



NINTH ITEM ON THE AGENDA

Strategic Policy Framework (2006-09)

(and preview of the Programme and
Budget proposals for 2006-07)

Making decent work a global goal*Contents*

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Introduction

1. The Strategic Policy Framework (SPF) is a key tool in the process of strategic budgeting launched by the ILO with the 2000-01 programme and budget. It is an organizational framework outlining medium-term priorities and the core strategies needed to pursue the ILO's mandate in the context of globalization. As such, it is the first step in the ILO's results-based planning, programme budgeting, implementation, reporting and evaluation cycle. Among the issues it addresses are the capacities that are available and can be developed to achieve these objectives. It therefore provides a basis for the Governing Body to give guidance to the Office on the orientation of the programme and budget and constitutes a compass for its implementation in a rapidly changing world. Discussion on the SPF will greatly assist in the finalization of the proposals for the 2006-07 programme and budget. To facilitate the preparation of these proposals, an outline and background information is included as Part III of this paper.
2. As was established by the Governing Body's discussion of the first SPF, in an uncertain world a rigid medium-term plan is not useful.¹ The idea of a framework captures the need to implement programmes flexibly within parameters that express the broad priorities of the Organization. In a continuing process, the SPF is thus the stage when the Organization takes the time and space to gain a sense of perspective on its activities. The biennial programme and budget together with the annual implementation reports are further opportunities to assess progress. These have all informed the preparation of the SPF 2006-09.
3. The SPF is based on the reasoning set out in the first SPF, which covers the period 2002-05. Early and extensive consultations, both informal and formal, with constituents and throughout the Office, beginning with the discussion in the Programme, Financial and Administrative Committee (PFAC) of a preliminary paper² in November 2003, have confirmed the continuing relevance of the approach of the first SPF determined by the 279th Session of the Governing Body in November 2000. This second SPF therefore seeks to build on an established framework whose general perspective is fully valid rather than propose a completely new approach. Both documents constitute the basis for our future work.
4. For the period up to the end of 2005, the theme for the SPF is consolidating the Decent Work Agenda. The Governing Body in November 2003 strongly reaffirmed the Decent Work Agenda and the four strategic objectives as set out in the SPF 2002-05. The SPF for 2006-09 therefore seeks to deepen this existing tripartite consensus, developing a number of the concepts and areas of activity that grew in significance over the last four years. The Governing Body's discussion a year ago included frequent requests for full reflection of the Conference resolution concerning tripartism and social dialogue (2002), and the discussions of the Reports of the Director-General to the International Labour Conference: *Reducing the decent work deficit – A global challenge* (2002); and *Working out of poverty* (2003) and for consideration of the report of the World Commission on the Social Dimension of Globalization.

¹ GB.279/PFA/6.

² GB.288/PFA/10; GB.288/9/1.

5. The discussion of the Director-General's Report to the International Labour Conference in 2004: *A fair globalization: The role of the ILO*, which received general support, also revealed the strong interest of ILO constituents from around the world in the theme of decent work as a global goal. It is thus proposed to make decent work as a global goal the integrating theme guiding ILO actions for the next period on the basis of its progressive implementation from the national (decent work country programmes (DWCPs)) to the international level (Millennium Declaration, Millennium Development Goals, Poverty Reduction Strategy Process).
6. The second SPF aims, by making decent work a global goal, to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. It is based around the four strategic objectives of promoting and realizing standards and fundamental principles and rights at work, creating greater opportunities for women and men to secure decent employment and income, enhancing the coverage and effectiveness of social protection for all and strengthening tripartism and social dialogue. It continues to emphasize the importance of integrated policies drawing from each of the four strands of knowledge to generate synergies that strengthen the overall objective of making decent work a global goal. It is perhaps useful to imagine the framework as a matrix in which a number of integrating themes or cross-cutting objectives, such as gender equality, can be woven across the four vertical strands or objectives. It is the ILO's contribution to more coherent national development policies and a better convergence and synergy in international policy advice between macroeconomic, trade, labour, social and investment policies. Increased tripartite involvement of the ILO in greater national coherence and international policy convergence around employment and enterprise creation can be a significant contribution to a fair globalization that creates opportunities for all.
7. In addition to wider policy issues, such as the continuing effort to achieve gender equality, the SPF also identifies investing in the ILO's effectiveness as a priority for the medium term. One of the lessons of the SPF 2002-05 is that the demand for ILO services has regularly surpassed available capacity, in spite of sustained rationalization and cost savings. In several areas, the squeeze on Office resources has now reached a limit beyond which service to constituents could be jeopardized. The SPF addresses the challenge of balancing needs and resources and proposes means to strengthen ILO effectiveness to safeguard the level and quality of services to its constituents.
8. This document is composed of three parts. Part I underscores the growing relevance of the ILO mandate in the emerging international context and proposes a set of priorities for the period 2006-09. Part II discusses the strengthening of the ILO's capacity to achieve its objectives. Part III presents an outline of the Programme and Budget proposals for 2006-07 with a new formulation of operational outcomes. Background budgetary information is provided. The views of the Governing Body will guide the finalization of the programme and budget proposals to be submitted to the PFAC in March 2005.

Part I: Mandate and priorities

An evolving strategic framework for decent work

9. The Strategic Policy Framework (SPF) 2006-09 sets out the Organization's priorities for the coming years; it is useful to begin by reviewing the lessons learned in the previous SPF. The 2006-09 SPF builds on the four-pronged strategy identified in 2002-05, namely: mapping out the concept of decent work; developing integration and coherence across the

ILO; building decent work into policies for the global economy; and putting it into practice at the national level.

10. The ILO has developed through tripartite consensus three interlinked concepts which orient its priorities for the medium term:
 - the Decent Work Agenda as a tool for development and social inclusion;
 - productive employment for women and men as the main route out of poverty;
 - achieving a fair globalization as a source of global stability and rising living standards.
11. The response of constituents and many others suggests that these concepts express in simple terms the perceptions, the needs and the growing political pressure that women and men everywhere place on their leaders. They are an expression of the ILO's mission – age old and yet forward looking – to connect values and ideals with the demands and concerns of families and communities today. As the Director-General said at the 2004 International Labour Conference: “We continue to be a value-based institution. It is the source of our legitimacy. The ILO has always been about finding its place, its space, its voice to be an advocate for social justice at different moments in history. We have achieved it through the vehicle of dialogue and consensus building and we can be proud of the ILO today and its history.”
12. Since the Director-General's Report to the International Labour Conference in 1999, a variety of reports and publications have thoroughly explored the policy dimensions and applications of decent work in various settings. The Office has reformed programming processes through the introduction of results-based management techniques. This is supported by improved consultative and collaborative procedures, although greater integration of ILO programmes is a continuing task. The perspectives charted by the World Commission and the guidance of the Governing Body and the International Labour Conference have strengthened the ILO's role in shaping a social dimension to the global economy.
13. The Decent Work Agenda is informing ILO tripartite action in countries, with governments, employers' and workers' organizations working together with support from the Office, to design and implement policies to promote the components of decent work. In a number of countries, ILO action has begun to be organized within decent work country programmes (DWCPs), supporting national policies and priorities of constituents. Decent work as a unifying concept is forging ILO policy development and services in many different contexts. It is particularly important to emphasize the promotion of gender equality as an integral part of the Decent Work Agenda since non-discrimination and equal opportunity and treatment in employment and occupation are basic principles of social justice, as well a means to greater efficiency and inclusive societies all over the world.
14. The main message in *Working out of poverty*, that productive employment is the sustainable way out of poverty, is taking hold. It is underpinning many national policies based on community and local development initiatives. It is the ILO's policy contribution to reaching the Millennium Development Goal (MDG) of reducing poverty by one-half and the strategies that underpin it. The Extraordinary Summit of Heads of State and Government on Employment and Poverty Alleviation in Africa convened by the African Union in Ouagadougou in September 2004 gave resounding support to this approach. Meetings of the African Union's Tripartite Labour and Social Affairs Commission, of African finance ministers and of the social partners prepared the Summit. A background issues paper drawing on contributions from 15 international agencies put together by the

ILO showed that practical steps toward policy coherence are possible. The ILO is actively involved in following-up on the Summit's recommendations.

- 15.** The Decent Work Agenda was endorsed in a series of summits throughout the Americas. From the XIII Inter-American Conference of Ministers of Labours of the Organization of American States to the Summit of Heads of State and Government of the Americas from Latin America, the Caribbean and the European Union, leaders identified decent work as key to poverty reduction and social progress. As the Heads State and Government of the Americas declared at a special summit (Nuevo León, Mexico, January 2004): “We are committed to the principles of decent work proclaimed by the International Labour Organization, and we will promote the implementation of the Declaration on Fundamental Principles and Rights at Work in the conviction that respect for workers’ rights and dignity is an essential element to achieving poverty reduction and sustainable social and economic development for our peoples.”
- 16.** The report of the World Commission on the Social Dimension of Globalization opens up new scope for ILO action. It is a balanced call for integrated and coherent action to make globalization work for all, and highlights the central role of work and employment in the way people view its impact on their lives. Since its launch in February 2004, the report has received widespread support from many quarters.³ The participation of over 20 Heads of State and Government at a launch of the report by the co-chairpersons in New York on the eve of the General Assembly this year showed the growing recognition of the role of the ILO as a valued partner in the drive to meet the MDGs. The United Nations secretariat has distributed the report as an official document of the General Assembly.
- 17.** Applying the lens of decent work to the challenges posed by globalization enables the ILO to address a major and widespread concern across all societies. “Give me a fair chance at a decent job”; today, that call by women and men is a worldwide demand. The ILO’s response lies in entrepreneurship, investment and productivity together with decent jobs, social protection and employability – bound together by respect for rights at work, the practice of social dialogue and tripartism. The ILO’s tripartite structure, rooted in the knowledge and networks of work and society, enables us to bring together an emerging global community of multiple actors in the shaping of a fair globalization. The experience of the World Commission proves that it is possible to find common ground among non-likeminded personalities with a diversity of experiences and interests. This can be replicated on a wider scale. As Secretary-General, Kofi Annan, said on 20 September commenting on the World Commission’s report, “employment creation, the protection of fundamental rights at work, strengthening social protection and broadening social dialogue are keys to a globalization that promotes not just economic reform, but social progress”.⁴
- 18.** To move forward, the ILO must exercise fully the mandate on labour, social and economic policies and their interrelationships given to us by our Constitution, especially the Declaration of Philadelphia⁵ which is particularly relevant today.

