

INFORMAL WORKING PAPER ON
A NEW MECHANISM TO FURTHER INVOLVE MEMBER STATES IN THE
PREPARATION AND FOLLOW UP OF THE PROGRAM AND BUDGET

I. INTRODUCTION

1. At its ninth session, held in January 2006, the Program and Budget Committee (PBC) examined a document entitled “Proposals on a New Mechanism to Further Involve Member States in the Preparation and Follow Up of the Program and Budget” (see document WO/PBC/9/4). The document, which had been prepared by the Secretariat to follow up on a decision adopted by the Assemblies of WIPO Member States (the Assemblies) in September 2005, identified relevant issues for consideration and presented some preliminary proposals, and was welcomed by the Committee as a good basis for further discussion and elaboration.

2. At the conclusion of the session, the Committee requested the Secretariat to convene two rounds of informal consultations and a formal session of the Committee with a view to continuing discussion in such a way so as to enable the PBC to recommend a new mechanism to the Assemblies in September 2006. The Committee also requested the Secretariat to assist Member States in this process by providing additional information including on relevant best practices in the United Nations system. It also suggested that attention should first focus on the phase of program and budget preparation, and then on linkages between assessment of the financial and program performance in the preceding biennium and preparation of the financial and programmatic aspects for the new biennium.

3. The present informal working paper has been prepared by the Secretariat to assist Member States in the follow up on the decision made by the Committee at its ninth session as well as to structure the discussions in the informal consultations. The paper is structured as follows: Part II provides information on relevant best practices in the United Nations system; Part III illustrates the current WIPO mechanism for program and budget preparation as approved by the Assemblies in the year 2000; Part IV suggests possible ways to further involve Member States in the preparation of the Program and Budget; Part V puts forward possible ways to further reinforce linkages between the preparation of the Program and Budget and the assessment of financial and programmatic results of the preceding biennium; Part VI relates to the implementation of the new mechanism and also outlines the way forward from the current round of informal consultations to the September 2006 Assemblies.

II. RELEVANT BEST PRACTICES IN THE UNITED NATIONS SYSTEM

4. In 2003, the Chief Executives Board (CEB)¹ of the United Nations produced a document entitled “Budgeting in Organizations of the United Nations System” (CEB/2003/HLCM/21). Table 2 of the CEB document (entitled “Budget Preparation and Submission Procedures”) compares the practice in terms of budget preparation and approval

¹ The CEB is the successor body to the Administrative Committee on Coordination (ACC). It furthers coordination and cooperation on a range of substantive and management issues facing UN system organizations. The CEB is composed of executive heads of the organizations of the United Nations system, and meets twice a year under the chairmanship of the Secretary General of the United Nations.

of the UN Secretariat and the following organizations: the International Labour Organization (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Civil Aviation Organization (ICAO), the World Health Organization (WHO), the Universal Postal Union (UPU), the International Telecommunications Union (ITU), the World Meteorological Organization (WMO), the International Maritime Organization (IMO), the World Intellectual Property Organization (WIPO), the United Nations Industrial Development Organization (UNIDO) and the International Atomic Energy Agency (IAEA). A copy of this table is provided in Appendix I.

5. The information contained in Appendix I shows that, due account being taken of the different constitutional and organizational aspects of the various UN organizations under review (many of which, unlike WIPO, have regional and national structures, and some of which do not have a biennial but a triennial or four-year budget cycle), the process of elaboration of the program and budget has the following common features.

6. First, all the organizations under review have a technical body in charge of budget and finance matters similar to the WIPO Program and Budget Committee and a supreme decision-making body similar to the WIPO Assembly. The first body is charged with the initial assessment of the draft Program and Budget prepared by the Secretariat, and the latter with its final assessment and approval.

7. Second, in all cases under review the process leading to the development of the Program and Budget of the organizations is initiated by the elaboration of a set of proposals by the concerned Secretariat. These initial proposals are prepared on the basis of an internal process of consultation and coordination with Program Managers as well as, according to each individual organization, on external inputs drawn from the respective Member States.

8. These external inputs are provided through a variety of formal and informal mechanisms and, where appropriate, regional consultations².

9. In the UN Secretariat, a system has been in place since 1988 whereby in off-budget years the Secretary General presents to Member States a draft outline containing preliminary

² For example, the UNESCO Program and Budget preparation begins with the distribution of a questionnaire to UNESCO stakeholders inviting their priorities for the Program and Budget. This is followed by a process of regional consultations of National UNESCO Commissions. The results of both these processes are then contained in a report submitted to the UNESCO Executive Board in the fall of the off-budget year together with the Director General's preliminary Program and Budget proposals. Based upon this, the Secretariat then prepares a draft Program and Budget for submission in the spring of the budget year to the Executive Board and for its recommendations to the General Conference in the fall of budget year for the adoption of the Program and Budget. At the ILO, a report on the implementation of the previous biennium's Program and Budget is presented to Member States in the spring of the off-budget year. Member States' comments on this report provide the basis for the preparation of the next Program and Budget. Following further consultations with Member States a proposed Program and Budget is then completed by the end of the off-budget year. This is then submitted to the Governing Bodies in the spring of the budget year and to the International Labour Conference for adoption in the summer of the budget year. Similar models exist in other UN organizations, such as WHO and FAO, with minor variations to accommodate regional or other organization specific requirements.

