



Summary – Budget Process and Template

**Third session of the Council
8-9 June 2013, Songdo**





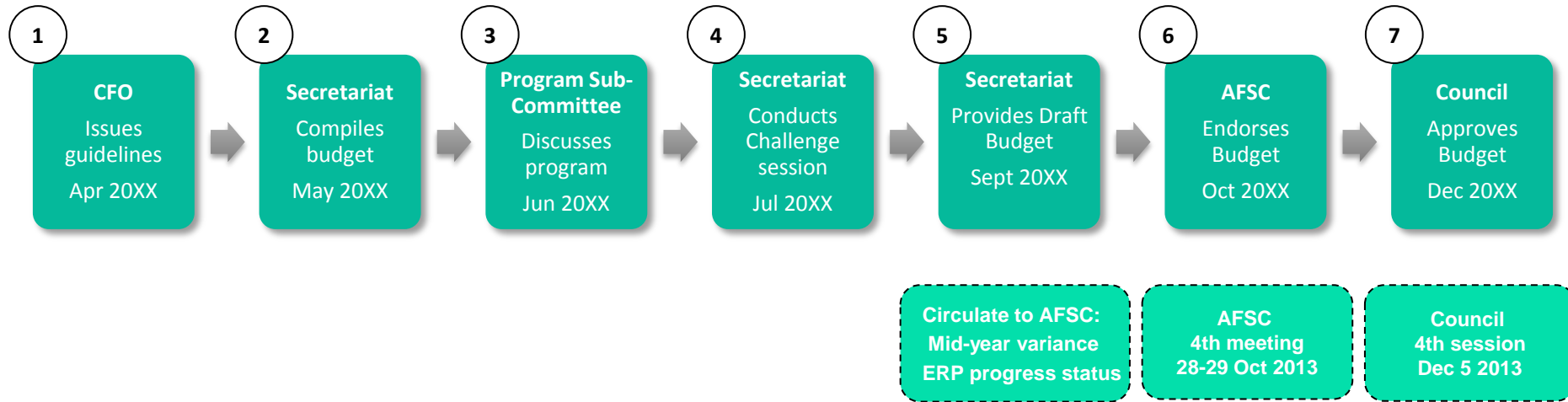
- GGGI has identified a need for detailed and transparent budget that allows the Council to have strategic discussion and make decisions.
- The following slides provide an overview of the budget preparation process for FY2013 onwards and the role of authorities involved in the process. FY2013 is a transition period and the full implementation of the budget process will be from FY2014.
- A budget template for FY2014 has been developed in line with the Financial Regulations. A brief overview of the template is provided along with description of requirements for the Work Programs.
- Supplementary information regarding funding flow and carryover mechanism is presented to provide a complete view of the budget allocation process.
- A detailed Budget policy and procedures manual is being developed which includes flowcharts and description of process steps.



- The budget process should be read in the conjunction with the interim Financial Regulations. The Financial Regulations are developed to govern the preparation, adoption and monitoring of draft budget, draft program of work and supplementary program activities whenever required for the financial year.
- The Regulations also detail the structure of the Budget and program of work.
- The Regulations further identify the financial responsibilities of staff and authorities involved in administration of the Budget and program of work.
- The Regulations will govern the internal regulatory documents (Budget Guidelines Manual, Finance Guidelines Manual and Travel Guidelines Manual and other related directives issued by the Director-General) that have been created to supplement the Regulations.



All Budget-related activities in GGGI shall be in accordance with Article 3 of the Financial Regulations. The Budget process starts in April of the preceding year and completes with the approval of the Budget in the final session of the Council of the same year. For FY 2013, Steps 1,2 and 3 will be accelerated in June and July.*

