



Governing Body

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Programme, Financial and Administrative Section

PFA

Programme, Financial and Administrative Segment

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Implications of COVID-19 for delivery of the Programme and Budget for 2020–21

Purpose of the document

As a follow-up to the Governing Body's request to communicate further details regarding the implications of COVID-19 for delivery of the Programme and Budget for 2020–21, this document provides financial and programmatic information corresponding to the first year of the biennium in respect of programme delivery, savings and the repurposing of resources towards COVID-19 response (see the draft decision in paragraph 25).

Relevant strategic objective: All.

Main relevant outcome: All.

Policy implications: None.

Legal implications: None.

Financial implications: None.

Follow-up action required: Subject to the decision of the Governing Body, the Office will provide further information on the effects of COVID-19 on the implementation of the programme and budget in the biennial Programme Implementation Report 2020–21.

Author unit: Financial Management Department (FINANCE) and Strategic Programming and Management Department (PROGRAM).

Related documents: [Programme and Budget for the biennium 2020–21](#); [GB.341/PFA/1](#); [GB.341/INS/4](#); [GB.341/POL/3](#); [GB.341/POL/4](#); [GB.340/INS/18/6](#); [GB.340/HL/2](#); [GB.340/INS/PV](#).

▶ Introduction

1. The COVID-19 pandemic has generated a global public health and socio-economic crisis with an unprecedented toll on labour markets and decent work across the world. The ILO was able to adjust and respond rapidly to the new circumstances, ensuring business continuity, the health and safety of staff and the provision of support to governments and employers' and workers' organizations. Notwithstanding the postponement of the 109th Session of the International Labour Conference, the ILO continued to engage proactively with constituents, including through the ILO Global Summit on COVID and the World of Work held in July 2020. The first ever virtual meeting of the ILO Governing Body in October–November 2020 and an extensive programme of consultations with constituents ensured continuity in the governance of the Organization.
2. In November 2020, the Governing Body requested the Director-General to communicate further details regarding the implications of COVID-19 for delivery of the Programme and Budget for 2020–21 at its 341st Session in March 2021.¹ This document presents financial information corresponding to the first year of the biennium in respect of programme delivery and savings generated by the deferral or cancellation of official meetings and from travel restrictions; and the repurposing of resources towards the Office's response to COVID-19. The document also assesses the impact of the crisis on the implementation of the programme of work and the prospects for delivering the commitments set out in the programme and budget, and describes how the Office will move forward in 2021.

▶ Financial impacts and management

3. Throughout 2020, the Office monitored the ongoing budgetary impact resulting from the constraints of the pandemic and the ILO's response to it closely. The impact was seen predominantly in a slowdown in the level of expenditure, especially in respect of:
 - costs related to Governing Body meetings, the 109th Session of the International Labour Conference and regional and sectoral meetings originally planned for 2020; and
 - staff and travel costs across all departments and offices.
4. At the same time, the fixed costs of the Office stayed relatively constant, as costs for staff salaries, office space, utilities, security and building maintenance remained unchanged, despite the prevalence of teleworking arrangements in most locations.

International Labour Conference, Governing Body meetings, regional and sectoral meetings

5. Costs related to these areas are clearly defined in the budget management systems of the Office. While some costs associated with these activities were incurred (such as document translation), most were not, as they are entirely demand-driven and depend

¹ GB.340/INS/PV, para 396.

upon the activity or meeting (such as rental of meeting space, transportation, security and catering) taking place. By reviewing actual expenditure in 2020 and average expenditure in 2018–19, it is estimated that some US\$9.27 million that would have normally been spent on these items was realized as savings within the year.

