

DECENTRALIZATION: THE INITIAL STAGES

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Introduction

As the ILO recently celebrated the Ninetieth Anniversary of its establishment under Part XIII of the Treaty of Versailles, it was thought convenient to attempt an assessment of the decentralization process as a modern management/organizational policy, bearing in mind the foreseeable challenges and requirements likely to face the whole UN System in this incipient 21st Century and more specifically its contribution to global development, increasingly the ILO's main task and its opportunity to withstand the test of time.

The purpose of this article, therefore, is to review briefly the origins and initial stages of decentralization with special reference to the American Continent, in line with the author's own experience as one of the first HQ officials "decentralized" to that part of the world.

But what is Decentralization, what exactly does it mean, what are its purpose and implication?

According to the New Shorter Oxford English Dictionary, "to Decentralize (also Decentralise) is to do away with centralization of ...; confer local government on ...; distribute (administrative powers, etc.) among local centres ...".

By thus distributing powers (or attributions) among its field components, HQ undid (or did away with) centralization: it "decentralized" by sharing with the Field, responsibilities and above all, powers of decision.

The purposes of Decentralization have been set as follows:

1. to bring ILO services nearer to the sectors (national and/or regional) which are to benefit from them;
2. to foster and increase regional participation in the identification of local needs, the shaping of local action and its implementation.

Hence Decentralization may be seen as an essential condition for any efficient, development-oriented policy and action; it may be considered as "state policy" (especially when required by the constituency) as well as a modern method of technical and administrative management.

Historical Background

While the advent of Decentralization as a definite organizational/management policy is relatively recent, its basic principles and components can be traced back to the very beginning of the international civil service.

A trustworthy witness in this connection, undoubtedly, is Edward Phelan. In his "classic" best-seller, *Yes and Albert Thomas*,¹ he tells us how he discussed with his future Chief what the brand-new Organization's layout and structure should be. Particular emphasis was laid on the importance of contacts with employers and workers and it was agreed that if the Office was to make these contacts it was to have "in all important centres a correspondent

¹ Edward Phelan, "Yes and Albert Thomas" ,The Cresset Press Ltd, London 1936.

or a branch office ... This local organisation should be undertaken immediately. The very life of the Office depends on its success ... It will be possible, through the medium of these offices, to collect all the information necessary for the work of the Office as regards the economic and social movements of the different countries".²

Thus was the ILO's early field structure established on firm ground. If we take 1936 as a reference year we can see that there were no less than 7 Branch Offices (China, France, Great Britain, India, Italy, Japan, USA) and 15 Correspondents (in Argentina, Austria, Belgium, Brazil, Czechoslovakia, Estonia, Germany, Hungary, Latvia, Lithuania, Mexico, Poland, Romania, Spain, Yugoslavia).³

But 1936 may also be seen as a landmark in the evolution of ILO-Field relations: in that year (2 to 14 January) the First ILO American Regional Conference was held in Santiago de Chile.⁴

The purpose of that Conference was to demonstrate that the ILO was the adequate forum where social problems affecting a region (America in that case) could best be discussed, and possibly solved, jointly with the sectors directly affected: the emphasis and novelty were there.⁵ Thus was the principle of Regionalization clearly proclaimed and the best illustration of its potential was to be found in the extensive Resolution adopted by the Conference on the "Fundamental Principles of Social Insurance", which laid the basis of a genuine Code of Social Security especially designed for the countries of America.

Also worth mentioning is the Resolution on the Relation of Latin American Countries with the ILO, aiming at "the future intensification of collaboration between the countries of America and the Organization". Various steps were proposed to that end, namely, inter alia: convening, in future, periodical conferences similar to the Santiago Conference; increasing the number of nationals of Latin American countries appointed as members of technical committees, as ILO Correspondents or to posts at HQ; intensifying investigations and enquiries undertaken by the ILO in collaboration with Latin American countries concerning problems of special interest to the same countries; increasing, in ILO publications, the inclusion and diffusion of periodical studies on American conditions and law; preparing a scientifically planned study which will make generally known the efforts made by each of the countries of America to improve social conditions throughout the Continent." Indeed, "a complete programme of collaboration".⁶

² Phelan, op.cit., pp. 41-42

³ In 1939, ILO Branch Offices and Correspondents were spread all over the world: Argentina, Belgium, Brazil, Chile, China, Cuba, Czechoslovakia, Ecuador, Estonia, France, Germany, Great Britain, Hungary, India, Japan, Latvia, Lithuania, Mexico, Poland, Romania, Spain, United States, Uruguay, Venezuela, Yugoslavia.