³ GB.291/WP/SDG/1: Follow-up to the report of the World Commission on the Social Dimension of Globalization: Next steps.

⁴ For the full text of the Secretary-General’s statement see <http://www.un.org/News/Press/docs/2004/sgsm9487.doc.htm> .

⁵ Article II of the Declaration of Philadelphia states that: “Believing that experience has fully demonstrated the truth of the statement in the Constitution of the International Labour Organization that lasting peace can be established only if it is based on social justice, the Conference affirms that:

19. As the only tripartite international organization, the ILO is uniquely able to integrate the practical knowledge and experience of the enterprise and the workplace, drawn from organizations representing millions of enterprises and hundreds of millions of working women and men with the economic and social policy tools of governments.
20. The mandate of the ILO is thus clear and the priorities can be summed up as making decent work a global goal. An important means of achieving this goal is through the mobilizing of the ILO's tripartite constituency in the moulding of a fair globalization, beginning at home. The networks of labour, employment and social affairs ministers, employers' and trade union organizations, supported by the services of the Office, are far-reaching and influential.
21. Furthermore, their role in the economy and society is underpinned by the ILO's international labour standards, which represent one of the most comprehensive internationally agreed set of principles for cooperative action available to meet the challenges of globalization.
22. Together, promoting tripartism, social dialogue and labour standards are a solid foundation to strengthen the ILO as a global player during the critical years ahead as new forms of governance of globalization, both nationally and internationally, are constructed.
23. A key component of this strategy is investing in the ILO's effectiveness. We need to pull together and augment our resources to contribute to the closely linked priorities of creating a fair globalization and achieving the goals established in the Millennium Declaration. Responding creatively to these challenges will help the ILO deliver better services to constituents, enlarge the opportunities for constructive partnerships within the multilateral system and attract increasing international support and development cooperation resources. The ILO must demonstrate that it can achieve significant results and make best use of limited public resources. Through results-based management, we have raised performance standards and reduced costs. More can and will be done to improve our effectiveness and accountability.

Making decent work a global goal

24. Making decent work a global goal is the most far-reaching implication of the World Commission's message. It stresses the importance of work as a prism through which people see globalization and the way it impacts their lives. By acknowledging that decent work, in its four strategic dimensions, is a widespread democratic demand of women and
 - all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity;
 - the attainment of the conditions in which this shall be possible must constitute the central aim of national and international policy;
 - all national and international policies and measures, in particular those of an economic and financial character, should be judged in this light and accepted only in so far as they may be held to promote and not to hinder the achievement of this fundamental objective;
 - it is a responsibility of the International Labour Organization to examine and consider all international economic and financial policies and measures in the light of this fundamental objective;
 - in discharging the tasks entrusted to it the International Labour Organization, having considered all relevant economic and financial factors, may include in its decisions and recommendations any provisions which it considers appropriate.

men everywhere and the best recipe for stability and social justice in all societies, the Commission has called on the ILO to play a leading role in shaping globalization.

25. Meeting the challenge will require a combination of actions. It means deepening the effectiveness of existing programmes and mandated activities, such as strengthening the labour standards system, advising and supporting constituents on enterprise development, employment policy or gender equality. It means a new way of looking at things – for example, addressing the policy challenge of global production systems or building a socio-economic floor for the global economy by making basic social protection a key development goal.
26. Decent work as a global goal calls for the building of processes that foster convergent approaches to linked objectives to produce greater coherence and consistency between economic and social policies, nationally and internationally. This in turn will require strong advocacy and improved governance.
27. Coherence must grow from the local to the global. Social dialogue has proved its value many times in many places as a method of developing a convergence of objectives and policies. The objective of greater policy coherence is built on the vital importance of dialogue. With more voices and interests participating in the formulation of policies, the more balanced the policies will be and the more likely to be implemented with the acceptance of key actors.
28. Many sound national efforts are under way, for example, to implement the MDGs and to make poverty reduction strategies more attuned to social and employment priorities. Coordination of the work of international organizations at country level is improving.
29. But, when it comes to international policy convergence to implement sustainable development objectives, the need for more integrated and balanced economic, social and environmental policies has never been more urgent as economic globalization intensifies. This was a central message of the Johannesburg Summit. This is an area where the multilateral system is underperforming. There is clearly an untested potential for working better together and making the whole greater than the sum of the parts.
30. Among other initiatives to achieve policy coherence, the Commission calls on the relevant international organizations to work together on sustainable growth, investment and employment creation. This would respond to a major political demand in all countries and demonstrate the capacity of the multilateral system to find creative solutions to multiple uncertainties in the lives of workers, families, enterprises and communities. People are looking at the multilateral system and asking: “Why don’t these organizations make their knowledge and policy experience converge in practical ways to give me, my family and my community a fair chance at a decent job?”

Mobilizing tripartism, social dialogue and international labour standards for a fair globalization

31. Our Constitution gives the ILO a special place in the multilateral system. With governments, employers and workers together, our actions are grounded in a deep understanding of the realities of work all around the world; and our Organization benefits from a much broader representation and support than purely intergovernmental organizations. The Organization is also inspired by values and principles of social justice, providing an ethical foundation for responses to the profound transformations represented by globalization.

32. Tripartism is the key that can open the door to a fair globalization. Social dialogue and tripartism has concentrated on workplace matters, productivity, wages and working conditions. This fundamental role remains at the centre of the ILO's functions and in many ways is of renewed importance given the pace of change in the world of work. The new additional challenge is to articulate the importance of tripartism as a vital instrument in obtaining a stable global community, warranting a greater voice in national and international policy-making. The reconciliation of competitiveness with social justice in the global economy calls on strong representation of the diversity of voices of the world of work and renewed capacity to contribute to policies creating opportunities for all, especially women and men working in the informal economies of the developing world. To this end, promoting entrepreneurship, enterprise creation and an enabling environment for productive investment are central to the ILO's Decent Work Agenda. The community of work represented through tripartism will increasingly need to develop dialogue and cooperation with other groups in society to form the broadly based coalitions for change needed to shape a fair globalization.
33. The ILO draws authority from international labour standards. They are a cornerstone of good governance and balanced economic and social development. There is growing recognition of the positive contribution of labour standards and rights at work to efficient enterprises, productive workforces and fairness in the distribution of the benefits of economic growth. In addition to guiding the action of member States and the contents of international treaties, they are a source of reference for voluntary private initiatives. Efforts to raise the coherence and impact of the corpus of labour standards underpinning the Decent Work Development Agenda as well as improving the supervisory machinery must continue.
34. An enabling environment for the creation of decent work opportunities is related to issues such as fairness in trade access, debt reduction, financial conditionalities and the increasing aid required to support developing countries in their national efforts. Good national governance to be successful requires good global governance. The ILO will need to use its voice as a partner in the multilateral system to foster the search for a more equitable and sustainable pattern of global development based on the central importance in people's lives of decent work.
35. The ILO must continue to be available with its tripartite experience to support countries facing the economic and social complexities of moving from central planning economies to open market economies in both developed and developing countries. It must also be prepared to selectively address issues of importance to developed countries such as the impact of ageing societies, pension reform, outsourcing or delocalization.

Strengthening the ILO as a regional and global player

36. On all these issues, social dialogue and tripartism can have a significant positive influence in identifying a balanced policy approach. There is a hunger today for the type of global problem-solving approaches that the ILO through its broad and representative membership is developing. Dialogue on the search for practical solutions between diverse voices inspired by common values and principles is a vehicle for both change and stability.
37. For decent work to become a global goal, the ILO needs to develop partnerships, which express shared hopes and deepen common understandings. These partnerships need a firm foundation nationally and regionally. As the World Commission report emphasizes, globalization begins at home. Furthermore, decisions in global institutions are made by member States. Policies to support decent work as a global goal must therefore be built on the foundation of dialogue nationally and regionally amongst ILO constituents and with

our partners. We must draw lessons from the way the African Union successfully applied this approach to the Summit on Employment and Poverty Alleviation.

