

UN HABITAT

FOR A BETTER URBAN FUTURE

**68th REGULAR MEETING OF THE COMMITTEE OF PERMANENT
REPRESENTATIVES TO UNITED NATIONS HUMAN SETTLEMENTS
PROGRAMME**

21 MARCH 2018

Agenda Item 11:

**Reform of the UN Planning and Budget Cycle and Preparation of UN-Habitat
Annual Budget 2020 & Strategic Plan 2020-2025**

A. Background

The UN Secretary-General intends to implement a reform agenda of the Organization that includes reform of the peace and security architecture, development system reform and management reform aimed at simplifying procedures and decentralizing decisions, with greater transparency, efficiency, agility and accountability.

The management reform includes a transformation of the programme planning and budgeting process to better respond to changes in the scope and breadth of the Organization's mandates.

In this regard, the Secretary-General's report points out that the current programme planning and budgeting cycle is protracted, and documentation is too voluminous and fragmented to allow for a strategic assessment of the Organization's programme of work. The report also stresses that the Secretary-General lacks the managerial authority to shift resources between programmes in support of delivering Organization-wide priorities.

In response to the challenges posed by the programme planning and budgeting processes, the Secretary-General proposed the streamlining and improvement of the planning and budgetary processes to better support decision-making and increase the transparency of information. The SG proposals included:

- (a) moving from a biennial to an annual process;
- (b) shortening the planning and budgetary cycle from five to three years;
- (c) presenting programme planning and performance information in the annual regular budget instead of separate reports;
- (d) refining elements of the results-based-budgeting framework;
- (e) strengthening performance reporting by reflecting information on lessons learned, including from evaluation and self-evaluation, in the annual budget;
- (f) seeking greater authority for the redeployment of resources during budget implementation; and
- (g) increasing the level of the Working Capital Fund.

B. Reform of the United Nations planning and budgeting cycle

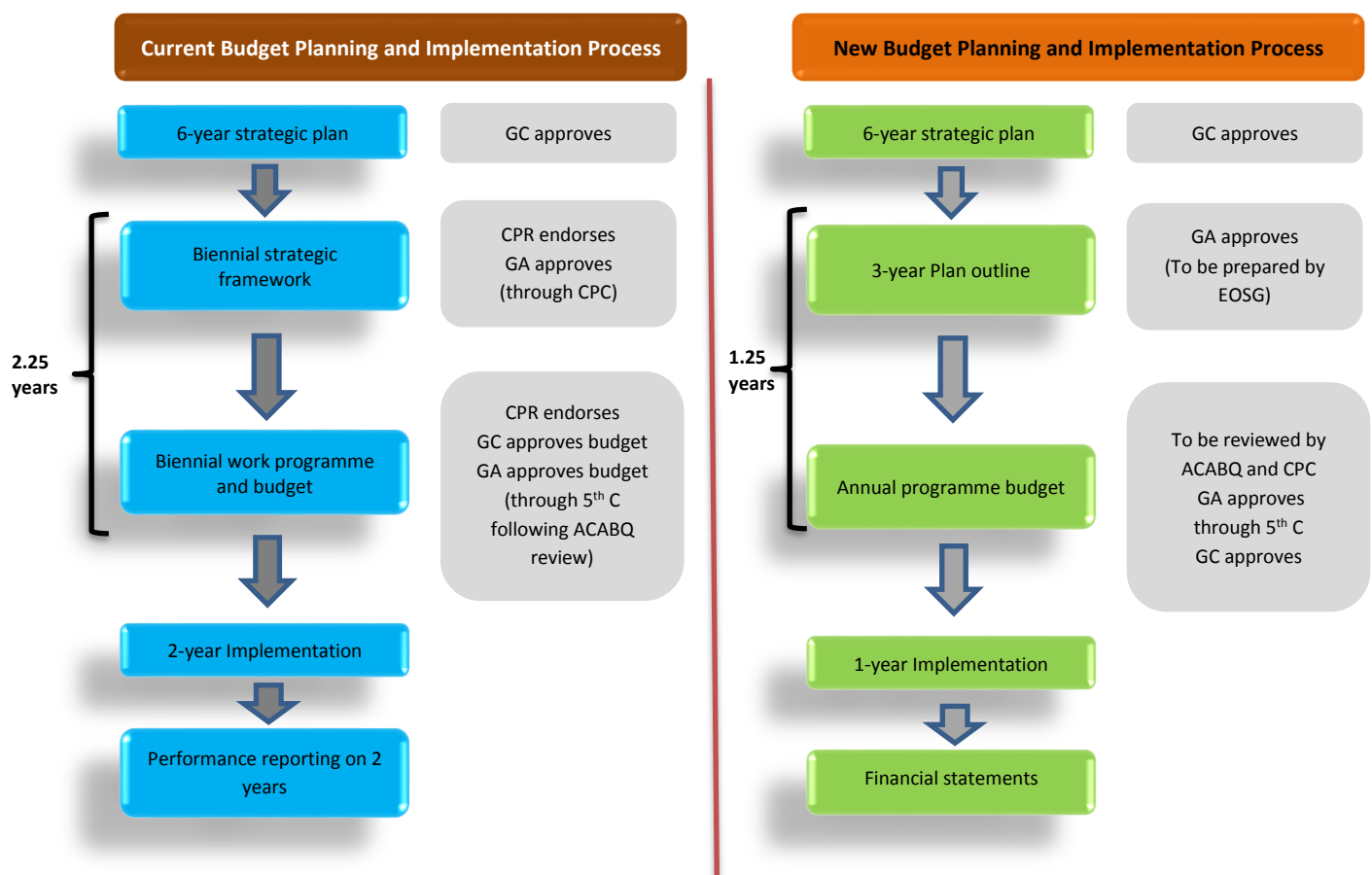
In 2017 the Secretary-General submitted his management reform proposals for consideration during the main 72nd session of the General Assembly. The management reform proposals include detailed proposals for budget reform, including the impact on the organization of the intergovernmental budget process, the length of the budget period and the format of the programme plans and logical framework.