⁴ See my article, "The First American Regional Conference, Santiago de Chile, 2-14 January 1936", in *Friends Newsletter* No. 21, December 1996, pp.8-16. Also *International Labour Review*, Vol. XXXIII, No. 4, April 1936, pp. 479-98, and No.5, May 1936, pp. 646-84.

⁵ There was a precedent: the Panamerican Union (today the Organization of American States) held its Fifth Panamerican Conference in Santiago de Chile from 25 March to 3 May, 1923. It adopted a Recommendation inviting future Conferences to include the study of social questions, bearing in mind the principle that the work of a human being cannot be looked upon as a commodity or an article of commerce. See Daniel Antokoletz, *Tratado de Derecho Internacional Público*, Vol.1, p.368. Buenos Aires 1951. Obviously the Panamerican Union (or Prof. Antokoletz) was quoting the ILO Constitution of 1921, Art.41, "General Principles" (or Art.427 of the Versailles Treaty).

⁶ *International Labour Review*, Vol. XXXIII, No. 5, May 1936, pp. 672-73.

The Santiago Regional Conference of 1936 amply demonstrated the feasibility of far-off meetings (considering that in pre-war days it was a lengthy and somewhat complicated business to move large groups of officials from Geneva to the other end of the world) and above all, their usefulness: central agencies (the ILO in this case) had thus the possibility to discuss regional issues directly at a regional level, strengthening their links with the regions. Thus, as a logical practical consequence, regional conferences gradually became a normal ILO activity.⁷

From Regionalization to Decentralization

The Second World War brought significant changes in the structure of the ILO. Due partly to the relative isolation of Geneva in the midst of a war-affected Europe, and partly also to the foresight of its Director, Winant, the ILO established its “Working Centre” in Montreal, Canada (1940).

Safe on the American Continent the ILO could hold important meetings. The New York Conference (October 1941) was the medium for manifesting its post-war plans and intentions: in his Report the Acting Director, Phelan, appropriately reviewed the challenges of future economic and social reconstruction, pointing out what the ILO could “offer” in the circumstances. And that position was further emphasized during the 46th Session of the International Labour Conference (Philadelphia, 20 April-12 May 1944): the ILO’s intention definitely was to participate actively in the framing of post-war society. the “Declaration of Philadelphia” is very clear on this point.

Noteworthy also is the growing importance, after the war, of “practical activities” or what became known as technical cooperation. In 1948 the “Policy of Operational Activities” was drawn up and in 1950 the “Expanded Programme of Technical Assistance” saw the light. From then on, technical cooperation was to become one of the ILO’s main activities.

The inevitability of Decentralization as a modern management process was the product of modernity itself, through a number of interlinked circumstances:

- Winds of reform and change were blowing in the ILO in the early Sixties. DG David Morse commissioned the consulting firm McKinsey to review the existing structure and submit recommendations for better performance. The resulting modernized layout undoubtedly provided an appropriate “environment” for the development of a systematic decentralization policy.⁸
- During the 48th Session of the International Labour Conference (Geneva, 1964) two important draft resolutions were submitted, respectively, by Employer and Worker Delegates – a clear demonstration that the interested circles did not come exclusively from Governments.

⁷ The Second American Regional Conference (Havana, November 1939, right at the start of World War II); First Asian Regional Conference (New Delhi, 1947), First European Regional Conference, Geneva, 1955), First African Regional Conference (Lagos, 1960). Also worth mentioning is the Specialized Conference on Social Security (Santiago de Chile, 1942), which may be seen as starting the trend of regional technical conferences.