38. The ILO's regional structures are thus a key part of strengthening the position of the Organization in policy development for a fair globalization. Over the cycle of regional meetings, the Decent Work Agenda has been steadily enriched with the perspectives, specificities and means of action available to our constituents at the regional level.
39. The Tenth African Regional Meeting in Addis Ababa in December 2003 marked a new and deeper partnership with the African Union which led to the ILO's full engagement with the Extraordinary Summit in Ouagadougou in September 2004 on employment and poverty reduction. For African constituents, the five main priorities are: poverty reduction through employment promotion and social protection; combating HIV/AIDS through workplace action; social dialogue as a means of good governance; post-crisis reconstruction; and the social dimension of regional integration. The social dimension of regional integration is a priority in the Americas where, following the 15th American Regional Meeting in Lima in December 2002, collaboration with the Organization of American States, and other regional structures such as MERCOSUR, has considerably increased. Of particular importance was the Inter-American Conference of Ministers of Labour in Bahia, Brazil (October 2003), which defined a road map for the Decent Work Agenda in the Americas.
40. The 13th Asian and Pacific Regional Meeting in 2001 launched the idea of DWCPs which are becoming a worldwide means of integrating ILO activities nationally. The Regional Meeting in 2005 will further define the ILO programme for Asia and the Pacific. The ILO's work with constituents in the Arab States, the Arab Labour Organization and the Gulf Cooperation Council is also taking forward the contribution that integrated policies for decent work can make to key issues such as youth employment, disability, increased participation of women in the workforce, enterprise diversification and development, and the strengthening of respect for fundamental principles and rights at work. The Governing Body has given particular attention to the situation of Palestinian workers in the occupied Arab territories and the technical cooperation support the Office can give them in their ongoing critical circumstances. A special conference in the Middle East to examine the World Commission's report is planned for 2005.
41. The Seventh European Regional Meeting in February 2005 in Budapest is set to play an important role in developing a shared economic and social policy agenda based on decent work as a global goal between the members of the newly enlarged European Union and other ILO member States in the region. A particularly strong relationship has been developed with the Commission of the European Union in the context of both the Lisbon strategy and development cooperation policies. The Commission made a very supportive communication to the European Council and the European Parliament on the fair globalization report.
42. An important element of an ILO strategy for strengthening its voice globally over the next five years will be to ensure that the goal of decent work for all continues to resonate in regional and subregional structures for economic integration. The ILO's own structures and activities are a vital means of building a social dimension into their policies and commitments.
43. Globalization is shaped by many forces other than governments. What are needed are mechanisms that, like the ILO, move the international community from the exclusively intergovernmental form towards what the World Commission calls an emerging global community of diverse actors: governments-plus; business; trade unions; parliaments; local authorities; private international organizations; the international cooperative and consumer

movements, citizens' organizations and so many others. The Commission suggests this might be the time and place for a globalization policy forum that brings the diverse actors of the emerging global community together. The ILO could help organize it together with other interested international organizations. In time, it could lead to a global event where diverse actors converge on the need to make decent work a global goal.

44. In the discussion of the Director-General's Report to the International Labour Conference in 2004, delegates gave broad support to six major areas where the ILO is well placed to take the agenda forward:
- national policies to address globalization;
 - decent work in global production systems;
 - dialogue for global policy coherence;
 - constructing a socio-economic floor of the global economy;
 - a multilateral framework for the cross-border movement of people;
 - strengthening the international labour standards system.
45. These are critical medium-term objectives for the Organization defining priority domains where an integrated Decent Work Agenda can raise the profile and influence of the ILO, its constituents, values and goals. They constitute a programme which enables the ILO to play a key role in shaping both globalization, based on its ample mandate, and also delivering better policy advice and technical cooperation to constituents on the ground.

Investing in ILO effectiveness

46. The challenge of making decent work a global goal is a shared responsibility of all constituents together with the Office. The Office stands ready to assist constituents both separately and as tripartite partners in developing their capacity to shape economic and social policies. The knowledge and networks of constituents combined with the technical capacity of the Office to promote decent work has the potential to become a significant influence on policy-making nationally and internationally.
47. The tempo of policy changes is never predictable but the Organization will continue to work with interested national, regional and global institutions to promote not only the feasibility of policies placing decent work at the centre of development policies, poverty reduction and a fair globalization but also the means to measure the initial dividends of such a focus.
48. The Office's effectiveness in fulfilling its responsibilities within the Organization depends on its ability to work with constituents both within countries and internationally. As well as through formal meetings, this rests on regular consultations with constituents and close relations with other development partners. It involves better harnessing of our resources, at headquarters and in the field, through DWCPs. Comparative information and international data are the basis of our ability to advise constituents and to support action within countries. The ILO needs to ensure that its staff has the skills and vision to deliver the high-quality knowledge on which the Organization's work and credibility is built. A good balance and synergy between a strong presence in the regions and adequate capacity at headquarters is critical.

49. The objectives of the ILO are global, but priorities and application depend on regional, country and local circumstances. The ILO is committed to improving the relevance, effectiveness and efficiency of its work at all levels. In 2006-09, there will continue to be an emphasis on decentralized planning and programme execution backed up by effective support from headquarters through the progressive extension of DWCPs to as many countries as our capacity permits.
50. DWCPs will be the main tool to plan, programme, monitor and report on the ILO's work in the field. DWCPs are being introduced in 2004-05 throughout the ILO's field structure. They provide an instrument to define the ILO's role within wider United Nations country-level programming, such as the United Nations Development Assistance Framework (UNDAF), as well as debt and poverty reduction strategies. Country programmes reflect the ILO strategic framework by defining medium- and short-term outcomes reflecting country characteristics and priorities of constituents. They give expression, at Members' request, to the ILO strategic framework in a specific country context. They are developed and implemented with the active participation of constituents. DWCPs are funded by regular budget resources at headquarters and in the field, and mobilize extra-budgetary resources.

Results-based management

51. Results-based management is a tool used by the ILO since 2000 to translate its main objective, the promotion of decent work, into a coherent four-year policy framework and biennial programme and budget. It is supported by annual implementation reports and regular evaluations. Strategic management is a governance tool, enabling policy-making organs to determine the broad orientations of the programme and budget of the Organization. It is also a management tool to assess actual performance against expected outcomes.
52. The ILO has been working with other United Nations organizations to introduce and refine results-based management. A recent Joint Inspection Unit (JIU) report on *Managing for results in the UN system*⁶ provides useful guidance on experience to date. The JIU identifies key techniques of managing for achieving results centred on improving performance. These include the formulation of objectives and results with adequate indicators and explicit targets to assess performance, the regular monitoring of progress, analysis of actual results vis-à-vis targets, and regular evaluations to complement performance information. The JIU also underscores defined accountability for achieving results as well as alignment of organizational structures to objectives. These techniques have guided the ILO's own efforts to systematically apply results-based management to the preparation, implementation, monitoring and evaluation of programmes.

Enhancing the strategic framework

53. In response to the views of the Governing Body and in order to enhance the operational content of the SPF and the measurement of performance, the logical framework structure adopted in 2002-05 has been continued and further refined. In addition, greater transparency in budget allocations was requested, particularly in the attribution of resources at regional level and to cross-sectoral activities.

⁶ *Managing for results in the UN system*, 2004, Joint Inspection Unit, United Nations.

54. The proposed SPF for 2006-09 introduces an additional level in the logical framework, namely operational outcomes. Operational outcomes define results the Organization expects to achieve, and measure, in the medium term, as a consequence of actions taken by the ILO. An operational outcome defines an expected result from implementation of the programme within a particular operational objective. As well as addressing a component element of one of the strategic objectives, operational outcomes will also capture progress towards five common mainstreamed goals. These are a fair globalization, reduced poverty, greater gender equality, stronger tripartism and increased respect for international labour standards.
55. Each outcome is complemented by a set of indicators and targets (detailed in each programme and budget in the planning period). These will be more tightly stated and measurable than before. Indicators aim to reflect a range of performance measures, including qualitative dimensions. The new framework and the outline of the Programme and Budget proposals for 2006-07 are detailed in Part III. The organizational structure of the Office is informed by the strategic framework, although for practical reasons it will not correspond exactly to the hierarchy of strategic objectives, operational objectives and operational outcomes.

Deciding on action

56. Results-based management has taught us to look outward and to measure our performance in terms of our impact on the lives of working women and men. To achieve a high level of performance, we rely on modern systems, tools and infrastructure. In recent years, under pressure to meet immediate performance goals with limited resources, the ILO has underinvested in staff development, information and communications technology, office accommodation and security. Recent investments, made possible by the 2000-01 surplus, have enabled parts of these gaps in our capacities to be filled. Now the Organization must develop a sustainable path forward, on the basis of a hard and strategic look at costs and benefits.
57. The ILO must push ahead decisively with measured ambition aware of the means at its disposal. Today it does not have the resources to do everything its constituents request. In the face of growing demand the ILO needs to set priorities, concentrate its efforts, avoid dispersal and produce quality products, based on its wide-ranging mandate. If it advances too slowly when globalization is moving forward by leaps and bounds, it will miss the chance to make a contribution many see as of critical importance. But it must act within limited means. We need strategic thinking.

Part II: Strengthening institutional capacities

58. The realization of the ILO's mandate and challenges set out in this SPF requires a foundation of sound management practices and institutional capacities. Our vision is one of highly qualified and trained staff supported by modern systems and infrastructure providing the tools and environment to achieve the Organization's goals, at headquarters and in each field office.
59. In the period 2002-05, with resources available under the 1998-99 and 2000-01 surpluses, a good start has been made in addressing a number of capacity problems that had built up over many years. Without the decision to invest a significant part of the surpluses in capacity building, the problems would be more severe. However, given relatively low regular budget allocations to such areas as information and communications technology,

management and staff development and buildings and facilities, this has been a difficult task.

60. Strengthening these capacities and enabling the Organization to achieve the management and organizational excellence necessary to the achievement of our mandate and priorities will require serious and sustained attention to capital investments and human resource development in the next strategic period. Increased investment in these areas will be required.

Core strategic capacities

Extending partnerships

61. The ILO's Decent Work Agenda is a contribution to sustainable economic, environmental and social development as envisioned in the Millennium Declaration. Indeed, as the report of the World Commission on the Social Dimension of Globalization advocates, making decent work a global goal is central to the shaping of a fair globalization. Just as the Declaration of Philadelphia holds that social progress cannot be achieved solely by social policies, so making decent work a key pillar of development strategies cannot be achieved by labour policies alone. The ILO's strategic objectives are an important contribution to the appeal in the Millennium Declaration that only by "broad and sustained efforts to create a shared future, based upon our common humanity in all its diversity, can globalization be made fully inclusive and equitable".⁷ The goal of decent work calls on the ILO to work with other organizations and institutions in partnership.
62. As an organization built on the logic of partnership, the ILO is well placed to absorb and act upon the imperative of constructing a process of policy convergence. To that effect, the ILO must seek to achieve synergy of action with strategic partners. Priority in extending partnerships will naturally be given to those organizations with a mandate that intersects with that of the ILO. For example, the ILO has long-standing relations with the FAO, WHO, UNESCO and UNIDO focused on issues such as employment and rural development, health and safety at work, the school-to-work transition and industrial development and entrepreneurship, which should be deepened and made more effective. While in the past relations with other organizations were a separate function within the Office, a new approach will necessitate most functions within the Office developing a strategy for partnership. Policy briefs and materials to explain and connect the ILO's policies to those of strategic partners are essential tools in such an approach.
63. The participation of the ILO as observer in the International Monetary and Financial Committee of the International Monetary Fund and the Development Committee of the World Bank gives us an opportunity to be present in important policy discussions. A continuing task of the ILO tripartite constituency and the Office is to ensure that the Decent Work Agenda, which has acquired such solid national, regional and global support, is adequately taken into account in policy advice.⁸ A significant evolution in these last

⁷ For the full text see <http://www.un.org/millennium/declaration/ares552e.htm> .