budget estimates; an indication of general sectoral priorities; a comparison of budget growth, as compared with the previous budget; and the proposed size of the contingency fund expressed as a percentage of the overall level of resources³. (This use of an outline document is one of the suggestions for further involvement of Member States, which the WIPO Secretariat has already put forward at the January 2006 session of the PBC (document WO/PBC/9/4, Annex, paragraph 3)).

10. Third, several organizations have, like WIPO, a mechanism linking the biennial Program and Budget with medium-term strategic priorities and goals as established by Member States and elaborated by Secretariats in medium-term plans or strategy documents (cascade effect). (Thus, the WIPO Program and Budget for 2006/07 is based on the Medium-Term Plan (document A/39/5) submitted to the WIPO Assemblies in September 2003 and covering the four-year period from 2006 to 2009).

11. The calendar of these various stages of preparation varies from one organization to the other depending on the requirements of the applicable Financial Rules and Regulations as well as on the date in which the supreme body meets in regular session (the WIPO Assemblies traditionally meet the last week of September). However, in general, a period of 15 to 21 months is required in all organizations from the start of the first internal preparations of the new Program and Budget proposals to the date of the meeting of the body in charge of approving the Program and Budget proposals.

12. These timelines should be taken into account in the elaboration of a new mechanism.

III. CURRENT WIPO MECHANISM FOR PROGRAM AND BUDGET PREPARATION

13. The current mechanism for the preparation of the WIPO Program and Budget was approved by Member States at the WIPO General Assemblies in October 2000 (see document A/35/15, paragraph 151(a)). The existing mechanism is set out in document A/35/6.

14. The diagram in Appendix II illustrates the current WIPO mechanism for the preparation of the Program and Budget of the Organization. As Appendix II shows, this mechanism includes informal consultations with Member States in off-budget years (this means even-numbered years or the first year of a given biennium) and the convening of one or, if required, two sessions of the Program and Budget Committee in budget years (this means uneven-numbered years or the second year of a given biennium).

IV. POSSIBLE WAYS TO FURTHER INVOLVE MEMBER STATES IN THE PREPARATION OF THE PROGRAM AND BUDGET

15. In essence, the current WIPO mechanism illustrated in Appendix II is in line with the practice of relevant organizations of the UN system. Nevertheless, there may be ways to

³ This outline is reviewed by the Fifth Committee, the Committee for Programme and Coordination and the Advisory Committee on Administration and Budgetary Questions (ACABQ) and is then subject to approval by the General Assembly. It then forms the basis for the elaboration of the Secretary General's proposed Programme and Budget which is presented in the following (budget) year.

reinforce the dialogue between the Secretariat and Member States in the phase of elaboration of the Program and Budget through a number of tools, or a combination thereof. These options are elaborated below.

A. Circular Letters

16. A first option is a circular letter to be transmitted by WIPO in the summer of off-budget years to all Member States inviting them to submit their priorities for the next Program and Budget. The outcome of these consultations would be reflected in the draft Program and Budget submitted to Member States. This is illustrated in Appendix III, under Option 1.

B. Informal Consultations

17. A second option is informal consultations with Member States to be held in the summer of off-budget years. The outcome of these consultations would be reflected in the draft Program and Budget submitted to Member States. This is illustrated in Appendix III, under Option 2.

C. Outline report in off-budget years

18. A third option is a brief outline document to be submitted by WIPO to all Member States in the summer of off-budget years. This outline would provide preliminary proposals on program priorities and strategy, and indicative budget figures. As illustrated in Appendix III, under Option 3, this outline would be discussed in a formal session of the PBC also to be held in the fall of off-budget years. This session may also examine the revised budget for the current biennium; however, in such a case, Member States should be ready to accept that the revised budget for the current biennium would have to be provisionally approved by the PBC, without waiting for the formal approval of the Assemblies. (Under the current system, the revised budget for the biennium under implementation is reviewed by the PBC in the budget year, in the context of examining the proposed Program and Budget for the subsequent biennium).

19. In conclusion it should be emphasized that while the current mechanism envisages one formal session of the PBC in budget years, with the option of a second session in the same year, all three above options provide for at least two mandatory sessions of the PBC, and Option 3 provides for two formal and one informal sessions of the PBC, of which one formal session in off-budget years.