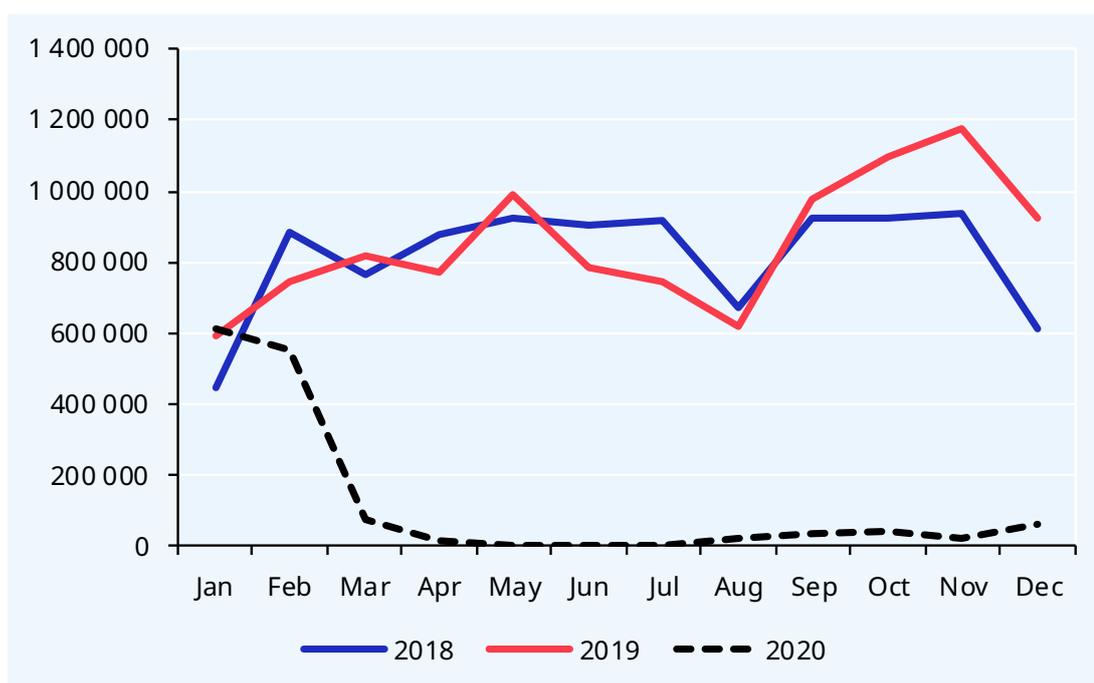
► **Table 1. Governing Body, International Labour Conference, regional and sectoral meetings expenditure per year (US\$)**

Item	2018 expenditure	2019 expenditure	2018–19 average expenditure	2020 expenditure	Savings
Governing Body	2 898 877	2 952 041	2 925 459	1 516 682	1 408 778
International Labour Conference	6 310 103	7 265 236	6 787 670	407 475	6 380 195
Regional meetings	338 873	571 528	455 200	9 202	445 998
Sectoral meetings	878 249	1 599 930	1 239 090	200 281	1 038 809
Total	10 426 102	12 388 735	11 407 419	2 133 640	9 273 780

Staff costs and mission travel

6. The Office has undertaken regular financial monitoring through monthly reports and quarterly expenditure reviews involving all departments and regions throughout the year. Through this process, US\$6.4 million of regular budget staff cost savings generated by the slowing down of recruitment and onboarding activities were identified and reprogrammed for the Office's response to COVID-19.
7. In the context of non-staff costs, particular attention was given to the monitoring of expenditure patterns in relation to mission travel, which is usually associated with a significant portion of ILO activities. The ability to undertake missions was almost entirely halted by lockdowns and travel restrictions. In order to continue delivering on its programmatic commitments, the Office moved to conducting internal and external meetings, consultations and capacity development activities by virtual means.
8. Travel and associated expenditures under the regular budget were reviewed throughout the year. The comparison between monthly expenditure for travel in 2020 and the trends from the previous two years is shown in figure 1.