⁸ Paragraph 17 of the Communiqué of the Group of 24 Ministerial Meeting on 1 October 2004 states "Ministers welcome the report of the World Commission on the Social Dimension of Globalization, which provides guidance for placing employment at the centre of the MDGs and the development agenda. They underscore the role of employment in poverty reduction and call for the Bretton Woods Institutions to stress employment creation in their programmes and policy advice.", at <http://www.g24.org/09-04ENG.pdf> .

years has been the evidence that the concepts of employment as a sustainable way out of poverty, decent work as a development tool and a fair globalization are resonating strongly with their constituents – particularly developing countries and many developed countries. This certainly opens the way for better cooperation in the future.

64. The relationship with the UNDP and UNCTAD is certainly significant for the ILO and important areas of convergence can be developed further. This is equally valid for IFAD, UNEP, Human Settlements and UNICEF, as well as WIDER, UNRISD and the United Nations University in our research agenda.
65. Links with the Inter-Parliamentary Union and regional parliaments have strengthened these last years and should be intensified given the importance of parliaments for the approval of Conventions and their political influence on the Decent Work Agenda at the national level. Also, local authorities play a central role in the implementation of decent work country programmes (DWCPs) at the community and national levels. A more systematic and effective link with the recently created United Cities and Local Governments (UCLG) should be established.⁹
66. The regular participation of the ILO in the World Economic Forum and the World Social Forum and other organizations active on ILO issues has proven to be an important source of information, contacts and opportunities to present different dimensions of the Decent Work Agenda. It should be continued.
67. The Office will, of course, maintain and wherever possible, further strengthen its long-standing and fruitful cooperation with a number of international associations grouping practitioners in fields of direct interest to the ILO, such as the International Cooperative Alliance (ICA), the International Social Security Association (ISSA) and the International Industrial Relations Association (IIRA).

Strengthening analytical and statistical capacity

68. High-quality research and comprehensive statistical data disaggregated by sex are essential to the ILO's ability to service constituents and influence global and national policy orientations. The ILO, because it is able to draw on the global tripartite network and research institutes around the world, should be a leader in the development of knowledge, information and analysis on topical issues in the world of work. As a catalyst of knowledge networks organized around these concerns, the ILO should ensure that research, policy analysis and technical cooperation are mutually reinforcing and lead to policy advice of the highest quality. This should involve comparative analytical work on labour issues, based on extensive statistical information. The International Institute for Labour Studies with an enhanced link to technical sectors and the regions can play a key role in this endeavour.¹⁰
69. An essential counterpart to good research is an adequate statistical foundation for the ILO's concerns. Reliable, comprehensive and accessible statistical data, which reflect the key priorities of the Decent Work Agenda, provide a vital input to policy choices and debates, and to assessment of progress towards goals. Sound statistics provide the basis for evaluation, for good analysis and for communicating the ILO's messages to a wider audience. A stronger statistical base for the Decent Work Agenda is needed, addressing key concerns such as gender equality, security, representation and living standards. In the 2002-05 period, resources from the surplus have been invested in strengthening ILO

⁹ See http://www.lgib.gov.uk/ukint/ukint_e3.htm .

¹⁰ See INS.B.XLVI/1.

statistical capabilities, and this must be consolidated in 2006-09 by organizing ourselves better and strengthening our support to work at the country level which is, after all, where the information comes from in the first place. Statistical and data collection work is today dispersed throughout the Office. It must be integrated into a unified policy and management structure reflecting both priority needs and technical requirements of sectors and regions.

70. The ILO should follow a three-pronged strategy. First, development of knowledge, policy analysis and compilation of statistical data should better align with the policy agenda. There should be better coordination of statistical activities throughout the Office leading to enhanced capacity and increased assistance to countries to improve their statistical activities. The contributions of international labour standards and of social dialogue in these fields should be reflected.
71. Second, the ILO should strengthen its in-house policy research capacity, not only for direct primary research but, most importantly, for tapping, orienting and capitalizing on external capacities of think tanks, research institutions, universities and other knowledge networks working on ILO issues throughout the world. This should be reflected in the research capacity of all major units, including the regions. It should be decentralized but coordinated. It should have a substantial impact on the recruitment criteria of the Office, since the Office needs a body of younger officials with top-level technical skills in each of its main disciplines. Working relationships and exchanges with academic and research institutions should be actively pursued. The International Institute for Labour Studies has a particular role to play here.
72. Third, the ILO should improve the quality and impact of its research and policy approach. A limited number of major reports should be prepared, including a flagship report issued regularly on a topical theme and produced by a dedicated multidisciplinary team. This should be complemented with shorter policy briefs on major issues. Different types and forms of publications should reach different audiences, with extensive use made of the Internet. All major ILO publications should undergo a peer review prior to publication. An ILO electronic research newsletter should be issued regularly as a means of sharing recent and forthcoming developments.

Sharing and managing knowledge and information

73. To maintain its status as a leading knowledge institution in the world of work and influence global and national policy debates, the ILO must invest in strategies on knowledge management and knowledge sharing. The experience and knowledge gained by the ILO are organizational assets which should be safeguarded and used to inform future activities and service constituents. An integrated, systematic approach to managing the wealth of knowledge collected by the ILO, in addition to managing the wide range of ILO products, would strengthen the ILO's capacity by improving the quality and operational relevance of ILO services, avoiding duplication of effort, speeding up its processes and facilitating knowledge dissemination. Knowledge sharing would bring the field and headquarters closer together and ensure that the ILO's services and products are grounded in local realities and better customized. It would also promote better partnerships within the ILO and, through knowledge networks, outside of the ILO.
74. A knowledge-sharing and management strategy involves people and supportive processes and technology. During the 2006-09 period the Office should address the following goals:
 - enlarging and organizing systematically our knowledge on the world of work so that it can be easily retrieved and communicated;

- making available in various ways the extensive and practical knowledge of ILO constituents themselves, including by region and country;
- facilitating access to comparative databases on decent work indicators and policies to constituents and the wider public;
- elaborating new knowledge-sharing systems and tools, including communities of practice.

Improving the Office's capacities to share and manage knowledge will involve the International Training Centre (Turin). The Centre works closely with ILO constituents to enhance their capacity to play an effective role in economic and social development. This expertise will be invaluable in assisting in the development of knowledge-management systems and connecting them to the needs of constituents. The continuing integration of the capacities of the Turin Centre with those of the Office will help to build an Organization-wide strategy on knowledge sharing and management. In addition, the Centre, in collaboration with the United Nations Staff College which shares its campus, provides training services to staff of the UN system and other international bodies. This will greatly assist with the objectives of extending partnerships and enhancing staff capacities.

Strengthening communications strategies for promoting decent work

75. A strong communication strategy and capability is vital for promoting the Decent Work Agenda. First and foremost, the Office must provide constituents, especially members of the Governing Body, with timely and accessible information on the activities of the Organization. An effective communications policy also enables the ILO to reach a wide audience across the world often only faintly acquainted with the ILO, its values and policies. Making decent work a global goal requires the engagement of all constituents in information sharing, reporting on progress and experiences, as a vital stimulus to concerted action across the Organization. In addition, the ILO must communicate its messages to both non-specialized audiences, as well as to the more informed and technical counterparts.
76. The ILO must develop a culture of delivering clear, concise and timely information through a variety of means (publications, information services, databases, web sites, media channels) and in different languages. A communication strategy must be an in-built element of the main areas of ILO work, using the Internet as the major means of dissemination of ILO knowledge and products. This should also change the nature of the products documenting and analysing trends in the world of work produced by the ILO. Upgrading the communication skills of ILO staff is a priority for staff development, for example, for relations with the written and broadcast media, writing skills especially for the Web, public speaking and the use of visual aids. The creation of a new culture of communication is vital to the future success of the ILO. All principal activities should incorporate a communications dimension at the planning stage.

Management capacities

Integration of technical cooperation resources

77. Extra-budgetary resources for technical cooperation activities have risen faster than the ILO regular budget over the last six years. In 2002-03, the ILO expended US\$227 million

in extra-budgetary technical cooperation, equivalent to 52.3 per cent of the 2002-03 regular budget or 34.3 per cent of total resources (regular budget and extra-budgetary contributions) available to the ILO. By comparison, in 1996-97 these ratios were, respectively, 31.4 per cent and 25.6 per cent.

- 78.** Three measures have been introduced in recent years to better manage technical cooperation resources:
- integration of regular budget and extra-budgetary resources in the strategic budget of the ILO as in 2004-05;
 - continued decentralization to field offices of primary responsibility for implementation of technical cooperation activities;
 - more transparent procedures to prepare and approve technical cooperation proposals.
- 79.** The better integration of extra-budgetary activities with regular budget activities, reflected in these measures, will be pursued in 2006-09 with the following emphasis:
- further strengthening of managerial and technical capacity in field offices to implement ILO activities by enhancing the essential range of ILO competencies in all regions, in particular project formulation and local resource mobilization;
 - full application of DWCPs as an instrument to better align extra-budgetary resources with priorities of constituents in member States; and better coordination with development assistance;
 - better reflection of basic orientations for extra-budgetary resources in the programme and budget proposals for discussion and guidance by the Governing Body.

