012.

In March, nearly two years before the biennium begins, the Secretariat provides the documents for translation and submission to the CPC for its consideration that summer. By the time the documents are submitted to the CPC, they should reflect all decisions by governing bodies up to that point. If additional decisions are made after March and through the end of the CPC session, the CPC is informed of required changes by the Secretariat during their session. Documents are not revised at this time.

For the biennium 2014–2015, this process occurred in March–June 2012.

In the fall General Assembly session of an even year, a little more than one year before the biennium begins, the General Assembly considers the CPC’s report on the Strategic Framework and approves the Strategic Framework.

For the biennium 2014–2015, this occurred in December 2012.

Based on this decision, the Secretariat begins to prepare the budget fascicles. The budget fascicles reflect any changes to resource requirements based on governing body decisions from the time of the Strategic Framework’s submission to the CPC through the General Assembly’s approval of the Strategic Framework (including at that General Assembly session), even though the Strategic Framework itself has not yet been officially revised and approved. A “consolidated changes” report is submitted to the CPC in its next session (odd year/budget year) reflecting any changes to the Strategic Framework based on governing body decisions made after its original submission.

For the biennium 2014–2015, the process of approving “consolidated changes” by the CPC occurred in June 2013 and by the General Assembly in December 2013.
Annex II: The Programme Planning and Budgetary Cycle: Timeline since 2004

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<td>2007</td>
<td>2009</td>
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<td>Final appropriations approved</td>
<td>2007</td>
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*Those years in italics represent steps that have not yet been completed.
**Annex III (a): Programme Planning and Budgetary Cycle**

### CURRENT PROCESS

**Even Year**

1. **Jan**: Draft plans submitted to OPPBA from programme managers
2. **Mar**: Decisions made on draft plans; Strategic Framework submitted to CPC
3. **May**: CPC meets and reviews plans; submits report to the General Assembly
4. **July**: General Assembly approves Strategic Framework and budget outline

**Odd Year**

1. **Jan**: ACABQ reviews budget
2. **Mar**: CPC reviews consolidated changes report
3. **May**: Budget submitted to the General Assembly
4. **July**: General Assembly considers and approves programme budget

### NEW PROCESS

**Even Year**

1. **Jan**: Draft integrated programme budgets submitted to OPPBA by programme managers
2. **Mar**: General Assembly receives and approves Budget Outline

**Odd Year**

1. **Jan**: General Assembly approves integrated programme budget

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*OPPBA and Departments begin to liaise and consult with subsidiary organs on the integrated programme budget.*
Annex IV: How the Secretariat creates the Proposed Programme Budget for the consideration and approval by the General Assembly

Two years prior to the start of the biennium, the Secretariat begins to develop the proposed Budget Outline. The Secretary-General submits his proposal for translation in August, two years prior to the biennium, and the ACABQ considers it in October. The General Assembly makes a decision on the outline in December. Per resolution 58/269, the CPC no longer considers the Budget Outline.

For the biennium 2014–2015, this process took place in 2012.

Simultaneously, the Secretariat uses the proposed Budget Outline to set targets for each Department. These targets, along with guidance, are used by programme managers to develop the proposed programme budget.

For the biennium 2014–2015, this process took place from September to December 2012.

Departments submit their proposed programme budgets to OPPBA in January of the year before the biennium starts. OPPBA and Departments have working sessions to discuss the proposed budgets from January through March. The Secretary-General decides on the proposed programme budget by the end of April.

For the biennium 2014–2015, this process took place from January to April 2013.

The ACABQ considers the proposed programme budget from May through July, with its first report on the proposed programme budget made available for the beginning of the General Assembly session. During the ACABQ’s consideration, it hears from representatives of the Secretariat and seeks additional information as well.

For the biennium 2014–2015, this process took place from May to July 2013.

The General Assembly considers the proposed programme budget and the ACABQ reports on the budget during its main session the year before the biennium starts, deciding on the initial level for the budget in December.

