



AD HOC COUNCIL WORKING GROUP ON
THE ORGANIZATION'S STRATEGIC PLAN
10th session
Agenda item 6

CWGSP 10/6(a)
25 August 2009
ENGLISH ONLY

OUTCOME OF THE COUNCIL'S 102ND SESSION

(a) Alignment of planning and budgeting cycles

Note by the Secretariat

SUMMARY

Executive summary:	This document recalls discussions during the Council's 102nd session, and at earlier sessions of the Working Group, on the need to align the Organization's planning and budgeting cycles and sets out some related comments and suggestions.
Strategic direction:	4
High-level action:	4.3.1
Planned output:	4.3.1.1
Action to be taken:	Paragraph 11
Related documents:	Circular letter No.2979; C 102/8 (paragraph 6.2 and annex 1, paragraphs 13 and 14); C 102/SR.1 and SR.4 to SR.6

Introduction

1 At its 102nd session the Council considered the Secretary-General's proposals for the 2010-2011 budget (see document C 102/8) – the first ever results-based (RBB) one. In developing the RBB proposal, due account was taken of the nine benchmarks identified by the Joint Inspection Unit (JIU) as critical success factors, at the corporate level, for the effective implementation of results-based management. Among those factors, the JIU listed the following three:

- long-term objectives must have been clearly formulated for the Organization;
- the Organization's programmes must be well aligned with its long-term objectives; and
- the Organization's resources must be well aligned with its long-term objectives.

2 In this regard, the Strategic Plan (SP) (resolution A.989(25)) defines the Organization's long-term objectives, while the High-level Action Plan (HLAP) (resolution A.990(25)) defines the programmes and outputs in which the Organization will be engaged over the 2008-2009 biennium in pursuit of its objectives. The two Plans are, therefore, entirely complementary and have been systematically aligned since their inception, thereby satisfying the first two of the JIU's critical success factors.

3 Satisfying the third factor, however, presupposes that the preparation of IMO's RBB for a biennium should be preceded by an SP and HLAP detailing the long-term objectives, high-level actions and planned outputs for that biennium – a chronology that the Organization has not yet been able to

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achieve because, in the absence (until now) of an RBB framework, the development of the biennial budget proposals has generally preceded the strategic planning function. Indeed:

- the planning task generally begins towards the end of Year 1 of a biennium (during the second sessions in that year of the MSC and MEPC, for example) and is finalized by the *Ad Hoc* Council Working Group on the Organization's Strategic Plan (hereinafter the Working Group) in September of Year 2;
- meanwhile, the budgeting task has traditionally been initiated by the Secretariat in January of Year 2, with proposals being submitted to the Council for approval in June of that year; and
- final Council approval of both elements comes immediately before the Assembly itself adjusts (as required) and then adopts the SP, HLAP and budget in November/December of Year 2 (see Table 1 at annex).

4 As may be seen from the foregoing, there are presently two distinct but separate cycles that converge only at the end of a biennium when the Council and the Assembly give final approval to the SP, HLAP and budget. And it was precisely because of this misalignment that the RBB proposal for 2010-2011 had to be "based on the current HALP structure but modified by removing the actions and related outputs that have been completed or are obsolete, inefficient or marginally useful in the current biennium and, at the same time, by including new, essential actions expected to be carried out during the forthcoming biennium based, where known, on the anticipated work of the Committees and the Divisional business plan" (see paragraph 14 of annex 1 to document C 102/8).

Possible ways forward

5 In this respect, the Working Group has previously recognized the need to realign the two functions so that there is only one coherent cycle of planning and budgeting. This need was similarly acknowledged in the Secretary-General's RBB proposal (see paragraph 6.2 of document C 102/8, which states that the "current planning cycle is such that the HLAP for the 2010-2011 biennium has not yet been adopted (so this cycle needs to be revisited by the Council in due course) ..."), and during the Council's subsequent debate.

6 This led the Council to include, in the terms of reference for CWGSP 10 (see paragraph 2.1.4 of the annex to Circular letter No.2979), the task of preparing "a draft timeframe to align the Organization's strategic planning and budgeting cycles". With a view to assisting the Working Group in fulfilling that task, therefore, this document puts forward suggested alternatives that have been previously aired – informally and in rather general terms, however – on how to align the planning and budgeting cycles to satisfy all three of the JIU's critical success factors quoted in paragraph 1 above.