Enhancing staff capacities and competencies

- 80.** By 2009, some 50 per cent of present senior managerial and Professional staff (P5 and above), as well as support staff, will have retired. This will result in a significant loss of institutional knowledge and experience. Managing human resources in a complex and diverse organization such as the ILO requires a balance between the continuity, stability and commitment which a professional and secure career path brings, alongside a dynamic approach which is flexible and adaptable to the changing needs of the Organization. Replacement of retiring staff presents an opportunity to tailor recruitment of highly competent and qualified staff to the Director-General's commitment to a more appropriate grading structure, more women in senior positions and geographical balance.¹¹
- 81.** Meeting these challenges will require a significant investment in staff capacity in three major ways: prospection and recruitment, initial and continuous learning and development, and career and succession planning.
- 82.** Forward-looking staffing plans will be introduced in each major unit based on the knowledge and competency requirements and the human resource policy priorities around age, grade structure, gender balance, national diversity and staff mobility. While considering the reality of competition for quality talent, it should be possible over the medium term to lower the average point on the ILO grade structure to reflect a more evenly distributed staff age and experience profile than has been the case for several years.

¹¹ See GB.291/PFA/17. ILO Human Resources Strategy update, summary of developments.

By early 2006 a new prospection strategy and recruitment procedures will be in place in order to fill vacancies within five months of a vacancy notice. Transparent and merit-based procedures will be applied in line with the ILO's human resources priorities.

83. UN-wide principles on organizational learning and development will be applied. Initial and continuous learning will be met providing staff with ILO-specific core (for all staff), level (required at a particular grade) and technical competencies (to meet the requirements of a particular position) necessary to meet the ILO's strategic objectives. Resources equivalent to 2 per cent of regular budget staff costs will be earmarked during 2006-07 for learning and development following agreed guidelines. The Turin Centre will be a key tool for capacity building and staff learning and development.

Oversight

84. In recent years, the oversight functions of the Office have been significantly strengthened. An evaluation framework has been elaborated and evaluations have been carried out for six of the eight InFocus programmes, with the remaining two foreseen for 2005. Strategic budgeting in the ILO will also be evaluated in 2005. The Office of Internal Audit now reports directly and independently to the Governing Body, and the use of risk analysis and the issuing of an internal audit manual have reinforced its internal systems and procedures. Nonetheless, the evaluation and audit functions of the Office should be strengthened. Results-based budgeting and management require means to examine programmes and themes in depth, to draw and communicate lessons and to inform budget and management decisions.
85. Current arrangements in the Office separate project evaluation from programme evaluation, weakening the idea of an integrated budget covering all sources of funds. The Governing Body has expressed concern about the need for greater independence of evaluations, and at the same time has insisted on a strong traditional audit function, including an adequate capacity for investigations. The process of deepening the ILO's results-based management systems will create needs for decentralized systems for performance monitoring and self-evaluation. Systems of accountability should be reinforced, including, where necessary, by structural reform and management training.
86. A comprehensive system of oversight and evaluation should be in operation by the end of 2007 and include strong central policy guidance and support, visibly increased independence, decentralized capacity in technical programmes and regions, and a clear link with performance reporting and self-evaluation. In addition, an annual report summarizing evaluation activities, major findings and recommendations of evaluations and follow-up as well as future plans could be submitted to the Governing Body for future guidance.

Investments and infrastructure

Sustaining cost-effective improvements in information technology

87. Information and communication technologies play a pivotal role in enabling the ILO to meet its strategic objectives and better serve its constituents. The combination of computing and telecommunications technologies support improved access to and sharing of knowledge, the modernization of work practices and improved service delivery.
88. The ILO's global telecommunications infrastructure (headquarters and external offices) should be incrementally upgraded to ensure that information technologies can deliver the

existing services (e.g. email, Intranet) and new applications (e.g. Integrated Resource Information System (IRIS)) that the Office increasingly depends on to serve its constituents and improve administrative efficiency. For example, the deployment of IRIS and the Electronic Document Management System/Web Content Management System (EDMS/WCMS) to all ILO offices should be completed before the end of 2007. Videoconferencing must be more widely used in 2006-09 and seen as a viable alternative to physical travel. Eventually, this will lead to expanded services such as telephone communications via the Internet and desktop-to-desktop videoconferencing.

89. An appropriate yet cost-efficient technological infrastructure, which takes due account of all the existing and new information technology and information management requirements of all offices, individually and collectively, will have to be in place to support the requirements. The ILO will continue to assess options in order to ensure a secure, manageable and scalable environment for existing and new applications. Future decisions should be compatible with the UN system-wide comprehensive strategy on information and communications technology.

Office accommodation and security

90. Successive zero-growth budgets, combined with a concern to enhance service to constituents, have led to significant reductions in expenditure on basic building maintenance and security. New commitments made to security of staff and constituents in the light of increasing security concerns and manifestations of hostility towards international agencies and officials have exacerbated this situation.
91. Restricted budgets for maintenance and upgrading have led to deteriorations such that interpretation booths and equipment in headquarters meeting rooms are no longer functional. In the absence of funds for equipment purchase and repairs, this has led to significantly higher costs as temporary equipment has had to be rented to support constituent meetings. The situation has now reached the point where investment is needed in a broad range of equipment and facilities for reasons of costs, functionality and safety.¹²

Financing medium-term charges

92. Over the last ten years, the steady reduction in the real value of the regular budget and the effort to maintain programme delivery has led to constraints on provisions for maintenance and replacement of the ILO's buildings and equipment. Two areas now require action in order to improve services and, in some cases, prevent deterioration in services to constituents. In addition to the major investment in the new information resource system (IRIS), it would be prudent to foresee a continuing process of general upgrading of information and communication technology at headquarters and in field offices. Renovation, refurbishment and construction of ILO-leased and owned buildings, not least to meet new security and occupational safety and health norms, require the ILO to make substantial investments. A multi-biennium strategy is the best option to finance these expenditures from dedicated provisions in the biennial regular budget.
93. An additional issue is financial liability for after-service health insurance for retired officials. ILO practice has been to treat this cost on a "pay-as you-go" basis, charging the biennial budget with the amount of the Office contribution as it is incurred. Generally

¹² The Governing Body, through its Buildings Subcommittee is examining an overview of ILO office accommodation (GB.291/PFA/BS/4). The PFAC is also reviewing a report on security and safety of staff and premises (GB.291/PFA/5).

accepted accounting principles now require that an organization recognize the future liability for retired officials and the current service costs in the financial statements. Within the UN system a minority of organizations have established funding mechanisms for this liability; the majority follow procedures identical to the ILO. A document is being prepared by the United Nations secretariat for discussion by the General Assembly on modalities for addressing this significant and increasing future cost. An actuarial study conducted by a reputable firm experienced in such issues has determined that for the financial period 2002-03 the potential maximum liability in after-service health insurance for all current and future retired ILO officials is valued at US\$437 million. Any change in the ILO's current accounting practice in this regard could only follow a UN-wide decision.¹³

Part III. Preview of the Programme and Budget proposals for 2006-07

Overall outline of programme and budget proposals

- 94.** The Director-General's Programme and Budget proposals for 2006-07 will be presented to the Governing Body in March 2005. Following the suggested Strategic Framework for the period, the Programme outlined below comprises the four strategic objectives, eight operational objectives and 22 operational outcomes. The programme and budget proposals will further elaborate the operational outcomes with strategies, indicators and targets for each two-year period, together with a budget linked to expected results.
- 95.** This outline is provided at the request of the Governing Body which expressed an interest in discussing a preview of proposals at an early stage. The final programme and budget proposals will benefit from the views of the Governing Body on the Strategic Policy Framework (SPF) and on the outline presented here. This preview is necessarily brief, while providing information and context on which the constituents may wish to provide further direction.
- 96.** The outline of the Programme and Budget proposals for 2006-07 contains:
- for each strategic objective, a brief section on context and ILO response is followed by the relevant operational objectives, proposed operational outcomes and a preliminary listing of the indicators being developed;
 - a brief description of innovations introduced in the Programme and Budget proposals, including changes in procedures for their preparation and greater transparency in the budgetary presentation.

¹³ Successive financial reports and audited financial statements to the ILC and the GB have disclosed this liability.

Strategic objectives, operational objectives, outcomes and indicators proposed for the Programme and Budget for 2006-07

Overall objective: Decent work as a global goal

Context and ILO response

97. The ILO-sponsored World Commission on the Social Dimension of Globalization delivered a message centred on shifting national and global policies from a narrow focus on markets to a broader concern with people. It has set the ILO the challenge of making decent work a global goal to be pursued in every country and in the international community. A number of recommendations seek to improve global governance, including through a greater role for international labour standards and social dialogue, and to strengthen international policies to promote employment and social protection.
98. This calls for action under each of the strategic objectives. It also calls for integrated action in several domains. These include coherence in economic and social policies in support of decent work at national, regional and global levels, including in poverty reduction strategies. Greater awareness of the need for policy coherence and measures to promote such coherence nationally, regionally and globally are expected. The importance of global production systems invites the ILO to explore the conditions under which such systems can become effective promoters of decent work. These efforts will require information and statistical data to monitor trends in decent work and assess the effects of different policies. This work will be characterized by a common approach in close coordination with the regions and activities under each of the strategic objectives.

Outcome

Greater coherence and consistency between economic and social policies conducive to decent work at national, regional and global levels; including incorporation of decent work goals and policies in poverty reduction strategies, and in global production systems; and better information on the levels and deficits of decent work around the world contribute to making decent work a global goal.

