



TENTH ITEM ON THE AGENDA

**Preliminary consultations on the
Strategic Policy Framework
for 2006-09****Introduction**

1. The Strategic Policy Framework offers the opportunity, once every four years, for the Governing Body to provide guidance on major longer term policy issues in relation to the programme and budget without the pressures of an imminent financial decision. Preliminary consultations are critical for the development of the Strategic Policy Framework for 2006-09 (hereafter SPF).
2. This document is based on informal consultations held by the Office over recent months on options for the SPF. Many constituents have seized this opportunity with enthusiasm, providing a rich source of guidance for the Office.
3. The informal consultations have produced three initial conclusions: a reaffirmation of the Decent Work Agenda structured around the four strategic objectives; the need to better focus the activities of the Office in order to achieve greater impact, including by identifying major priorities; and support for enhancing the effectiveness of ILO assistance in countries.
4. The preliminary consultations on the SPF will guide the Office in preparing its final proposals to be submitted to the Governing Body in 2004.
5. The document starts with a discussion of the context for ILO action followed by four sections on foundations for change, programme priorities, means of action and ILO capacities.

The context for ILO action

6. The Governing Body has approved the Decent Work Agenda structured around four strategic objectives. To put these into context, it is useful to consider the areas in which major contributions are expected of the ILO in order to better define priorities for the Office. Three main challenges for the ILO through 2009 are identified here, namely globalization, poverty and decent work in enterprises.

The challenge of globalization

7. Globalization is a fact. It is both necessary and inevitable. Yet, its benefits have eluded too many. It is widely held that prevailing rules and practices do not ensure fair opportunity to all, particularly those most in need. People assess globalization through the consequences for employment and social protection. The excluded want to see the opportunities of globalization reach them. Those adversely affected seek assistance for alternatives. In too many countries and regions, tensions and conflict can be traced to the lack of adequate opportunities for investment, employment and basic security. As more countries open their economies, awareness of the need for strong social consensus has risen. As a tripartite institution, the ILO is uniquely placed within the multilateral system to contribute, globally and locally, to the elaboration of rules, policies and practices based on fairness and social and economic inclusion. The outcomes of the World Commission on the Social Dimension of Globalization will enable the ILO to play a significant role in steering the international development agenda toward a more inclusive globalization.

The challenge of poverty

8. The persistence of massive poverty amidst plenty is a disturbing mark of our times. Significant progress in reducing poverty has been registered in a limited number of countries, particularly in Asia. The international community has set the ambitious goal of reducing extreme poverty by half and eradicating hunger by 2015. The Millennium Development Goals are accordingly mobilizing country efforts, the donor community and multilateral development agencies. The ILO has the responsibility to make a convincing case for policies and programmes to promote employment and enterprise creation as a means to work out of poverty. In June 2003, the International Labour Conference endorsed the approach outlined in the Director-General's Report of working out of poverty through decent work. This provides a solid platform for placing decent work at the centre of national and multilateral policies and programmes enabling the poor to move out of poverty.

The challenge of decent work in enterprises

9. Entrepreneurship, enterprises and job creation are the foundations of a vibrant society. But finding employment with a measure of security adequate to uphold social integration, individual freedom and family stability is for many an elusive aspiration. State-funded security systems, from social protection to education, have weakened. Enterprises are exposed to intense competition and seek more flexibility to lower adjustment costs. Within the workplace, commitment and cooperation have declined. Precariousness is the mark of enterprises and workers in the informal economy. Social cohesion is retreating and exclusion gaining ground. The answer lies in the reconciliation of enterprises, from small and micro-enterprises to large multinationals, and employment, opportunity and security. The ILO must frontally address the challenge of generating good jobs structuring social life in and around enterprises.

Foundations for change

10. Globalization, poverty and decent work in enterprises are three areas in which the ILO is expected to lead the way to obtain significant results. The challenges demonstrate the continuing relevance of the ILO mandate and suggest priorities through 2009. A genuine ILO contribution to each of the three challenges must build on the ILO's comparative advantage.