⁸ The “McKinsey Report” was irreverently referred to as the “Kinsey Report” by us, the (then) younger officials. The reader may remember that the Kinsey Report on the sex life of the American Male was fairly noteworthy and successful – a best-seller, actually – during the Fifties.

The Resolution concerning the Regional Activities of the ILO was submitted by the Employers' Delegates from no less than 9 countries (Sweden, India, Mexico, Japan, Cyprus, USA, Pakistan, France, Ceylon); it made reference to the importance "attached to the development of the regional activities of the ILO, especially in the developing countries ..." and consequently, invited the Governing Body, inter alia, "to accord higher priority than hitherto to meetings of regional advisory committees and conferences; ... to bear in mind, when determining the agenda of regional conferences, the desirability of entrusting to such conferences the task of studying difficulties which prevent or delay application of certain ILO instruments in the region concerned, with a view to providing the Governing Body with clear indications as to whether such instruments should be revised."

As can be seen, in that draft resolution the emphasis was clearly on regional advisory committees and conferences.

The other draft Resolution, concerning the Regionalisation of the ILO, was submitted by Messrs. Cool, Workers' Delegate, Belgium, and Alders, Workers' Delegate, Netherlands. After making reference to a resolution concerning the regional activities of the ILO adopted by the Conference in 1961, and considering (on the basis of the Declaration of Philadelphia) that "the aims of the ILO are of a world-wide character" and likewise that "this work can be carried on realistically and effectively only if regard is had to the particular needs and problems of the different regions of the world", the Resolution invited the Governing Body, inter alia, "to initiate a study of the problems arising out of ILO regional activities in the light of the discussions at the Conference, ... to ensure observance of the tripartite principle in all the ILO's regional activities, ... to establish regular periodicity of ILO regional conferences and advisory committees in each region, ... to convene regional tripartite meetings for the consideration of specific questions or matters relating to specific industries." It further requested the Director-General "to strengthen the ILO establishment in the various regions, especially by staffing the ILO field offices with qualified technical personnel in sufficient numbers to permit of thorough consideration of matters within the jurisdiction of the ILO in each region."

These two Resolutions were to be considered jointly by the Resolutions Committee; lack of time, however, did not permit the examination of the combined text. It is nevertheless evident that their influence set the pace of further stages in the way to effective decentralization.

A landmark in this evolutive process is ILO Circular 2/37, "The Field Structure", dated 15 January 1971, whereby the management of field programmes was entrusted "to the ILO field structure, which is composed of a body of organisational units geographically and/or administratively decentralised from the headquarters structure ...".

Five Regional Departments were thus established (Africa, Latin America and Caribbean, Asia, Europe, Middle East) with a Regional Director (under the line authority of the Deputy Director-General/Field Programmes) at the head of each of them. Under each Regional Office was a number of Area Offices, each one covering one or a number of countries within the Region, Branch Offices and national correspondents in Regions where they existed, and ILO technical cooperation projects (special teams under a project manager or as one-man expert assignments). Also integrated were special units situated in a Region for the purpose of promoting specific ILO objectives. In the Americas, for instance, these were: CIAT, Office of the Andean Indian Programme, PREALC, CINTERFOR.

By “Field programme activities” the circular meant not only those of technical cooperation but also “the proper management of those aspects of personnel, finance, and general administrative services and public information which are delegated from the relevant headquarters departments”.⁹

Another important document was Circular 2/68, “Delegation of Authority to the Chief Technical Adviser (Project Manager) in Technical Cooperation Projects” of 16 October 1975. Its purpose and meaning were very clearly expressed: “A basic principle of technical cooperation is that a project is the responsibility of the recipient government. It is therefore recognized that the decisions related to the planning and implementation of technical assistance should be taken at the level of the country receiving such assistance. In line with this principle and, at the same time, to reinforce the policy of decentralization adopted by the Office, it is necessary to increase the authority and responsibility of the Project Manager. By so doing, and by simplifying procedures, it is hoped that the Office will improve project management and reduce costs for supporting services.”