V. POSSIBLE WAYS TO FURTHER REINFORCE LINKAGES BETWEEN THE PREPARATION OF THE PROGRAM AND BUDGET AND THE ASSESSMENT OF THE FINANCIAL AND PROGRAM RESULTS OF THE PRECEDING BIENNIUM

20. As outlined in document WO/PBC/9/4, there are a number of tools currently available to help evaluate the program and financial performance in previous biennia, namely: Program

Performance Reports (PPRs), Program Implementation Overviews (PIOs)⁴, Biennial Accounts, Financial Management Reports (FMRs), Audit Reports, and Interim Financial Statements (IFSs). These tools may be used to help reinforce the link between the preparation of Program and Budgets and evaluation of past program and financial performance.

Revised Format and Periodicity of Statutory Financial Reports

21. In January 2006, Member States welcomed the suggestion from the Secretariat to improve the content of the Interim Financial Statements (IFSs) and to anticipate the review of the statutory financial reports of WIPO (Financial Management Report (FMR), External Audit Report, Report on the Biennial Accounts) to the session of the Assemblies in the year after the closing of a given biennium. Before recommending to institutionalize this suggestion, Member States should, however, be made aware that such a new schedule would not necessarily permit such financial statutory reports to be examined first, as it is currently the practice, by a session of the Program and Budget Committee.

Program Performance Reports (PPRs)

22. Member States have expressed an interest in making greater use of evaluation of performance in the previous biennium in preparing for the next Program and Budget. At present, the main tool for evaluating program performance is represented by Program Performance Reports (PPRs)⁵. The Program and Budget Committee may wish to utilize these documents in the context of preparing for the next Program and Budget.

VI. IMPLEMENTATION OF THE NEW MECHANISM

23. In presenting the options illustrated in Appendix III the Secretariat wishes to draw the attention of Member States to the fact that by the time the new mechanism will have been adopted (September 2006 Assemblies), we will already be in the last quarter of the off-budget year. This means that if the new mechanism provides for certain new activities in the first part of the off-budget year, it may not be possible to implement them all as of 2006, or else, it may be possible to implement them on a provisional basis only.

24. Finally, depending on the progress made in the current (first) round of informal consultations, it may be necessary to convene a second round. This could take place in May, at a date to be decided. A formal session of the Program and Budget Committee would then be convened from July 11 to 13, 2006.

[Appendices to Annex I follow]

⁴ PIO's have been used to provide a short report on activities in the first six months of a year for presentation to the Assemblies in that same year. Experience has shown that these reports require considerable work and offer only limited value to Member States in helping them assess the performance of the Organization. For this reason, the Secretariat is proposing the discontinuation of these documents allowing more effort to be focused on the more meaningful PPRs.

⁵ PPRs are submitted to the meetings of the Assemblies (in off-budget years, PPRs cover the previous biennium, and in budget years, the previous calendar year).

Extract from CEB Document "Budgeting in Organizations of the United Nations System" (CEB/2003/HLCM/21), 3 November, 2003