Indicators under development:

- constituents and multi-bilateral partners agree on measures to strengthen coherence in key global policy areas;
- constituents agree on methodology to review decent work, impact of globalization and policy packages for national responses;
- decent work targets are built into national and international policies on poverty reduction;
- constituents are better equipped to integrate decent work goals into national poverty reduction strategies;
- constituents and national and international actors introduce decent work dimensions in policies for global production systems;
- constituents and other organizations use ILO decent work data and analysis in developing economic and social policies.

Strategic Objective No. 1: Promote and realize standards and fundamental principles and rights at work

Context and ILO response

- 99.** The fundamental principles and rights at work laid down in the 1998 Declaration are now firmly established as a universal set of minimum requirements for a “social floor” in a globalizing economy. This has resulted in a sharp increase in the ratification of fundamental Conventions. By implication, more countries now require assistance to apply the standards they have ratified and adopted. Supervisory dialogue with tripartite participation is a constructive way of identifying solutions to problems and monitoring progress. The continued promotion of fundamental standards must shift towards country- or region-specific efforts. Further specific measures may be needed in the event of grave and persistent violations.
- 100.** The list of up-to-date Conventions and Recommendations provides a more concise set of decent work labour standards on which promotional efforts could concentrate. This could also strengthen the role of the supervisory machinery. The approaches promoted in maritime and occupational safety and health standards set good examples for the future.
- 101.** The renewed emphasis on assistance for the application of international labour standards has important implications. It calls for strengthened linkages between standards and economic and social policies in order to make good use of labour standards as tools for the promotion, attainment and monitoring of economic and social progress.
- 102.** Further efforts are needed to enlist the support of all organizations of the multilateral system to fundamental principles and rights at work. All multilateral mandates should be carried out in a way consistent with universally accepted principles and human rights.

Operational objective 1(a): Standards and fundamental principles and rights at work

- 103.** ILO member States give effect to the principles and rights concerning freedom of association and collective bargaining and the elimination of forced labour, child labour and discrimination in employment and occupation.

Outcome 1(a).1

Improved implementation of fundamental principles and rights at work

Member States are increasingly aware of the content of fundamental principles and rights at work (freedom of association/collective bargaining, freedom from forced labour, child labour and discrimination) and undertake progressive steps to respect, promote and realize them, including in their national development and poverty reduction frameworks, national law and practice, and in the policies and practices of employers' and workers' organizations and their members. Constituents are provided with practical tools and guidelines based on accumulated operational experiences on gender-sensitive and effective action to support implementation of fundamental principles and rights at work.

Indicators under development:

- action on freedom of association collective bargaining;
- policies and programmes on gender and racial discrimination;
- national action plans on forced labour;
- new legislation on forced labour and trafficking;
- use of tools and methodologies to implement fundamental principles and rights at work.

Outcome 1(a).2

Member States undertake action against child labour in line with fundamental Conventions

Member States undertake targeted action against child labour in line with fundamental ILO Conventions on child labour, giving priority to the urgent elimination of the worst forms of child labour and the provision of alternatives to boys and girls, as well as to their families. This outcome reflects the expected result of ILO action in terms of promoting national responses to the child labour problem, with emphasis on the worst forms of child labour and the needs of the girl child. In broad terms, member States are expected to implement action as described in the fundamental Conventions on child labour Nos. 138 and 182 and in the relevant Recommendations.

Indicator under development:

- progress in applying Conventions Nos. 138 and 182 via time-bound measures.

Operational objective 1(b): Normative action

- 104.** International labour standards and the standards supervisory process influence legislation and policies of member States for achieving decent work and international development goals.

Outcome 1(b)

Improving the impact of standards

The governments and employers' and workers' organizations in the member States have better knowledge of ILO standards and are able to improve their capacities and skills to implement the standards according to their identified needs and national priorities, on the basis of the comments of the ILO supervisory mechanism and assistance provided by the Office.

Indicators under development:

- member States improve application of standards;
- member States improve the application of freedom of association standards;
- participants in training on ILO standards;
- increased knowledge and capacity of constituents to advocate and support ILO standards;
- continuing improvement in percentage of timely reports processed.

Strategic Objective No. 2: Create greater opportunities for women and men to secure decent employment and income

Context and ILO response

- 105.** Decent employment and incomes are the cornerstones of social integration and sustained improvements in living standards. Many have seized new opportunities opened by globalization, but for many more a fair chance at a decent job has remained elusive. This calls for placing employment at the heart of economic and social policy. As poverty reduction strategies spearhead national and multilateral efforts to meet the 2015 Millennium Development Goal, it is important to embed employment as a central objective and instrument in local, national, regional and global policies.
- 106.** The massive entry of women into the labour market presents a unique opportunity to promote equal treatment at the workplace, in particular by reconciling employment and working conditions with reproductive and family responsibilities. Many countries are

looking for better ways to ensure a smooth transition from education and training to work for youth.

- 107.** The Global Employment Agenda (based on conducive macroeconomic policies, including employment-intensive investment, promotion of enterprises, in particular small enterprises and entrepreneurship, and labour market, skills and employability policies) offers a comprehensive framework to review country policies and provide advisory services and assistance. Enterprise policies can promote decent work with an appropriate policy and regulatory environment. In turn decent work policies can strengthen enterprises. Tripartite support to corporate social responsibility, including the Declaration on Multinational Enterprises, is key to decent work in enterprises.

Operational objective 2(a): Employment, labour markets, skills and employability

- 108.** ILO constituents adopt and implement employment, labour market and skills policies and programmes that promote decent employment for women and men.

Outcome 2(a).1

Employment as central to economic and social policies

Enhanced capacity of ILO constituents to make employment central to economic and social policies for a fair and inclusive globalization and for poverty alleviation.

Indicators under development:

- labour market indicators and analysis disseminated;
- dissemination of research findings through key publications;
- adoption and implementation of strategies and policies of the Global Employment Agenda;
- adoption and implementation of employment and labour market policies.

Outcome 2(a).2

Skills and employability policies and programmes for decent work

ILO constituents have strengthened capacity to develop and implement effective skills and employability policies and programmes for productivity, social inclusion and decent work.

Indicators under development:

- gender-sensitive reviews of training policies and systems;
- effective skills and employability policies and programmes.

Outcome 2(a).3

Youth employment

ILO constituents have improved data, methodologies, best practice examples and technical support to develop and implement integrated, effective and inclusive policies and programmes to promote opportunities for young women and men to obtain decent and productive work.

Indicators under development:

- assessments of youth employment challenges;
- tools and strategies adopted to apply gender-sensitive youth employment policies.

Operational objective 2(b): Employment creation

- 109.** ILO constituents are better equipped to design, implement and assess policies and programmes to promote decent work and reduce poverty through enterprise development and employment-intensive investment, paying particular attention to women, youth, vulnerable and crisis-affected groups.

Outcome 2(b).1

Employment creation through enterprise development

Strengthened capacity of ILO constituents and other key stakeholders and intermediaries to assist enterprises, including cooperatives, to increase employment and incomes for women and men by applying tools and approaches that are grounded in ILO core values.

Indicators under development:

- use of ILO tools to improve policy and regulatory environments supporting decent jobs through start-up and growth of small businesses and cooperatives;
- use of ILO tools to provide business development and financial services to small businesses and cooperatives;
- use of ILO tools to upgrade sectoral and rural enterprises and cooperatives.

Outcome 2(b).2

Employment creation through employment-intensive investment approaches

Strengthened capacity of ILO constituents and key stakeholders to integrate employment and social policy concerns into public and private investment policy in the infrastructure and construction sector.

Indicators under development:

- increased investments in employment-intensive infrastructure programmes;
- application of employment-intensive investment approaches in crisis-affected countries;
- infrastructure and construction programmes demonstrating decent work and job creation.

Outcome 2(b).3

Decent work through local development: Poverty reduction through local employment and empowerment

Strengthened capacity of ILO constituents and key partners to apply employment-centred, integrated local development strategies that reduce poverty and fight social exclusion among women and men, including in the rural and urban informal economy.

Indicators under development:

- organizations share information on local development strategies;
- application of innovative local economic development, employment promotion and income-generating activities, including microfinance, to reduce poverty and social exclusion.

Strategic Objective No. 3: Enhance the coverage and effectiveness of social protection for all

Context and ILO response

- 110.** The lack of adequate social and labour protection is increasingly perceived as a major cost to society and the economy. Conversely, access to social and labour protection is recognized as a significant means to reduce poverty, raise labour productivity, particularly among small enterprises and the agricultural sector, and facilitate structural change. The full potential of social and labour protection systems to contribute to welfare, economic performance and social stability can be enhanced through improvements in their design, financing and governance.
- 111.** The ILO is carrying out a global campaign on social protection for all. The World Commission on the Social Dimension of Globalization supports a universal socio-economic floor of rights, social protection and employment. The challenge is to devise technically feasible and financially viable policies to enhance social protection coverage, particularly in basic health and old-age pensions. Decent work in small enterprises requires adequate modalities of social and labour protection.
- 112.** Coherent policies to improve working conditions and the working environment are increasingly recognized as closely linked to the quality of jobs and enterprise competitive strategy. The ILO Global Strategy on Occupational Safety and Health provides the framework for national occupational safety and health systems based on the principles of prevention, protection and compensation. Decent wages, working-time arrangements, reconciling work and family life and general conditions of work are becoming major issues not only in social dialogue but also in response to aspirations of workers and their families for a better quality of life.
- 113.** As part of the implementation of the ILO code of practice *HIV/AIDS and the world of work*, the ILO will continue to promote prevention campaigns and actions centred on the workplace, together with facilitating access to affordable treatment and care, including through occupational health services. As called for by the International Labour Conference, the ILO will give effect to the plan of action calling for a fair deal for migrant workers in the global economy. Assistance to tripartite constituents will centre on the development of a non-binding multilateral framework for a rights-based approach to labour migration.