For the biennium 2014–2015, this process occurred in October–December 2013.
1 PPBME is the acronym for the “Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.” For the sake of simplicity, the term “Programme Planning Regulations and Rules” is used in this report.

2 A/58/395 paragraph 4.

3 Amongst the six principal organs of the United Nations, only the General Assembly has authority to approve and assess United Nations budgets. The Assembly also has authority to decide whether a budget should be financed through voluntary methods rather than apportioning the expenses on Member States.

4 The Trusteeship Council, one of the six United Nations principal organs, is currently inactive.

5 The General Assembly also approves peacekeeping budgets.

6 For example, proposals contained in A/57/387, A/57/786, A/58/395 and A/62/81.


8 General Assembly resolution 58/269, paragraph 7.

9 Approved peacekeeping budgets for 1 July 2013 to 30 June 2014 (as of 31 October 2013, per Department of Political Affairs website) is $75 billion; SPM budget for 2012–2013 was $1.2 billion (OPPBA).

10 PPBME Regulation 1.1 states: “The present Regulations shall govern the planning, programming, monitoring and evaluation of all activities undertaken by the United Nations, irrespective of their source of financing.”

11 A/67/6 (Part One) and Programmes 1–28.

12 The CPC has not concluded its review of proposed changes to the Programme Planning Regulations and Rules in A/68/74. Therefore, the current Regulations and Rules are inconsistent with relevant decisions of the General Assembly and still refer to the Medium-Term Plan and not the Strategic Framework.

13 In accordance with planning Regulation 6.3, programme performance reports must be submitted during the first quarter after the end of the biennium to which they relate. The General Assembly approves the reports in the fall of the year of submission on the basis of recommendations of the CPC at its session that year.

14 Regulation 2.1 of the Programme Planning Regulations and Rules notes the steps in the cycle, and Regulation 6.3 states: “The Secretary-General shall transmit the biennial programme performance report to all Member States by the end of the first quarter following the completion of the biennial budgetary period.”

15 A/62/81, paragraph 18.

16 A/65/6 (Part One), paragraph 10.

17 Regulation 4.5 states: “The medium-term plan [now Strategic Framework] shall be presented by programme and sub-programme. There shall be congruence, to the extent possible, of the programmatic and organizational structure of the Secretariat. Each programme shall contain a narrative identifying the mandates that provide overall direction for the programme. Each subprogramme shall contain a narrative, which should reflect all mandated activities and identify objectives and accomplishments to be achieved during the plan period.”

18 A/57/6/Rev.1.

19 A/62/81, paragraph 21.


21 A/65/6 (Part One), paragraph 60.

22 A/67/6 (Programme 4).

23 A/67/6 (Programme 7).

24 A/67/6 (Programme 1).

25 A/67/6 (Programme 10).

26 Rule 101.1 (b) of the planning regulations anticipates lack of full implementation of extra-budgetary programmes as a result of non-receipt of extra-budgetary funding.

27 A/67/6 (Programme 10), page 4, states: “To promote economic policies and strategies at all levels for sustained growth, inclusive and sustainable development, full employment and decent work for all, and hunger and poverty eradication in developing countries, especially least developed countries.”

28 A/57/786, paragraph 17.

29 Ibid.

30 A/67/6 (Part One).

31 A/68/74.

32 Regulation 4.5 states: “There shall be congruence, to the extent possible, of the programmatic and organizational structure of the Secretariat.”

33 For example, for 2014–2015, see A/68/75, consolidated report of the Secretary-General on changes to 6 programmes reviewed by the CPC in its report, A/68/16, of 13 July 2013.

34 A/44/524.

35 A/43/929 and resolution 43/214, paragraph 5.

36 General Assembly resolution 66/246, paragraph 27.

37 General Assembly resolution 67/246, Section X, paragraphs 5 and 6.

38 A/67/592.

39 General Assembly resolution 67/246, Section X, paragraphs 5 and 6.

40 The ACABQ provided technical advice on how to handle such decisions in its report A/37/Add.16.

41 General Assembly resolution 68/246.

42 General Assembly resolution 41/213, Annex 1 C, and General Assembly resolution 42/211, Annex Section C.

43 Regulation 2.10.

44 For example, A/C.5/66/13 and A/66/7/Add.23.

45 A/C.5/66/13. The Panel’s review of the Annex leads it to believe that the following items should have been included in the proposed programme budget: enterprise information and communications technology initiatives; and the requirements related to the Ombudsman and Mediation Office, Administration of Justice, Strategic Heritage Plan, Ethics Office, Office of the Director-General (Nairobi), and emergency management framework.