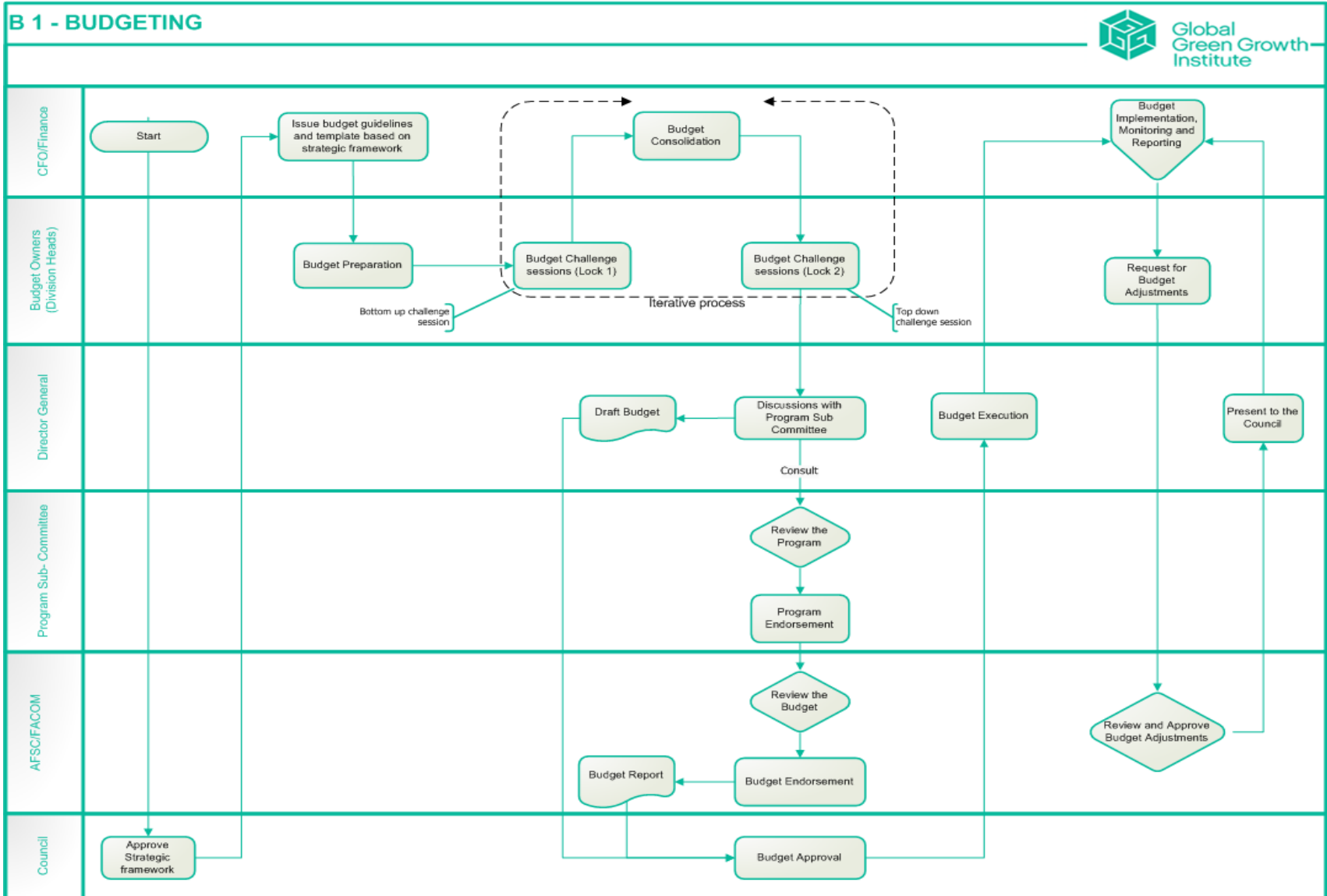


Budget Implementation: Following the approval of the program budget by the Council, the Finance Section enables the issuance and control of the required authorizations for allotments and staffing tables.

Budget Monitoring: The Budget shall be monitored on a monthly basis for expenses. The Finance Section shall prepare variance statements showing the actual achievement and forward the report to the AFSC as well as concerned Divisions/Offices for adequate monitoring.

Changes to approved Budget: All adjustments to approved budget shall be reviewed and approved by the FACOM and reported to the Council.

*FY2013 is a transition year. Full process implementation will start from FY2014.





- The proposed budget template has been developed by benchmarking it against other international organizations with transparency and control requirements similar to that of GGGI, and follows a Results based budget methodology. The draft budget template is consistent with various Council decisions on *detailed requirements and transparency* while showing strategic directions over the years.

- The budget template has been developed keeping in mind the following methodology:
 - Program formulation revolves around a set of predefined objectives and expected results outlined in the strategic framework;
 - Expected results would justify resource requirements which are derived from and linked to the outputs required to achieve such results;
 - Actual performance in achieving results is measured by objective performance indicators which are mentioned in the budget.

- *Standard information* is presented both at Micro and Macro levels for each program of work. Each of the section is supported with tables and charts as appropriate and the content of the draft budget template is explained on the next page.