Tripartism

11. The voice, participation and capacity for action of organizations of employers and workers, together with ministries of labour and employment, are the measure of ILO success. A strengthened capacity for tripartite action in countries, regionally and globally is paramount to meeting the three challenges. The resolution concerning tripartism and social dialogue (ILC, 90th Session, 2002) appropriately recalls that social dialogue is the means to the achievement of the strategic objectives of the ILO. All ILO programmes contribute to that objective.

Results for people

12. Opportunities, humane conditions of labour for people in different employment statuses, stages in life and cultures are at the core of the ILO mandate. The measure of change is people and decent work. Local, national, regional and global policies and programmes must address the multifaceted nature of people's lives in and around the world of work, and tackle their varying needs. The gender dimension along the life cycle is critical to understanding and redressing disparities in opportunities and treatment between women and men in families, the community and the workplace. A life-cycle approach to decent work recognizes that at different stages in life people rely on different mixes of protection and opportunity, from alternatives to child labour, to employability for youth, protection of working mothers, decent employment opportunities throughout working life, including lifelong learning, and income security and care in old age.

Policy integration

13. At the centre of the Decent Work Agenda is the integration of economic and social policies. A fair globalization requires greater coherence in global economic, financial and social development policies. No less necessary is further integration across the four strategic objectives, providing constituents with a coherent and consistent policy framework and with technical advice and assistance that proposes options and policy mixes that are suited to the characteristics of each country. ILO capacity to promote integrated programmes at global, regional, national, sectoral and local levels must be further strengthened.

Programme priorities

14. To achieve a higher degree of relevance, it is essential for the ILO to have made by 2009 a significant and recognized contribution to the three challenges outlined above. The SPF provides the opportunity to assess existing priorities and programmes in the light of their contribution to this goal. By implication, other important areas of work must be reoriented or receive less emphasis. This section suggests a number of priorities within each of the strategic objectives that the Governing Body is invited to critically examine and discuss.

International labour standards and fundamental principles and rights at work

15. The full realization and application of fundamental principles and rights at work provides the international community with a common tool for a universal social floor. This is a necessary dimension of a more inclusive globalization. The renewed attention to freedom of association and collective bargaining, and the elimination of child labour, forced labour

and discrimination is a measure of the commitment to this social floor. It is imperative to further strengthen this commitment.

16. International labour standards are enabling tools for balanced social and economic development, in accordance with the characteristics of each country. Labour standards give form and content to equitable economic and social development. Initiatives are required to give new life to the promotion and application of international labour standards as tools for economic and social development. Tripartite consultations are a key element in this process.
17. Voluntary codes of conduct, corporate social responsibility, socially responsible investment, guidelines, indexes and ratings that have flourished need to be assessed from the point of view of ILO standards and fundamental principles and rights at work. Can social responsibility initiatives better reflect ILO principles and labour standards? In turn, how can activities promoting respect for fundamental principles and rights at work provide guidance to enterprises seeking to improve social responsibility?

Decent employment and income for women and men

18. The call for decent work is worldwide. Jobs depend mainly on private enterprise and entrepreneurs, including cooperatives, having the opportunities to invest in new capacities, products and markets. The ILO's ability to advise on the linkages between public and private, domestic and foreign, investment and jobs needs to be strengthened. Constituents expect more guidance from the ILO on the implications for employment of trade liberalization. This requires new capacity in policy analysis. Furthermore, most ILO member States wish to refine policies toward small enterprises, in order to introduce an environment conducive to competitiveness, productivity and employment, together with the improvement of working conditions, occupational safety and health and social protection. Achieving a satisfactory balance between opportunities for entrepreneurs and security for workers in a context of rapid change represents a major task. Decent work opportunities in formal and informal small and micro-enterprises are an ambitious but necessary agenda. Policies must give particular attention to investing in skills and enhancing the employability of women and men, and in particular increasing the opportunities for young people and women.