TABLE 2 - BUDGET PREPARATION AND SUBMISSION PROCEDURES

Org.	Budget preparation procedures by the Office	Budget proposal submission procedures	Group or committee of experts on budgetary and financial matters
UN	<p>Guided by the medium-term plan and the approved budget outline, the Programme Planning and Budget Division (PPBD) of the Office for Programme Planning, Budget and Accounts issues instructions for budget proposals, including, among others, base estimates and other standard cost data, to organizational units. PPBD is responsible for coordinating and supporting the submission of budget proposals by programme managers for central review.</p> <p>Budget preparation is an interactive process which begins with submission of the proposals from each Department/Office to PPBD for review. This review results in a recommendation to the SG regarding funding levels and staffing tables. The SG's decision is reflected in the final document containing his proposals to the General Assembly (GA).</p>	<p>(a) <u>Off-budget years (the first year of a biennium):</u></p> <ul style="list-style-type: none"> - submission of the proposed outline of the programme budget for the following biennium (first prepared in 1988, every two years thereafter); - consideration of the proposed outline by Fifth Committee based on reports of the Committee for Programme and Coordination and the Advisory Committee on Administration and Budgetary Questions (ACABQ); and approval of the outline by GA; - submission of revised estimates to the budget, programme budget implication statements (PBI's) on draft resolutions of Main committees of GA, and financial implications of recommendations of the International Civil Service Commission (ICSC); - consideration of revised estimates and PBI's by Fifth Committee based on reports of ACABQ; reports to GA; - submission of First Budget Performance Report of the biennium <p>(i) Updating the factors for inflation and rates of exchange in the initial appropriation, and</p> <p>(ii) Containing financial estimates in respect of new decisions of policy-making organs;</p> <ul style="list-style-type: none"> - consideration of the First Budget Performance Report by Fifth Committee based on report of ACABQ; report to GA; - consideration by GA of all items under the programme budget based on the consolidating report of the Fifth Committee; and approval of a revised appropriation. <p>(b) <u>Budget years (the second year of a biennium):</u></p> <ul style="list-style-type: none"> - submission in April of the SG's proposed programme budget for the biennium beginning in the year following approval of the budget; - consideration by CPC, ACABQ; - consideration by Fifth Committee at regular session of GA (first reading); - submission of revised estimates to the budget, PBI's on draft resolutions of Main Committees of GA, and financial implications of recommendations from ICSC; - consideration of revised estimates and PBI's by Fifth Committee based on reports of CPC (time permitting) and ACABQ; reports to GA; - submission of Final Budget Performance Report containing expenditure and income estimates for current biennium as a basis for the final appropriation of that biennium; - consideration of Final Budget Performance Report by Fifth Committee based on report of ACABQ; report to GA on final appropriation of current biennium; - reworking of total budget, i.e., resource level from first reading plus additions approved by the Fifth Committee, based on updated factors for rates of exchange and inflation in the final budget Performance Report of the current biennium in order to set the resource level of the initial appropriation for the following biennium; - consolidation of the second reading of the proposed programme budget by Fifth Committee; approves reworking based on the report of ACABQ; - consideration by GA of all items under the proposed programme budget based on report of the Fifth Committee; approves an appropriation for next biennium. 	<p>The major functions of the Advisory Committee on Administrative and Budgetary Questions, as defined by the GA in resolution 14(D), section A, of 13 February 1946, are:</p> <p>(a) To examine and report on the budget submitted by the SG to the GA;*</p> <p>(b) To advise the GA concerning any administrative and budgetary matters referred to it;</p> <p>(c) To examine on behalf of the GA the administrative budgets of the specialized agencies and proposals for financial arrangements with such agencies;</p> <p>(d) To consider and report to the GA on the auditors' reports on the accounts of the UN and of the specialized agencies.</p> <p>The Committee also performs other duties as may be assigned to it under the Financial Regulations of the UN.</p> <p>This Committee consists of 16 members appointed by the GA in their individual capacity, including at least three financial experts of recognized standing, whose terms shall not expire simultaneously.</p> <p>* CPC reviews the proposed programme budget from a programmatic point of view.</p>

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TABLE 2 – BUDGET PREPARATION AND SUBMISSION PROCEDURES

Org.	Budget preparation procedures by the Office	Budget proposal submission procedures	Group or committee of experts on budgetary and financial matters
ILO	The Bureau of Programming and Management prepares future budgets, and controls and manages the current ones, in close cooperation with the <u>Financial Services Department</u> . In March of the year in which programme budget proposals are prepared, the Governing Body (GB) holds a discussion on programme implementation for the prior biennium and provides guidance on future priorities. Taking this into account, the Director General (DG) gives guidance to programme managers for preparation of submissions. The cycle is the following: (i) submission of proposals by programme managers (after receipt of DG's guidelines); (ii) examination of proposals; (iii) analysis and recommendations by the Bureau of Programming and Management; (iv) submission to the Programme, Financial and Administrative Committee of the GB.	The budget estimates are submitted by the DG to the Governing Body for discussion in March of each odd-numbered year. The report of the GB's discussion is submitted to the Conference in June. The budget is adopted by the International Labour Conference.	The Programme, Financial and Administrative Committee, which is a committee of the Governing Body, has its members elected by the GB from the delegates of government, employers' and workers' groups.
FAO	The Office of Programme, Budget and Evaluation (PBE) prepares the draft and full Programme of Work and Budget documents, based on the proposals submitted by each Division/Office in accordance with the Director General's (DG) instructions which, in return, reflect the strategic and programme priorities defined in the six-year Medium Term Plan already approved by the FAO Council.	A draft Programme of Work and Budget is submitted to the Programme and Finance Committees in April/May and subsequently to the FAO Council. Taking into consideration comments of these bodies on the draft, a full Programme of Work and Budget is prepared and submitted, through the Programme and Finance Committees and Council, to the biennial Conference for approval.	The Finance Committee is composed of representatives of 9 member Nations. The individuals nominated by these member Nations should have shown a continued interest in the objectives and activities of the Organization, have participated in Conference or Council sessions or have special competence and experience in administrative and financial matters, and are elected for a period of 2 years. The Programme Committee is composed of 11 individuals representing member Nations, also elected for 2 years. Both Committees have the possibility to meet jointly.
UNESCO	On the basis of the Medium-term strategy approved by General Conference, specific guidelines provided by the General Conference, the Executive Board and the Directorate, and according to budget standards and specifications issued by the Bureau of the Budget, Programme Sectors submit their programme proposals and budget estimates. Submissions are reviewed for coherence by the Bureau of Studies and Programming, analysed and consolidated into the Draft Budget Document by the Bureau of the Budget after the Director General's (DG) approval of the individual chapters.	<p>(a) <u>OF budget years:</u></p> <ul style="list-style-type: none"> - Preparation by the Secretariat of a general outline and preliminary estimates of the programme and budget for the following biennium; - Consideration of the preliminary estimates by the Executive Board in its autumn session; - Preparation of the draft programme and budget on the basis of decisions and recommendations of the Executive Board. <p>(b) <u>Budget years:</u></p> <ul style="list-style-type: none"> - Submission of the DG's proposed programme and budget to Member States in March/April of the year preceding the beginning of the biennial period; - Review of the proposed budget and programme by the Executive Board in spring and autumn sessions; - Submission of proposed budget and programme as may be revised by the DG together with the recommendations of the Executive Board to the General Conference in October of the year preceding the ensuing budget period. 	UNESCO has a <u>Programme Commission</u> and a <u>Finance and Administrative Commission</u> , which are composed of members of the Executive Board. The Finance and Administrative Commission is assisted by a Group of Experts, which, prior to the sessions of the Executive Board thoroughly review all matters concerning financial and budgetary questions on the Board's agenda and submits its recommendations to the Finance and Administrative Commission.