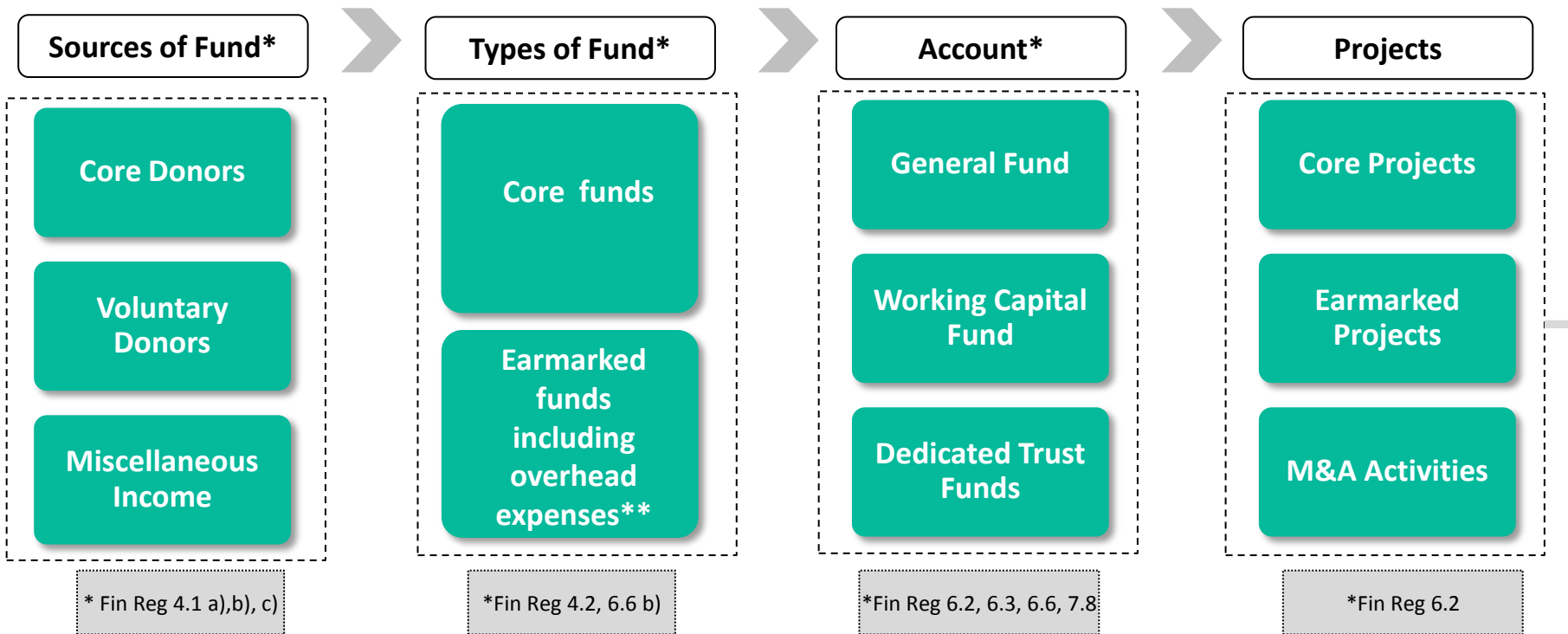


- The proposed budget template is in line with Financial Regulation 3.2 – Presentation, Content and Methodology. The budget paper will be divided into the following 6 sections*:
 - **Executive Summary:** Includes a statement from management, Brief from CFO, and key numbers and highlights.
 - **Highlights from last year:** States last year performance, budget vs. actual and key highlights.
 - **Proposed Program Budget:** States Strategic goals and Budget objectives and confirm they meet the expectations of Council. Provides a holistic overview of GGGI proposed budget. Key areas addressed are Fund Source, Proposed Program Expenditure, Capital Budget requirements and Proposed Staffing.
 - **Work Program:** Addresses each of the 5 programs, i.e. GGP&I, Research, PPC, IC and M&A separately and the required resources and staff requirements. Provides strategic objectives, key activities and outputs, expected accomplishments and performance indicators, and assumptions.*
 - **Budget notes:** Provides budget notes pertaining to budget preparation in compliance with financial regulations and additional comments.
 - **Annexure:** Provides list of tables and charts, GGGI organizational structure, GGGI staffing details, and overview of GGGI contractual disbursements and procurement plan.
- A draft budget template has been developed which includes examples of required tables.

*Description of requirement for each of these is provided on the following page.



| Elements | Definition |
|--|---|
| Objective of the program | Description of an overall desired achievement involving a process of change aimed at meeting certain needs of identified end-users within a given period of time. |
| Key activities and final output | A final product or service delivered by a program or project to end-users, such as reports, publications, training, advisory, editorial or translation services, which a program is expected to produce in order to achieve its expected accomplishments and objectives. |
| Expected accomplishments | A desired outcome or result involving benefits to end-users, expressed as a quantitative or qualitative standard, value or rate. Accomplishments are the direct consequence or effect of the delivery of outputs and lead to the fulfillment of the envisaged objective. |
| Indicators of achievement | Specific statistics chosen by Program Owners because they provide valid, practical and comparable measures of progress or level of change towards achieving expected results for the period. |
| Assumptions, Challenges and Opportunities | Events and/or conditions that are essentially external to GGGI and beyond the control of those responsible for an activity but that have an influence on the success or failure of the activities. They may be anticipated in the form of assumptions or they may be unanticipated. |

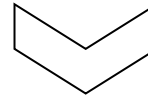


***This is subject to Council decision and Donor Agreements on Earmarked funds.*

Carry over mechanism is explained on the next page

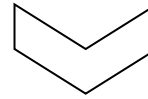


Funding flow mechanism



Unobligated balances at the close of financial period, after deduction of any unpaid core contribution

Fin Reg 5.4



Core or Earmarked funds

Core funds

Earmarked funds

Return to Working Capital for next year

Treat as per donor agreement

Redistribute to program after Council approval*

Fin Reg 5.5

* Fin Reg 5.6 c) The Director-General shall not automatically carry over surplus Budget from one year to the next year, unless the carry-over is approved by the Council.



THANK YOU !