Social protection

19. Social protection forms an integral part of decent work and development. Four priorities stand out. The first is income security in old age. World demographic trends point to declining fertility and higher life expectancy, pushing up the share of persons aged 60 years or more in all regions. Addressing the financial implications for pension systems has become a central issue. Tripartite consultations are needed to explore the feasibility of realizing the objective of universal access to social protection coverage and retirement income. Second, the HIV/AIDS pandemic is seriously straining resources and development opportunities in many countries. But campaigns and mobilization show that information, prevention and affordable treatment can bring the pandemic under control. Social protection, equal treatment of workers, as outlined in the ILO code of practice on HIV/AIDS and the world of work, are the areas in which an ILO contribution is expected. Third, a new look at international labour migration in the wake of globalization is necessary. Is a new agreement required that would, in addition to the protection of migrants, examine the conditions under which labour migration is beneficial for both sending and receiving countries? The 92nd Session of the International Labour Conference will give guidance on this matter in 2004. Fourth, safety and health at work remains an

elusive goal in far too many workplaces. New initiatives are required for prevention and better coverage of insurance in case of accident and disease.

Social dialogue

20. In times of rapid economic and social change, there is a need for genuine social dialogue as a foundation of good governance. Ministries of labour and strong and representative social partners need to be properly equipped for dialogue and negotiation. There are two additional dimensions. One is the capacity of tripartite social dialogue to address economic and social development strategies and policies, particularly with globalization knocking at the door. The voice, organization, representation and involvement of employers and workers alongside governments in defining and implementing the policy agenda are essential for inclusive economic and social development. A concrete objective is active participation of ILO constituents in national poverty reduction strategies and processes. Another is the extent to which government departments, institutions and actors see the benefits of tripartite dialogue and support the Decent Work Agenda.

Means of action

21. The continued high demand for services placed on the Organization is a healthy sign of relevance. At the same time the ILO is operating in an increasingly competitive environment and asked to deliver high-quality and cost-effective services. The issues on which ILO support is sought are complex, calling for highly specialized knowledge and capacity to act globally and locally in different cultural contexts. A strategic use of organizational resources is required to effectively deliver policy advice and technical services to constituents and specialized audiences.
22. A number of means of action are highlighted below the pertinence of which the Governing Body may wish to assess.

An effective ILO country programme

23. It is necessary to enhance the coherence and focus of ILO assistance to constituents at the national level. This is best done through a decent work country programme that concentrates resources and activities in order to achieve meaningful results in areas of priority for the country and its constituents and the ILO. This would also lead to a better alignment and reinforcement of ILO programmes, enabling headquarters and ILO field offices to work together in responding to priorities identified in countries. Collaboration with regional and subregional institutions leading to the elaboration of a Decent Work Agenda can powerfully influence outcomes at the country level.

Partnerships with development agencies and donors

24. Partnerships with major development agencies and donors are essential to the achievement of ILO objectives. The ILO must develop its capacity to mobilize development partners around the Decent Work Agenda, in particular decent work country programmes. This implies taking a strategic view of major external partners and establishing close collaborative arrangements, including through exchanges and capacity building of experts. The direct participation of employers' and workers' representatives is an expression of their leading role in this strategy. Availability of cogent policy briefs, case material and

documentation that make for convincing arguments on the contribution of the four strategic objectives to balanced development is critical.

Analytical and statistical capacity

25. Labour and social issues will remain at the centre of national concerns and international attention. The ILO must strengthen its capacity to produce authoritative analysis on major policy issues as well as meet the strong demand for factual and trend analysis. Global studies, including of major sectors and industries, as well as country and regional studies are appropriate to assess recent trends and issues in decent work. Analysis must be based on quality statistical information. The ILO should expand its assistance to countries seeking to produce a limited number of decent work indicators. A major biennial report on decent work trends and issues could be prepared.