Operational objective 3(a): Enhanced social security coverage

- 114.** Member States broaden the scope and instruments of social security, including the informal economy, rural areas and the poor, improve and diversify benefits, strengthen governance and management, improve their methods for implementing ILO technical standards, develop policies to combat the adverse effects of social and economic insecurity and to build a socio-economic floor for all men and women during their different life cycles.

Outcome 3(a).1**Improved policies and strategies to extend social protection to all**

Member States implement improved policies and strategies to achieve basic social protection that ensures access to health care, guaranteeing income security, providing occupational health and safety and promotes social inclusion.

Indicators under development:

- member States adopt and implement effective policies and strategies to strengthen and extend social security schemes;
- member States integrate social security, safety and health and income-generating activities in the informal economy and rural areas to reduce poverty and social exclusion.

Outcome 3(a).2**Better instruments and tools for policy analysis and formulation and good governance in social protection**

Member States have the technical and analytical tools, knowledge base and skills to formulate and implement social protection policies and better manage social protection schemes, including their financial sustainability.

Indicators under development:

- member States enhance capacity for good governance of social protection;
- member States use tools, methodologies and data, which incorporate the gender dimension, to formulate policy and improve capacity for management and administration of social protection systems.

Outcome 3(a).3**Exploring the concept of a socio-economic floor for all**

To investigate the scope for a basic socio-economic floor of social protection, employment and related opportunities, income and status, as a central objective for social progress and decent work.

Indicators under development:

- tripartite meetings discuss tools and policies to achieve a socio-economic floor;
- policies to achieve a socio-economic floor are developed and piloted by interested member States;
- partnerships with agencies dealing with aspects of a socio-economic floor are extended, e.g. education, health.

Operational objective 3(b): Effective labour protection

- 115.** ILO constituents are better able to develop and implement labour protection at national and enterprise levels in both the formal and informal economy and take effective action to promote a safety culture as a basis for a safe and healthy workplace, and to improve safety and health conditions and employment, with special attention to the most hazardous conditions at the workplace and the most vulnerable groups.

Outcome 3(b).1

Improved labour protection within the formal and informal economy

Constituents strengthen their policies and enhance their capacity to implement principles and rights embodied in international labour standards to promote better conditions of work and employment and safety and health.

Indicators under development:

- improved constituents' knowledge of key principles in selected Conventions and Recommendations;
- use of ILO tools to improve the quality of working life, particularly in the informal economy and rural areas;
- improved national safety and health systems in member States;
- ratification and application of ILO standards on safety and health at work and labour inspection, conditions of work and employment, including wages, working time and work and family balance.

Outcome 3(b).2

An agenda for tripartite action on migration

Constituents increase their participation in the formulation and implementation of effective rights-based and gender-sensitive policies and practices for the management of labour migration in line with the conclusions of the 2004 International Labour Conference.

Indicator under development:

- member States adopting policies and programmes protecting the rights and providing for equal treatment of women and men migrants, and against their trafficking.

Outcome 3(b).3

National plans for combating HIV/AIDS in the world of work

Alleviate the socio-economic impact of HIV/AIDS in the world of work.

Indicator under development:

- member States incorporating workplace components in their national strategies and action plans to combat HIV/AIDS in the formal and informal economies.

Strategic Objective No. 4: Strengthen tripartism and social dialogue

Context and ILO response

- 116.** Social dialogue is both an objective and a means of achieving decent work. Realizing the potential for social dialogue requires strong, representative and democratic employers' and workers' organizations with the capacity for full and effective participation, as well as competent ministries of labour. Of equal importance is the need for governments and the social partners to establish an enabling environment to promote and enhance social dialogue. Freedom of association and institutions for dialogue and collective bargaining are essential to uphold the fundamental rights of workers and to promote decent work.

- 117.** In line with the resolution concerning tripartism and social dialogue adopted by the 2002 International Labour Conference, the ILO will further strengthen the capacity of the tripartite constituents to engage in social dialogue and to use it as a tool for addressing and resolving issues with a focus on the informal economy and poverty reduction.
- 118.** The employment relationship is an important component in the management of labour market change. In 2006, the International Labour Conference will consider a proposed Recommendation on the scope of the employment relationship following on its debate of 2003.
- 119.** The integrated approach to social dialogue, labour law and labour administration will be pursued in order to provide a strong framework for good governance. The new approach to sectoral activities will focus on practical programmes in countries tailored to constituents' requests as well as global reviews responding to technical innovation, regional integration and other issues of globalization.

Operational objective 4(a): Strengthened social partners

- 120.** The representation, services and influence of the social partners are strengthened.

<p>Outcome 4(a).1</p> <p>Employers' and workers' organizations are more valuable and attractive to their membership and to potential members</p> <p>Employers' and workers' organizations providing new and better services addressing the needs of their affiliates, and extending the representation of their organizations.</p> <p>Indicators under development:</p> <ul style="list-style-type: none"> - employers' organizations providing new or better services relevant to their members; - workers' organizations providing new and better services.

<p>Outcome 4(a).2</p> <p>Social partners influencing socio-economic and governance policies</p> <p>Employers' organizations influencing policies to create an environment conducive to economic growth and job creation; workers' organizations making an effective input into an equitable, sustainable and participatory socio-economic development.</p> <p>Indicators under development:</p> <ul style="list-style-type: none"> - employers' organizations that make use of ILO tools and advice to influence policies at the national or international level; - workers' organizations making an effective input into an equitable, sustainable and participatory socio-economic development.

Operational objective 4(b): Government and institutions of social dialogue

- 121.** The legal frameworks, institutions, machinery and processes for social dialogue are strengthened and used.

Outcome 4(b).1**Strengthening the social dimension of regional integration through effective, informed use of social dialogue**

Regional integration processes include a stronger social dimension, making effective use of social dialogue. ILO constituents better understand key issues related to social and economic integration processes, and are able to impact on them through their participation in the dialogue process.

Indicators under development:

- tripartite constituents in regional or subregional groupings whose capacities for participating in social dialogue on regional integration issues are enhanced;
- tripartite constituents influence gender sensitive regional/subregional accords on economic and social policy issues;
- an international knowledge base on regional integration issues is developed.

Outcome 4(b).2**Improving governance through social dialogue, labour law and labour administration**

Improving workplace, labour market and national economic and social governance through social dialogue, labour law and more effective labour administrations.

Indicators under development:

- member States that modernize ministries responsible for labour and upgrade the skills of officials;
- member States using tripartism and social dialogue as a tool of economic and social governance;
- member States adopting legislation based on ILO standards with the involvement of the social partners;
- member States applying ILO Conventions on social dialogue and labour administration.

Operational objective 4(c): The development of social dialogue at sectoral level to improve global labour and social outcomes

- 122.** The ILO's established role as a venue for social dialogue at an international level on the specific issues affecting different sectors is developed to take account of the labour and social dimensions of increasing global economic integration.

Outcome 4(c)**Improved labour and social outcomes in specific sectors**

Constituents use social dialogue to improve labour and social outcomes in specific economic sectors and thereby enhance performance.

Indicators under development:

- member States using social dialogue to improve social and labour outcomes in specific economic sectors;
- member States that ratify the Convention on maritime labour standards (to be adopted);
- member States that ratify the Convention on fishing (to be adopted);
- member States that ratify the Seafarers' Identity Documents Convention (Revised), 2003 (No. 185);
- constituents that take action to implement sectoral codes of practice and guidelines;
- constituents investigate mechanisms for increasing opportunities for decent work within global production systems.

Innovations in programme and budget proposals

Mainstreamed goals

123. Mainstreamed goals draw on lessons learned regarding effective ways to document, manage and report on themes cutting across all the strategic objectives. Mainstreamed goals permit: (a) a specific definition of an outcome sought; (b) the elaboration of an Office-wide strategy; and (c) the identification of indicators of progress which simultaneously measure progress on a mainstreamed goal (such as gender equality or poverty eradication) and one falling within a specific strategic objective (such as improvements in employment policies in member States). This reduces fragmentation and encourages greater focus and integration ensuring the ILO's limited resources are used to maximum effect, without compromising accountability and coherence.

124. The programme and budget proposals include five mainstreamed goals, which are only briefly described here as the strategies and indicators are still under development.

A fair globalization

125. Progress is made towards a fairer and more inclusive pattern of globalization through the development and implementation of more coherent and integrated economic and social policies and rules at local, national, regional and global levels, and the promotion of institutions for representation, participation and dialogue which support a more effective policy response by the actors concerned.

Working out of poverty

126. National and international policy debate and strategies to eradicate poverty are influenced by decent work goals. ILO member States and constituents are better equipped to design, implement and assess poverty reduction strategies that combine integrated programmes for job creation, income generation and the extension of social protection with respect for fundamental rights at work, the strengthening and extension of social dialogue, and a particular focus on the situation of women, youth and vulnerable groups.

Advancing gender equality

127. The ILO strategy will focus on ensuring that the principles of gender equality are incorporated in the work of the ILO in all areas, that concrete results are sought, and that ILO Constituents introduce positive changes in policies, legislation, programmes or their institutions aimed at bringing about significant improvements in equality between women and men in the world of work

Greater influence of international labour standards in development

128. Impact of international labour standards in all member States is strengthened through a fuller integration of standards in the technical work and the field activities of the ILO. Meanwhile, the relevance of standards for development is further enhanced in the process of new standard setting and revision of standards.

Expanding the influence of social partners, social dialogue and tripartism

129. The ILO must act at several levels to strengthen the organization of workers and employers and give social dialogue and tripartism greater national and international influence. The

Office should be ready to provide assistance when requested to enhance constituents' representativeness, capacity and knowledge. Such support should also serve to back up their effective participation in economic and social development, as well as tapping their knowledge and experience to boost the Decent Work Agenda. The ILO must better incorporate tripartism and social dialogue as principles and tools in delivering decent work. The ILO must improve its advocacy within the development community of the value that tripartism and social dialogue can add to policy-making and implementation.