► **Figure 1. Regular budget mission travel expenditure by month, 2018–20 (US\$)**



9. On average, the annual level of travel related expenditure for 2018 and 2019 was US\$10 million. In contrast, in 2020 this amount was US\$1.45 million, resulting in overall savings of US\$8.55 million.
10. The overall estimated savings made within the budget in 2020 amount to some US\$17.82 million, made up of US\$9.27 million of savings realized from specific earmarked allocations, such as meeting costs, and US\$8.55 million of savings across departmental budgets identified from costs not incurred, such as travel.

Overview of expenditure in response to the COVID-19 pandemic

11. As at November 2020, the Office identified some US\$14.3 million of expenditure incurred for activities related to the COVID-19 response. Of this amount, 82 per cent (US\$11.7 million) was spent on activities that directly supported constituents (programmatic expenditure), while the remaining 18 per cent (US\$2.5 million) can be considered as operational expenditure, in support of the continuation of ILO operations (such as measures to protect staff health and logistical arrangements for mandatory teleworking). These expenditures were covered by the repurposing of existing allocations. Table 2 shows the breakdown of overall expenditure by main budget item.

► **Table 2. COVID-19 total expenditure by budget item (US\$)**

Budget item	Operational expenditure	Programmatic expenditure	Total
Governance organs	2 295	81 145	83 440
Policy	120 530	1 434 861	1 555 391
Field operations and partnerships	749 359	9 298 264	10 047 623
Employers' and workers' organizations	4 860	740 982	745 842
Support services	1 160 127	110 093	1 270 220

Budget item	Operational expenditure	Programmatic expenditure	Total
Management and reform	517 301	29 735	547 036
General management	6 569	0	6 569
Oversight and evaluation	5 189	26 100	31 289
Total	2 566 230	11 721 180	14 287 410

► Implications for the delivery of the programme of work for 2020–21

12. As the magnitude of the pandemic became evident, the Office took proactive measures to identify and address its implications for the delivery of the ILO programme for the biennium. Alongside ongoing monitoring by the responsible technical departments at headquarters and field offices, two global reviews of the work plans developed for the implementation of the programme and budget outcomes took place, in June and December. These reviews, involving managers and staff at headquarters and in the regions, allowed the Office to identify and address constituents' urgent requests for assistance, at country level and globally, and to track progress towards the achievement of the commitments set out in the programme and budget.

Adaptation and responsiveness

13. In April 2020, the Office issued internal guidance to staff in order to ensure continuity in the delivery of its programme in the context of COVID-19. This guidance allowed for the adaptation of country-specific strategies and global deliverables, ensuring responsiveness to constituents' evolving needs and adaptability to the restrictions imposed by the response to the pandemic. A detailed description of the Office's response to the COVID-19 pandemic was presented to the Governing Body in November 2020.²
14. The Office's outcome-based work planning and monitoring system points to an increase in ILO activity to meet constituents' demand for services in the following areas:
- labour administration, employment services and labour market policies to ensure a balance between maintaining jobs, sustaining enterprises and the economy and protecting workers, employers and communities;
 - measures to cope with the short-term needs of people in vulnerable situations, including those in the informal economy, migrant workers and refugees (such as wage subsidies, emergency cash transfers and safe return to work);
 - medium- and long-term policies to tackle structural challenges in occupational safety and health, social protection coverage (with a focus on unemployment support), working time, automation, digital platforms and telework;

² GB.340/INS/18/6.