TABLE 2 – BUDGET PREPARATION AND SUBMISSION PROCEDURES

Org.	Budget preparation procedures by the Office	Budget proposal submission procedures	Group or committee of experts on budgetary and financial matters
ICAO	Preparation of the triennial budget estimates Based on the Strategic Action Plan and programme options approved by the Council, and according to budget standards issued by the Budget Office, programme managers submit their budget proposals. The Budget Office is responsible for costing the proposals and prepares the draft programme budget.	The Secretary General's (SG) proposal of the Budget Estimates are presented to the ICAO Council, which refers them to the Finance Committee for review. The Finance Committee, after considering the estimates, reports back to the Council. The Council in turn submits the Budget Estimates accompanied by the following documentation, to the Assembly: (a) a budget message from the Council giving an explanation of the Programme Budget estimates of the Organization for the relevant financial year; and (b) a draft budget resolution on appropriations for each financial year approved by the Council and recommended for adoption by the Assembly; The draft budget resolution also specifies the manner in which it is proposed to finance the Total Authorized Appropriation for each financial year.	The Finance Committee consists of 18 members elected from among the 36 members of the Council.
WHO	The Director General (through the Comptroller's Office and the Department of Programme Planning, Monitoring and Evaluation) prepares the proposals for the biennium. The programme budget proposals are of a strategic nature and before finalizing the proposals to the Executive Board, each regional committee has on its agenda an item called 'Review of the draft programme budget proposals of the Organization	Budget estimates, with their accompanying documentation, are transmitted to all Contracting States at least 50 days prior to the opening session of the Assembly. Amendments to the estimates may, however, be submitted by the Council to the Assembly at any time prior to the adoption of the Budget by the Assembly. After the adoption of the Budget by the Assembly, any request for supplementary appropriations is submitted to the Assembly by the Council in a form consistent with, and following the procedure of, the annual budget. In accordance with Articles 34, 55 and 56 of the Constitution, the DG submits to the Executive Board the proposed budget, on a gross income and gross expenditure basis, which the Board then considers. The Health Assembly reviews the proposed budget and the Board's recommendations thereon, and adopts an appropriation resolution for the two-year financial period in question.	The Programme Development Committee and the Administration, Budget and Finance Committee of the Executive Board review the DG's budget proposals and report to the Executive Board.
UPU	The Finance Directorate prepares the draft budget as follows: - the preliminary draft is prepared on the basis of the requests made by and information obtained from project teams of the UPU Councils and the International Bureau. - The Management Board adopts the draft budget, if necessary, after arbitrage. The strategic Planning Group monitors the budgeting process.	After reviews of the draft budget by the Postal Operation Council, the budget is presented for approval to the Council of Administration.	There is a Programme and Budget (Finance) Committee consisting of members of the Council of Administration.
ITU	The Finance Department (Budget Division) prepares a consolidated preliminary draft budget based on submission by the three Bureaux and the departments of the General Secretariat. The Finance Department establishes guidelines for the presentation of the budget which are approved by the Coordination Committee.	The Secretary General (SG), after consultation with the Coordination Committee, submits to the Council a biennial draft budget. This draft consists of a consolidated budget, including cost-based budgets for the three Sectors, and comprising two versions. One version is for zero growth of the contributory unit, the other is for a growth less or equal to the limit set by the Plenipotentiary Conference. After approval by the Council, the budget is sent to all members of the Union.	The Finance Committee, composed of all members of the Council, meets every year at the Council session. The Coordination Committee, composed of the five elected officials of the Union, examines the preliminary draft budget and other financial matters.