In response to the management reform proposals of the Secretary-General, the General Assembly, by its resolution **72/266 of 24 December 2017**, approved far-reaching changes to the programme planning cycle and reporting.

The GA resolution included, on a trial basis, the move of the Regular Budget from a biennial to an annual cycle in 2020 and the main structure of an integrated budget document with three (3) parts as follows:

- ❖ Part I: The Plan outline which endorses the long-term priorities and the objectives of the Organization;
- ❖ Part II: The programme plan for programme and sub-programmes and programme performance information; and
- ❖ Part III: The post and non-post resource requirements for the programmes and sub-programmes.

Figure 1: Main changes in the planning and budgeting process



As illustrated in figure 1 above, the new budget planning and implementation process will no longer have a biennial strategic framework as the principal policy directive of the Organization. Instead, the SG has proposed a 3-year plan outline, which will be prepared by the Executive Office of the Secretary General (with minimal involvement from departments).

The plan outline will reflect the longer-term objectives of the Organization. It will be presented as a separate document for consideration by the Committee for Programme and Coordination (CPC) and the General Assembly.

As for the annual programme budget (APB), while the CPC and the Advisory Committee on Administrative and Budgetary Questions (ACABQ) would continue to examine the programmatic and financial aspects of budget documents and to submit their conclusions and recommendations to the General Assembly for its consideration, in accordance with their respective mandates, the two Committees would consider the budget report at the same time in the annual cycle, thereby allowing for greater focus and integration within the process. The Fifth Committee would be able to consider both the programming aspects and the financial requirements of the budget on the basis of the advice of the two Committees.

In terms of contents of the annual programme budget, the Programme Planning and Budget Division (PPBD) is finetuning the methodologies and formats. For now, a collapse of the “objective” level and “expected accomplishment (EA)” is being proposed. EAs will no longer be part of the budget document. The “indicators of achievement” and “performance measures” will no longer be part of the budget document as well.

However, the programmatic narrative of the budget document would continue to reflect the translation of legislative mandates into programmes and subprogrammes for the budget period. The proposed narrative for each subprogramme would reflect the following:

- ❖ The overall framework of goals or purposes with which its work is aligned;
- ❖ The strategy for the implementation of related mandates;
- ❖ The results to which it has contributed in the previous budget period (most significant change), as compared with the original plan for the same year;
- ❖ Lessons learned and prior-period programme performance;
- ❖ Planned results for the proposed budget period; and
- ❖ Main deliverables (outputs) planned for the budget period and achieved in the prior period.

The CPR will be briefed accordingly once the format and contents of the annual programme budget have been finalized.

C. Preparation of UN-Habitat annual budget for 2020

The new planning and budget process of the UN Secretariat may influence UN-Habitat 6-year strategic planning cycle.