InFocus initiatives

- 130.** New areas of work or those requiring new developments are supported by special cross-organizational arrangements. These are InFocus initiatives under which the Office will develop new technical capacity in a particular field. An example might be global production systems, which would essentially provide a new perspective on the way work is organized in the global economy bringing together expertise from the regions and all four sectors. This builds on experience with InFocus programmes during the last two budget cycles. It is proposed that they should concentrate on new areas of work which require some testing before they become part of the ILO's regular activities. InFocus programmes were more loosely conceived. It is envisaged that most of the work they undertook now becomes part of the ongoing work of the different sectors.
- 131.** The InFocus initiatives should provide tangible demonstrations of the feasibility of a particular course of action, design workable concepts, policies and tools elaborated and validated through knowledge networks assembling doers and thinkers from a variety of institutions, as well as developing partnerships with major actors in the respective fields. InFocus initiatives are located within one operational unit, but are financed and implemented with resources from across the Office and geared to generating substantial support from extra-budgetary sources. In Focus initiatives have evolved from InFocus programmes that combined one administrative unit and one topic. The Programme and Budget for 2006-07 will feature a reduced number of InFocus initiatives.

Transparent budgetary information

- 132.** The programme and budget proposals will, for the first time, contain a series of new elements of budgetary information, presented with greater clarity and methodological soundness, permitting a more detailed analysis of financial allocations against strategic priorities. This increase in transparency is made possible using a strategic management module within the new IRIS system that substantially increases the scope for information sharing and thus integration of programmes between sectors and regions. As well as enabling a more efficient management of resources, it will also ensure that the Governing Body is able to have a strategic overview of the allocation of resources. The two main elements for this overview will be:
- resource allocation by strategic and operational objectives, showing the direct budgetary contribution of each sector and region to each objective; and
 - resource allocation of each region, showing budgetary contributions to each strategic and operational objective.

The ILO budget in perspective

- 133.** In discussing the strategic framework of the ILO for 2006-09, as well as preliminary proposals for 2006-07, the Governing Body will wish to have a perspective on the financial

resources available to the ILO, particularly its regular budget. In recent biennia the Governing Body and the Conference have adopted ILO budgets with no real increase. As the Director-General has pointed out on various occasions (and particularly in his message presenting the 2004-05 programme and budget discussed by the Governing Body in March 2003), the ILO is faced with a difficult dilemma between growing demand for its services and declining resources. The current situation is not sustainable as successive cuts in essential support services and deferred investments have reached a limit beyond which support to constituents will clearly be reduced. The 2000-01 surplus funds have helped to reinforce technical services and made some essential investments, particularly in IT and security, but a sustained longer term investment pattern is needed.

Trends in the ILO regular budget

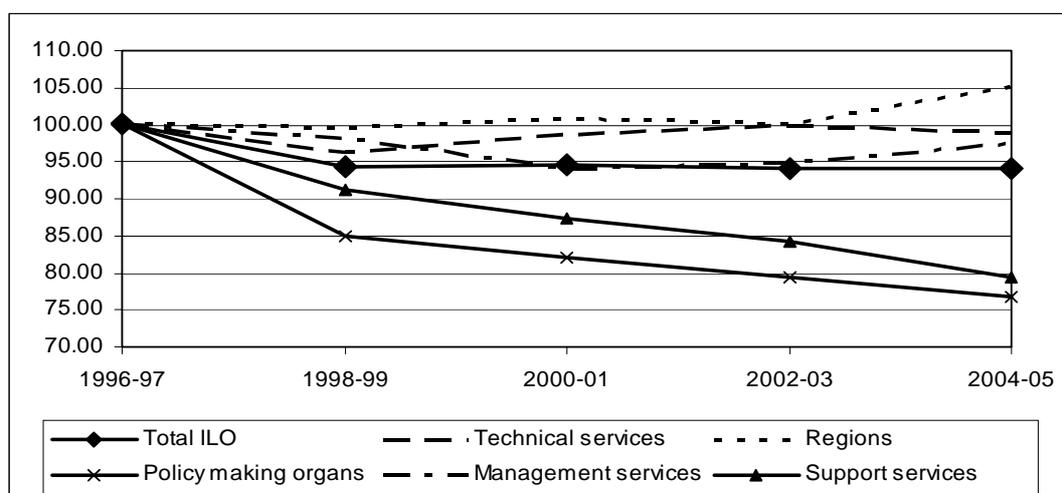
134. In real terms, the ILO regular budget in 2004-05 is below its level of 1996-97. This prolongs a trend started much earlier, with a decline in real terms of 15.07 per cent between 1978-79 and 2004-05. Over the last five biennia (1996-97 to 2004-05) the ILO regular budget, in constant 1994-95 dollars, declined by 5.8 per cent. Resources for the regions show a cumulative increase of 8.2 per cent over the same period. Resources available to policy-making organs and support services have dropped by 25 per cent and 23 per cent respectively, whilst those for management services and technical services have declined by 4.1 and 0.8 per cent respectively. A number of services have been particularly affected over the five biennia by declining resources such as publications, internal administration, and programming and management.

Table 1. Trends in ILO regular budget 2004-05/1996-97, constant 1994-95 dollars (in percentages)

Total ILO	-5.85
Technical services	-0.81
Regions	8.25
Policy-making organs	-24.97
Management services	-4.14
Support services	-22.56

Source: ILO programme and budget. Calculations based on approved biennial budgets excluding provision for cost increase and exchange rate adjustments.

Figure 1. Trends in ILO regular budget and components, constant 1994-95 dollars (1996-97 = 100)



135. Over the period from 1996 to 2003, the budgets of the UN, WHO and FAO have been more or less stable in nominal dollar terms. The ILO's nominal budget has declined by some 25 per cent in the same period. Exchange rate fluctuations and inflation impact UN agencies differently, so a precise assessment of real budget levels is difficult. The decline in the ILO's budget in real terms is 5.85 per cent (paragraph 134). By comparison, government final consumption expenditure in seven major OECD countries (contributing 70.2 per cent of the ILO regular budget) increased in real terms by 16.8 per cent between 1996-97 and 2003.¹⁴

More services with less resources

136. During the same period, the ILO has been delivering a progressively more comprehensive programme of services to constituents. New activities have been introduced such as HIV/AIDS work, responses to crises, and the social dimension of globalization; major work has started in response to requests of the International Labour Conference on poverty reduction, youth employment, informal employers and workers, social dialogue and tripartism, and maritime standards to name but a few. Start-up allocations from the surpluses have enabled a number of these activities to be undertaken. Some activities have radically changed in nature such as the Sectoral Activities Programme with a drastic reduction in meetings, greater use of the internet for publications and change in emphasis in all major programmes towards more focused and tangible results.
137. Greater visibility of the ILO has resulted in wider press coverage, an over tenfold increase in visitors to ILO web pages (between June 1999 and June 2004) matched by an equally substantive growth in the number of documents and files placed on the Internet. The ILO is delivering a much larger technical cooperation programme with total expenditures in 2004 estimated at US\$134 million compared with US\$78.2 million in 1999 (an increase in nominal terms of 71.4 per cent). We know the cost of servicing the technical cooperation programme is higher than the standard amount charged for project support. Expenditures on cases of freedom of association and forced labour have also increased.

¹⁴ OECD: Quarterly national accounts, 2004/2, table 1(b).

Increased pressures on the ILO budget

- 138.** In recent years the Director-General, responding to requests by the Governing Body, has given priority to technical services, particularly in the regions. Within a zero real growth budget, such increases have had to be financed from savings and reductions in other parts of the budget. Successive reductions in support services, including services to conferences and meetings, have now reached a limit. Investments in maintenance and refurbishing of buildings and equipments not financed for several years can in a number of cases not be postponed any longer. The Office is elaborating a medium-term strategy and will seek a replenishment of its Building and Accommodation Fund.
- 139.** The security of staff, constituents and visitors to ILO premises has been a cause of new expenditures. Compliance with UN security standards in all ILO offices across the world will require additional resources.
- 140.** The cost of developing IRIS has been financed out of the 2000-01 surplus funds. The full introduction of IRIS, replacing the current antiquated systems, will require a longer term perspective to finance its running and maintenance costs and possible upgrades.
- 141.** The need to invest in buildings and equipment came at a time when requests for assistance, advice, information and policy developments by constituents are placing increasing demands on the ILO. The appreciation this demonstrates for the relevance of the Office's services is welcome, but is stretching its resources to a point where clear choices have to be made.

Regular budget level

- 142.** The ILO is committed to pursuing its efficiency drive, to continue modernizing its processes, to realize savings wherever possible and to discontinue non-priority activities. The deployment of IRIS will entail reorganization of tasks and functions permitting a greater control of costs and efficiency gains, although it will increase its operating costs. One of the lessons of strategic budgeting has been greater attention to capacity issues in addition to programme priorities.
- 143.** The Programme and Budget for 2004-05 introduced a number of performance measures for support and management functions of the Office. Monitoring and reporting on these will provide useful information to guide future performance, and performance measurement. The impact of new management information systems will become clearer as the preparation of the second programme and budget for this SPF is launched in 2006.
- 144.** Should the budget level status quo continue, the ILO would be faced with the need to realize essential investments and reduce programme activities and services to constituents at a time of growing demand. An adequate response to the emerging international responsibilities of the tripartite ILO with a level of resources sufficient to support activities and maintain the value of the Office's capital assets will inevitably require a serious discussion by the PFAC on the regular budget level and how to address the priority investments for which resources are not available.

145. *The Programme, Financial and Administrative Committee may wish to invite the Governing Body to:*

- (a) endorse the SPF for 2006-09, taking into account the views expressed during its discussion;*
- (b) request the Director-General to take the SPF for 2006-09, as well as its discussion of the preview of the Programme and Budget proposals for 2006-07 into account during the preparation of the Programme and Budget proposals for 2006-07.*

Geneva, 19 October 2004.

Point for decision: Paragraph 145.