TABLE 2 – BUDGET PREPARATION AND SUBMISSION PROCEDURES

Org.	Budget preparation procedures by the Office	Budget proposal submission procedures	Group or committee of experts on budgetary and financial matters
WMO	Budget proposals are prepared initially by the programme directors based on inputs received from the various constituent bodies (Technical Commissions and Regional Associations) of the Organization and following the guidance of the Executive Council and the Secretary-General (SG). The Finance and Budget Division is responsible for costing the proposals. It also controls proposals to remain within established budget ceilings, screens obsolete and low priority items and checks to make sure all essential programme support requirements are included. It facilitates the preparation of budget documents.	The SG's proposed four-year programme and budget is submitted to the Executive Council one year before Congress. Comments by the Council on the proposed budget for the financial period (4 years) are presented to Congress along with the SG's proposals; Approval of four-year maximum expenditure by Congress; Approval of the biennial budgets by the Council; Possible submission of supplementary estimates by the SG; Approval of the supplementary estimates for the biennium by the Council.	Financial Advisory Committee consisting of major donor countries and regional presidents, and whose Chairman is the President of WMO, reports its recommendations on finance and budget matters to the Executive Council and Congress; Sub-Committees are set up during the Congress and the Council in order to review budget proposals and to report to the full session with recommended budget changes and draft report and resolutions on the budget agenda item.
IMO	The Directors (Programme Managers) prepares data on resources required, including work months, meetings weeks, travel, consultants and other relevant objects of expenditure. This data is to be supported by programme narrative, quantitative indicators of the planned output and the expected results. The data is to be submitted to the Director of Administration in such manner and in such times as prescribed by the Secretary-General. Management Accounting Services in consultation with the Director of Administration prepares the programme budget estimates (including the Technical co-operation Support Costs) on the basis of the budgetary policy adopted by the Organization for the following biennium. The budget proposals include headquarters capital expenditure programme, revenue producing activities of sales of IMO publications.	The Secretary-General submits his draft proposals for the work programme and the programmes budget estimates to the IMO Council in March of the second year of a current biennium in respect of the following biennium. The Council is responsible under the IMO Convention to consider the draft work programme and the programme budget estimates prepared by the Secretary-General. This takes place in the Council meeting in June of the second year of a current biennium. Thereafter, the Secretary-General reviews the work programme and the programme budget estimates in the light of the comments and decisions of the Council, and submits the results of the review to the Council session in November of the second year of a current biennium immediately prior to the regular session of the IMO Assembly which takes place once in very two years. The Council considers the Secretary-General's review and forwards its recommendations and the draft resolution of appropriations to the IMO Assembly.	The IMO Council which consists of 40 Member States is responsible to consider Draft Work Programme and Programme Budget estimates under the IMO Convention.
WIPO	The Director General (DG) invites governments of all member States to communicate to him any activities which they wish to see included in the draft programme of the succeeding exercise, and requests his Deputy DGs, Assistant DGs and Directors to make project proposals. The proposed activities and projects are then discussed by the DG with them. On the basis of decisions taken by the DG, the Office of the Controller then prepares the preliminary draft programme and budget.	The two-stage review process by the Program and Budget Committee (PBC): The submission of a preliminary draft programme and budget to the first meeting of PBC. If requested by first meeting of PBC, submission of proposed revisions to proposed program and budget by Director General during summer; Review of proposed revisions to proposed program and budget by reconvened session of PBC in September, in the week prior to the meeting of the Assemblies; The submission of the programme and budget for approval to the Governing Bodies of WIPO and the Unions administered by WIPO.	The Program and Budget Committee, consisting of 35 members elected by member States.
UNIDO	The Director-General issues guidelines/instructions to programme managers to submit their resource requirements together with programme of work to Financial Services Branch. The Financial Services Branch prepares, together with the Managing Director, Division of Administration, the proposals of the programme and budgets in consultation with responsible officials.	The DG's submission of the proposals to the Board through the Programme and Budget Committee; The submission of the proposals to the General Conference for approval.	The Programme and Budget Committee, consisting of 27 members, shall consider the proposals of the DG and submit to the Board its recommendations in the proposed programme of work and corresponding estimates of the regular and operational budgets.