However, the decision on the governance model of UN-Habitat will define how Member States approve the overall budget of the Organization, including the XB component.

The Programme Planning and Budget Division has planned to embark on an intensive change management process this year, for which it is working out more detailed steps and timelines. In general terms, the plan is to work closely with all Departments and Offices throughout 2018, to guide and support the preparation of annual programme budget for 2020. PPBD has already planned to carry out “hands-on” workshops, with participation of substantive counterparts from all sub-programmes, during which the annual programme budget for 2020 will be drafted. UN-Habitat’s workshop is planned for **July 2018**. UN-Habitat’s draft annual budget for 2020 will be submitted to the CPR for review and endorsement in **the fourth quarter of 2018**. UN-Habitat Governing body will then, in 2019, consider the draft annual programme budget for 2020, which will be examined by the CPC and ACABQ within the period from May to July 2019, in accordance with their respective mandates, and by the Fifth Committee during the main 73rd session.

The CPR will be updated on the timeline in its next session, as necessary.

D. UN-Habitat’s next strategic plan for 2020-2025

UN-Habitat work programmes and budgets or programme budgets, be they annual and biennial, should always aligned with and informed by the Organization’s 6-year strategic plan.

The year 2019 will mark the completion of UN-Habitat’s 6-year strategic plan for 2014-2019.

In 2018, UN-Habitat will start the preparation of its next strategic plan for 2020-2025, which will then be approved by the Governing body in **2019**.

The Strategic Plan 2020-2025 should not only inform the first annual budget for 2020 but also rolling annual budgets during the same period.

Formulating the next strategic plan for 2020-2025 before the preparation of the annual programme budget 2020 is therefore of a strategic importance for UN-Habitat.

The formulation of the next strategic plan will integrate lessons learned in the implementation of the strategic plan 2014-2019 as contained in various assessments and evaluations (e.g. OIOS, MOPAN midterm evaluation of the strategic plan). It will also take into account, within the mandate of UN-Habitat, the 2030 Agenda and its SDGs, the New Urban Agenda, the Addis Ababa Action Agenda, the Sendai Framework, the Paris Agreement, the New York Declaration for Refugees and Migrants and other global mandates.

The formulation of and consultations on the strategic plan 2020-2025 should lead to a draft document with at least the following key sections:

I. Strategic analysis	II. Strategic choice
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<ul style="list-style-type: none"> ❖ Mandate of the organization ❖ Review of urbanization trends, challenges and opportunities ❖ Lessons learned from previous strategic plan ❖ SWOT analysis 	<ul style="list-style-type: none"> ❖ Vision ❖ Mission ❖ Strategic result ❖ Focus areas, their strategic results and scope ❖ Organizational Theory of Change (ToC)
III. Strategic implementation	IV. Annexes
<ul style="list-style-type: none"> ❖ Strategies for each focus area and their ToC ❖ Implementation through the WP&B ❖ Risk management ❖ Organizational structure ❖ Monitoring and reporting ❖ Results framework: focus area results and indicators of achievements ❖ Evaluation ❖ Financial and human resources 	<ul style="list-style-type: none"> ❖ Performance measurement plan ❖ Resource mobilization strategy ❖ Communication strategy

**E. Timeline and steps for the formulation and approval of the strategic plan 2020-2025
and annual programme budget 2020**

2018											
Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
<ul style="list-style-type: none"> ❖ UN-Habitat prepares roadmap for strategic plan (SP) and annual programme budget (APB) and consults with CPR ❖ ED designates strategic planning team with ToRs 			<ul style="list-style-type: none"> ❖ Strategic planning process begins ❖ Consultations with Member States and other stakeholders on SP begin 			<ul style="list-style-type: none"> ❖ CPR begins consideration of draft strategic plan ❖ UN-Habitat prepares annual programme budget 2020 			<ul style="list-style-type: none"> ❖ Consultations with CPR on draft annual programme budget 2020 ❖ Endorsement of draft strategic plan by CPR at the fourth meeting of 2018 		

2019											
Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
UN-Habitat submits draft annual budget to PPBD (15 Jan)		ACABQ reviews XB portion of APB	Governing body considers draft SP 2020-2025 and annual budget 2020	CPC and ACABQ review annual programme budget 2020					<ul style="list-style-type: none"> ❖ 5th Committee reviews reports of CPC and ACABQ on annual programme budget 2020 ❖ GA approves annual programme budget 2020 		