The Circular, noted that “in a growing number of cases the manager of the project would be the national official who carries the responsibility for project development and implementation. In keeping with this changing pattern of responsibilities and in recognition of his basic function, the ILO Project Manager will henceforth be known as the Chief Technical Adviser (CTA for short).”

The 1994 Reorganization

New challenges were posed to the ILO by the economic and social effects of an ever increasing globalization; the answer was the “Policy of Active Partnership”, whose aims could be summarized as follows: an integrated approach by the ILO to labour and social issues; more active involvement of governments, employers’ and workers’ organizations in determining courses of action; an increased presence of the ILO in its Member States.

A reorganization of the ILO’s regional structure was the logical condition of these aims. As regards more specifically America, the network of offices is at present the following: the Regional Office at Lima; the Sub-Regional Office for the Southern Cone of America, at Santiago; and. 5 ILO Offices (formerly Branch or Area Offices) in Buenos Aires (for Argentina, Paraguay and Uruguay); Brasilia (for Brazil); Mexico City (for Mexico, Cuba, Haiti and the Dominican Republic); San Jose (for Central America and Panama); Port-of-Spain (for the English and Dutch-speaking Caribbean countries, Guyana and Belize).

The responsibilities of these Offices have been defined as follows: to represent the ILO; to determine the goals of the ILO for the countries they cover, in consultation with their tripartite components; to approve projects within the mandate of the ILO; to plan the activities of the ILO within their area of coverage; to keep the countries of their coverage informed about problems of concern to the ILO.

In addition and apart from CINTERFOR, Multidisciplinary Technical Teams function in Lima, Santiago, San Jose and Port-of-Spain.

Such an elaborate and responsible field structure was devised to meet the complex challenges of globalization in the 21st Century, which makes it necessary to rely on an advanced degree of decentralization. As a dynamic, non-stop process, Decentralization must move with the times.

⁹ The snag was, those were precisely the Departments that offered most resistance to Decentralization.

Conclusion

Decentralization today is a firmly established management policy in our UN Family Organizations, made all the more necessary and relevant by globalization. It would be difficult, nowadays, to question it seriously. Yet it still has its adamant opponents so that it remains, to some extent, a controversial issue. Any kind of difficulty, especially financial, is eagerly seized upon by “centralizers” as a golden opportunity for renewing their attempts to revert the whole process.

How can the future of Decentralization be visualized today? Back in 1979, during the American withdrawal crisis, I pointed out that Decentralization could hardly be expected to prosper when circumstances required some centrally-operated control in certain key areas (programmes, finance, etc.) unless it is decided at the top to go on decentralizing whatever the circumstances. Fortunately, this has been the policy until now and it is to be hoped that it will continue to apply in future.

Indeed and at the risk of being repetitive, some basic principles should always keep their relevance: as a means to an end, Decentralization must remain a dynamic process; and nothing of interest to the Field should be decided without the latter’s previous consultation and agreement.

Thus, in technical areas, no transfer of responsibilities should be considered if it does not involve a reasonable level of decision making. The type of activities, their importance and timing are decisions to be made by Regional Departments. To this end, regional structures are to be strengthened by adequate technical and administrative staff inflows; as a rule, periods of HQ and Field service should alternate in any normal career. To that end, care should be taken to keep Financial and Staff Regulations sufficiently flexible in the light of field service conditions, so that the latter, far from being a deterrent, be always an incentive.

The 1979 study found that Decentralization was deficient in two aspects: the participation of Regional Departments in staff training and retraining at all levels; and in public information. It is to be hoped that the considerable improvements made in those sectors since that time will keep progressing in the right direction.

Summing up, the necessity and benefits of Decentralization are now so obvious that any serious doubts about the future do not seem justified or realistic. Yet dangers still exist and detractors have not given up all hope of stopping or even reverting the process. This makes it all the more necessary to be alert with the future stages of Decentralization. And it should be remembered that for Decentralization, as indeed for all ILO activities, the challenge is never to stop moving.

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