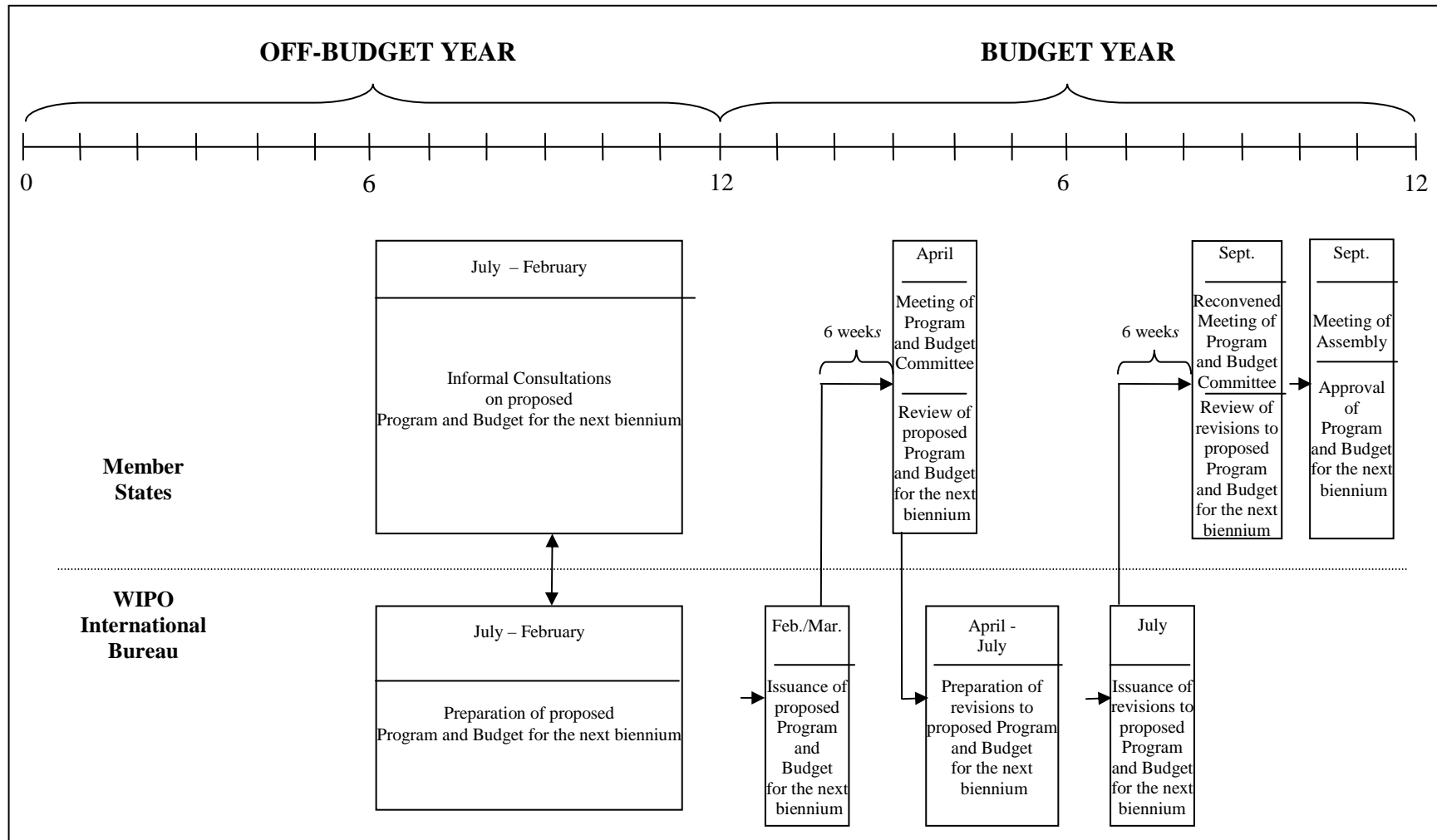
TABLE 2 – BUDGET PREPARATION AND SUBMISSION PROCEDURES

Org.	Budget preparation procedures by the Office	Budget proposal submission procedures	Group or committee of experts on budgetary and financial matters
IAEA	<p>Director General (DG) and DDG-MT issue guidelines for programme and budget formulation to Department Heads.</p> <p>An extensive programme formulation process involving issue to Member States of draft and final programme planning documents and a programme document precedes the preparation of budget estimates. These documents are the subject of consultations with Member States before costing of the programme takes place.</p> <p>Budget estimates are consolidated and analysed by Division of Budget and Finance, Programme and Budget Section which provides advice and assistance and makes submissions to the DG on the results of its analyses.</p> <p>Internal review process of each programme with participation of respective DDGs, Directors, DG's office, Budget and Finance Division, and the Office of Programme Development and Performance Assessment.</p> <p>A modifying document is also produced containing the price adjustments for year one of the biennium plus details of any changes considered necessary in the light of initial comments of Member States on the draft programme and budget document.</p> <p>After the DG's approval, submission of a draft document to Board.</p> <p>In the second year of the biennium, a simplified budget document is produced containing the price adjustments and details of any significant changes to the budget proposals for year two of the biennium previously included in the biennial programme and budget document of the preceding year.</p>	<p>After the consultation phase with Member States, the DG submits his draft budget estimates and programme proposals to the Board of Governors for examination by the Programme and Budget Committee, then the Board itself. The Board submits its draft budget to the General Conference (GC); the estimates have to be transmitted to all member States at least six weeks before the opening of the GC. General Conference adopts the Regular Budget Appropriation Resolution.</p>	<p>The Programme and Budget Committee of the Board of Governors (May) makes recommendations to the Board (June); 35 members of the Board, each represented by financial advisers on Programme and Budget Committee.</p>

[Appendix II follows]