Knowledge sharing and communications

26. For the ILO to remain the world reference in labour and social matters, it must review its policy and systems for knowledge sharing and communications. Knowledge sharing with constituents, development institutions, research centres, and within the Office, should become a priority concern in order to access, structure, process and disseminate information and knowledge. In turn this should facilitate the development of training programmes to build capacities and competencies. A continuous upgrading of information technology is necessary in order to satisfy increasing external demand for easy access to ILO information sources as well as expanding internal requirements for processing capacity. Communications must be an Office-wide concern. ILO messages should be widely disseminated on the basis of timely targeted products for constituents, the general public, specialized audiences and opinion leaders. Publications should be limited to major items.

Extra-budgetary resources for technical cooperation

27. In 2002-03, extra-budgetary resource expenditure amounted to an estimated 52 per cent of the regular budget, up from 34.2 per cent in 1998-99. Over the past three biennia, the upward trend in extra-budgetary expenditure (an increase of 36.7 per cent between 1998 and 2003) contrasts starkly with zero real growth of the ILO regular budget. This is welcome, but the divergence is worrisome. It could affect ILO ability to attract and manage future extra-budgetary resources. The uneven distribution of extra-budgetary resources across ILO programmes, reflecting donor priorities but also capacity to attract external funds, adds to this difficulty. A reasonable objective is to reach a healthy balance between regular and extra-budgetary resources. In addition, and in order to diversify donors to the ILO programme, particularly in areas presently less favoured by external resources, the ILO should strengthen its capacity to mobilize resources locally.

Strategic and results-based management

28. The introduction of strategic budgeting has done much to focus ILO action on visible outcomes that better respond to the priorities of constituents. Since 2000-01, strategic management has evolved into a complete results-based cycle, including longer term planning (the SPF), programming (the programme and budget), performance monitoring and reporting (the programme implementation report) and evaluation. Much remains to be done to focus the ILO's work around country priorities identified with constituents and

global projects, which support the application of ILO principles and policies worldwide. This includes improved performance indicators and measurement, more systematic evaluation, including external evaluations (as for human resources development and strategic budgeting in 2005). In addition, it is necessary to revisit InFocus programmes as a means to combine resources and skills in a limited number of high-priority areas in order to achieve critical mass for significant change.

Strengthening ILO capacities

29. It is imperative for the Office to strengthen its capacity to deliver its programme. This is best done within a medium-term policy framework that can orient resource decisions over several programme and budgets. Consecutive years of zero real growth have, in many areas, reduced investment to a level insufficient to adequately maintain existing assets and keep pace with technology requirements. The Governing Body may wish to advise on suitable modalities to ensure an appropriate level of investment in the areas detailed below.

Human resource development

30. ILO capacities are embodied in the skills and commitment of its staff. Budgetary constraints and the resulting low level of recruitment explain why today the ILO is faced with a relatively high average age (70.5 per cent of staff is 46 years and above) and consequently a large number of forthcoming retirements (52 per cent of Professional staff P5 and above between 2003 and 2009). Valuable technical knowledge and management experience will be lost. This creates both an opportunity (recruitment of highly skilled and experienced staff and addressing gender and nationality imbalances) and a challenge (to identify, recruit and train an entire new generation of ILO staff). To a large extent this will determine Office capacity over the next decades. In the light of this, a major effort and resources are required to recruit and train ILO staff, including management training. New investments are indispensable to improve staff security both in the regions and at headquarters.

Investments in technology and infrastructure

31. Investment in new technologies is necessary to enhance the capacity of the Office to service its constituents in a cost-effective way. In the medium term, this will facilitate a shift from labour-intensive transaction processing to analysis and more effective service to programme managers and constituents. It is equally essential to maintain the functionality and security of ILO buildings. This will require adequate provisioning of the Buildings and Accommodation Fund in order to meet future requirements.
32. *The Committee may wish to recommend to the Governing Body that it request the Director-General to take into account its deliberations when preparing the draft Strategic Policy Framework for 2006-09.*

Geneva, 17 October 2003.

Point for decision: Paragraph 32.