Alternative 1 – approving a preliminary HLAP at the end of Year 1 of a biennium

7 This alternative was suggested as a possible way forward in the RBB proposal for 2010-2011, which states "... the current planning cycle needs to be revisited to ensure that at least a preliminary draft HLAP for the ensuing biennium is endorsed by the Council at its November session of the first year of the biennium ..." (see paragraph 13 of annex 1 to document C 102/8). Its implementation would:

- require the sub-committees and Committees to identify, in Year 1 of a biennium, what their planned outputs under the next biennium's HLAP would be;
- to achieve that, all sub-committees would *have* to meet in Year 1 and their future outputs would *have* to be approved by their parent Committees in that same year;
- the Council would then need to meet *after* all Committee sessions had finished in Year 1, to approve all identified output proposals (including its own outputs and those of the Assembly and the Secretariat), thus ensuring that "at least a preliminary HLAP for the ensuing biennium" is available on which to construct the consequent RBB;

- both the preliminary HLAP and the RBB could then be developed simultaneously by the Secretariat and considered and approved initially by the Council at the mid-point of Year 2;
- both elements might then be reviewed by the Working Group in September of Year 2 (to adjust them either because of the outcome of the Council's prior June session, or to take into account new output proposals formulated since then); and
- final Council approval of both elements would come immediately before the Assembly itself adjusts (as required) and then adopts the SP, HLAP and RBB in November/December of Year 2 (see Table 2 at annex).

8 While this is undoubtedly feasible from the meetings-scheduling point of view, the following matters may be noted:

- .1 Year 1 of a biennium is when the IMO organs are, in principle, only just starting work on their planned outputs for that biennium and they may, therefore, not always be in a position simultaneously to identify what their planned outputs for the next biennium may be; and
- .2 constructing an HLAP and RBB based on future planned outputs identified solely in Year 1 may result in both of them requiring significant changes if, during Year 2, a considerable volume of additional planned outputs are subsequently identified and approved by the IMO organs – an outcome that should not be unexpected.

Alternative 2 – approving a definitive HLAP only after all organs have approved their future outputs

9 A self-evident alternative to the prevailing situation, and to the potential uncertainties listed in the preceding paragraph, is for all IMO organs to identify and approve their planned outputs first, so that a definitive RBB can then be constructed and submitted to the Council for approval, before it is forwarded to the Assembly for adoption. This option would:

- require a full biennial meeting programme (two sessions per sub-committee and two or three sessions per Committee) to be delivered, say, by the end of May in Year 2 of a biennium;
- this would enable the HLAP and RBB to be developed by the Secretariat, reviewed by the Working Group and approved by the Council – the latter action would have to happen in mid-September of Year 2, at the latest, to satisfy Financial Regulation 3.5 which requires the budget proposal and the Council's comments thereon to be transmitted to the membership at least two months before the opening of the Assembly; and
- final adjustment (as required) and then adoption of the SP, HLAP and RBB would follow at the Assembly's session in December of Year 2 (see Table 3 at annex).

10 This alternative appears deceptively simple and the following matters may therefore be noted:

- .1 it is not given that a full biennial meeting programme can be delivered in some 17 months, if only because of the heavy burden of translating/producing the related meeting documents. If such a time frame were to be maintained, consideration might also have to be given to cutting the number of meeting weeks down to the absolute minimum biennial requirement;
- .2 the 17-month time frame is essentially dictated by Financial Regulation 3.5 because sufficient time is required (*after* the 17 months) for the SP, HLAP and RBB to be developed, reviewed, approved by the Council and transmitted to Member States, at least two months before the opening of the Assembly. Were that Regulation to be modified, however, the 17-month time frame might consequently be extended;

- .3 as a further consequence of Financial Regulation 3.5, the Assembly could *only ever* meet in December of Year 2, in order to satisfy the two-month time lapse between its opening and the prior transmission to the membership of the RBB and the Council's comments thereon; and
- .4 from an internal perspective, the preparation of the SP, HLAP and RBB following the 17-month period of meetings presents some difficulties inasmuch as the three elements would be developed essentially during a period of considerable staff absence owing to the United Kingdom summer and school vacations.

Action requested of the Working Group

11 In carrying out the task requested of it by the Council (see paragraph 6), the Working Group is invited to consider the information provided in this document and decide as appropriate, in particular in respect of paragraphs 7 to 10 and the annex.

ANNEX

Alignment of planning and budgeting cycles

Table 1 – Current cycle: Budgeting precedes the conclusion of planning in Year 2

		Year 1												Year 2													
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D		
Planning		<----->												<----->													
																										CWGSP review	
Budgeting		<----->												<----->													
																										Council initial approval	

Table 2 – Proposed cycle (Alternative 1): Budgeting is based on planning in Year 1 but may need adjustment because of continued planning in Year 2

		Year 1												Year 2													
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D		
Planning		<----->												<----->													
													Council initial approval													CWGSP review	
Budgeting		<----->												<----->													
																										Council initial approval	

Table 3– Proposed cycle (Alternative 2): Budgeting takes place only after the conclusion of planning in Year 2

		Year 1												Year 2													
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D		
Planning		<----->												<----->													
																										CWGSP review & Council approval	
Budgeting		<----->												<----->													
																										CWGSP review & Council approval	