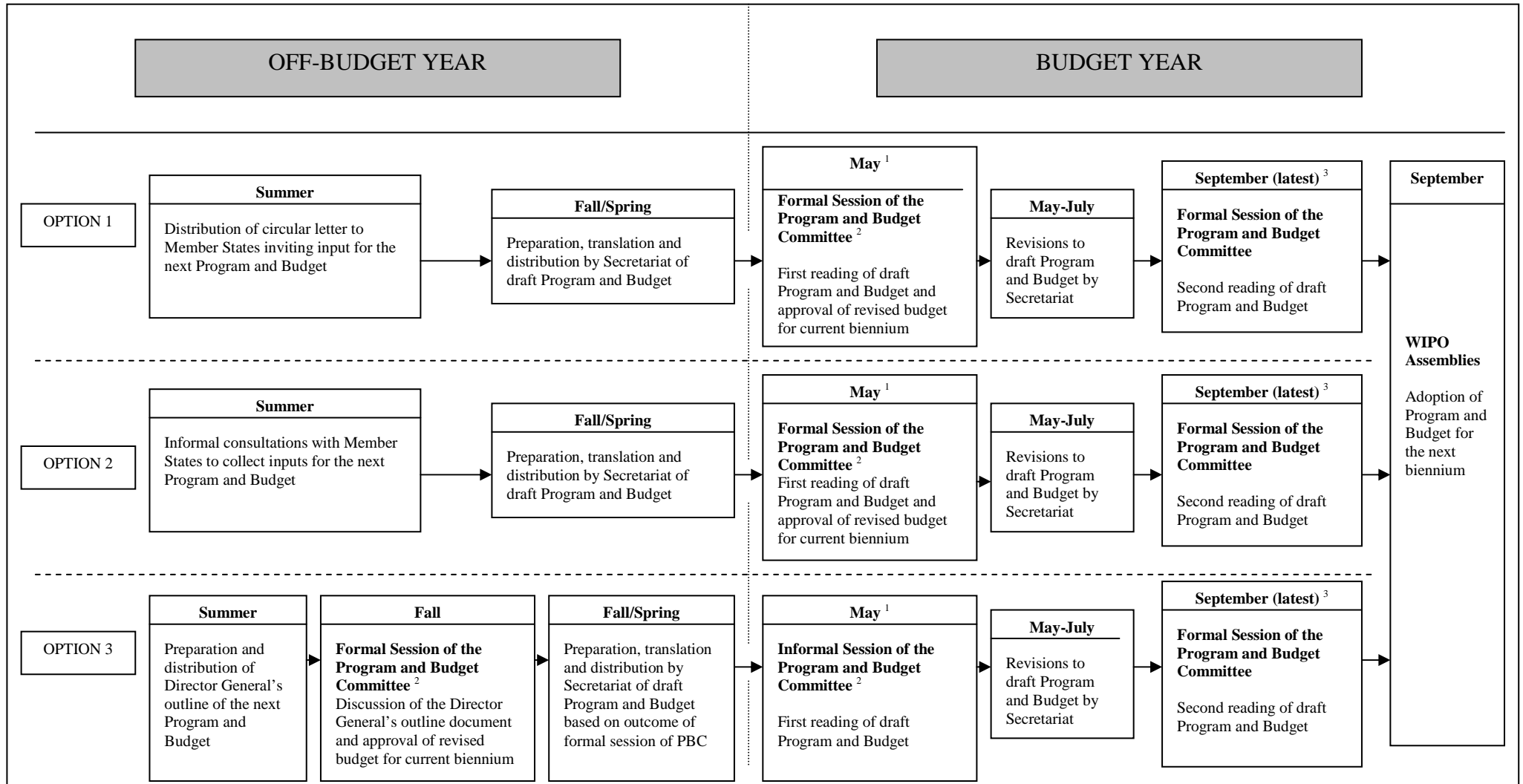
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ANNEX I
APPENDIX II

Current Process of Budget Preparation (based on document A/35/6, Illustration B)



[Appendix III follows]

Options for Mechanism for Preparation of Program and Budget



¹ At present, in accordance with Financial Regulation 3.2, the Director General is required to “submit to the Budget Committee, for observations and possible recommendations, by the first of May of the year preceding the financial period, the draft budget for that financial period, the report of the Budget Committee shall be sent, along with the observations of the Director General on that report, to all interested States at least three months before the ordinary sessions of the Governing Bodies”. The Secretariat would propose an amendment to the Financial Regulations to accommodate changes to the budget preparation mechanism.

² The Program Performance Report (PPR), Financial Management Report (FMR) and the Audit Report for the previous biennium will be available for review at this meeting so that they may be taken into account in the budget preparation process.

³ The timing of this session of the PBC will be dependant upon the revisions necessary following the first reading of the draft Program and Budget at the May session of the PBC. When possible, this meeting will be convened earlier than September.