46 A/66/7/Add.23, paragraph 5.

47 A/60/692.

48 General Assembly resolution A/60/283.

49 General Assembly resolution 68/248 includes this language (Section A, paragraph 2).

50 A/60/846/Add.3 (paragraphs 76–102).

51 A/44/729.

52 A/67/592.

53 A/43/929, paragraph 21.

54 General Assembly resolution 68/246.

55 A/65/560, paragraph 17.


57 General Assembly resolution 67/286.

58 A/68/538 and A/68/653.

59 General Assembly resolution 64/243, paragraphs 39 and 41.

60 For those requiring the full picture of the costs for the United Nations system, information can be obtained from the document entitled “Budgetary and Financial Situation of the Organizations of the United Nations System.” The most recent information can be found in A/67/215. This information is compiled
annually by the Secretariat of the Chief Executives Board.

61 For example, with regard to UNEP, no information and related resources for the Environment Programme should be included in the Strategic Framework or in the proposed programme budget. However, the Strategic Framework and Regular Budget should continue to show information and related resources for the Regular Budget support of the Nairobi UN Centre.

62 A/68/74.

63 This has been emphasized from 1986 to the present. See, for example, General Assembly resolution 58/269, paragraph 3, and General Assembly resolution 63/247, paragraph 4.

64 For example, General Assembly resolution 58/269, paragraph 2, and General Assembly resolution 63/247, paragraph 3.

65 E/AC.51/2012/CRP.1 Note by the Secretariat: “Review of Part Two: Biennial Programme Plan by Sectoral, Functional and Regional Bodies.”

66 A/68/6 (Introduction).

67 A/68/6 (Sect. 9), paragraphs 9.23–9.51.

68 Regulation 5.6 of the PPBME states: “Within the proposed programme budget, the Secretary-General shall submit to the General Assembly, with justification, a list of outputs included in the previous budgetary period which, in the judgment of the Secretary-General, can be discontinued and which, as a consequence, have not been included in the proposed programme budget.”

69 A/C.5/68/L1*

70 68/246, paragraph 13

71 A/68/PV.72/


73 A/68/74: Secretary-General's proposed revisions to the Programme Planning Regulations and Rules.

74 A/68/16, paragraph 25.

75 Regulation 4.2 states: “The medium-term plan [now Strategic Framework] shall be a translation of legislative mandates into programmes and sub-programmes.”

76 Rule 104.2(c) states: “Unless it mandates continuing functions of the Organization, a legislative mandate adopted more than five years before the medium-term plan review should be accompanied by an explanation justifying its retention as a mandate.

77 A/67/6 (Part One) and Programmes 1–28, and A/67/16.

78 General Assembly resolution 67/236.

79 A/68/75, A/68/16, and General Assembly resolution 68/246. Source: Based on conversation with the UN Secretariat/OPPBA.

80 A/68/6 (Introduction and Sections 1–36), A/68/7, and General Assembly resolution 68/248. Source: Based on conversation with the UN Secretariat/OPPBA.
This report is the result of a cross-regional initiative, launched by Australia, Mexico, Nigeria, Peru, Poland, Saudi Arabia, South Africa, Switzerland, and Thailand, to examine the shortcomings of the United Nations programme planning and budgetary process. An independent Expert Panel scrutinized this process with thoroughness and care and has made 26 recommendations to improve it. The report and its accompanying recommendations will, ideally, serve as the framework for an in-depth debate among UN Member States, ultimately leading to a process that will allow for a more timely and effective consideration of the United Nations Regular Budget.