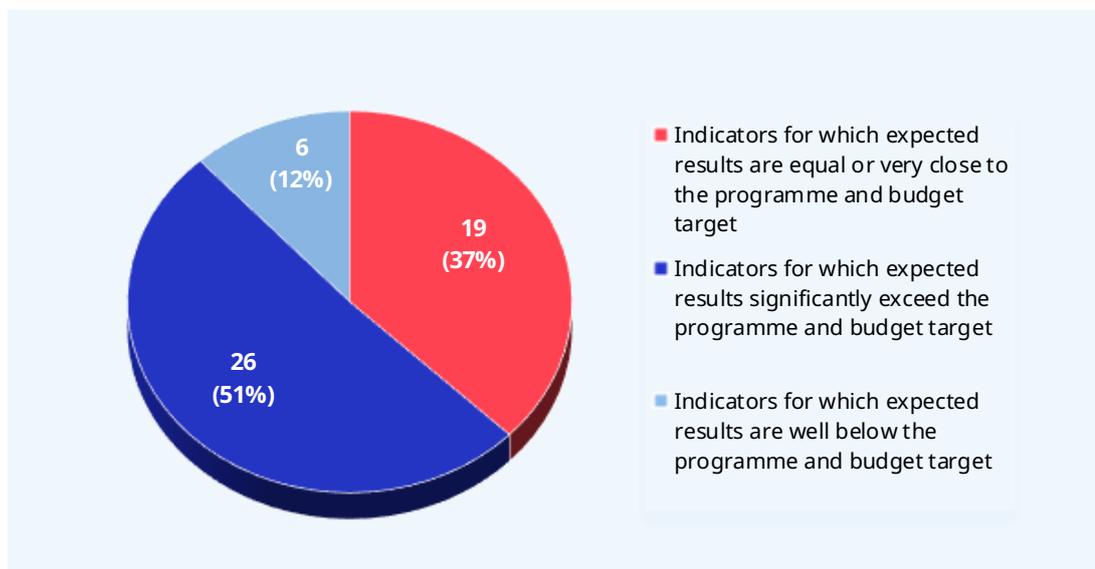
- resilience and business continuity of employers' and workers' organizations, effective social dialogue mechanisms for crisis response and emergency measures to support the survival of businesses, in particular micro, small and medium-sized enterprises;
 - the implications of increased digitalization for businesses and skills development; working conditions of care workers; and
 - the development of “nowcasting” techniques to produce relevant labour market information by combining traditional data from labour force surveys with other data sources, used as the basis for the development of the *ILO Monitor: COVID-19 and the world of work series* published during the year.
- 15.** As regards delivery mechanisms and strategies, travel restrictions and lockdowns led to increased use of innovative methods to interact and collaborate within the Office and with constituents and partners. Some of the major developments included:
- an upsurge in virtual meetings, consultations and webinars; the organization of distance courses and academies, drawing on the expertise and experience of the International Training Centre of the ILO; and the development of online platforms for sharing training materials, information and experiences;
 - acceleration of the digitalization of capacity development initiatives and cooperation tools or programmes, accompanied by an increase in the use of local providers and experts to deliver ILO products at country level; and
 - adaptation of the working methods of the supervisory bodies through the implementation of a new electronic workflow and a new electronic document classification and storage system.
- 16.** Development cooperation projects played a key role in enabling the continuation and adaptation of ILO activities in the field and the preparation of global products related to COVID-19. Through constructive dialogue with its development partners, the Office was able to repurpose many project objectives and resources to respond to the emerging needs of constituents, and mobilize specific voluntary contributions to tackle new challenges, for example in the areas of fundamental principles and rights at work and social protection. Simultaneously, inter-agency initiatives and partnerships expanded in 2020. The ILO became an active player in most country-level United Nations assessments and socio-economic response plans, increasing access to the United Nations COVID-19 Response and Recovery Fund.

Overview of COVID-19 implications for programme delivery at country level

- 17.** The Programme and Budget for 2020–21 identifies the priority areas for immediate ILO action to implement the ILO Centenary Declaration for the Future of Work, structured around eight policy outcomes and 31 outputs with a focus on strengthening the capacity of ILO constituents to tackle future of work challenges at country level. During 2020, the ILO worked in 167 countries and territories; in 115 of these, the ILO programme included specific deliverables to support constituents' response to the COVID-19 pandemic.
- 18.** The ILO's results framework for 2020–21 also includes 51 output indicators, with accompanying targets that define the level of progress to be achieved in Member States through ILO action during the biennium. The analysis carried out during the review of the outcome-based work plans showed that by December 2020, the number of expected results to be achieved by the end of 2021 was equal or very close to the target set in the

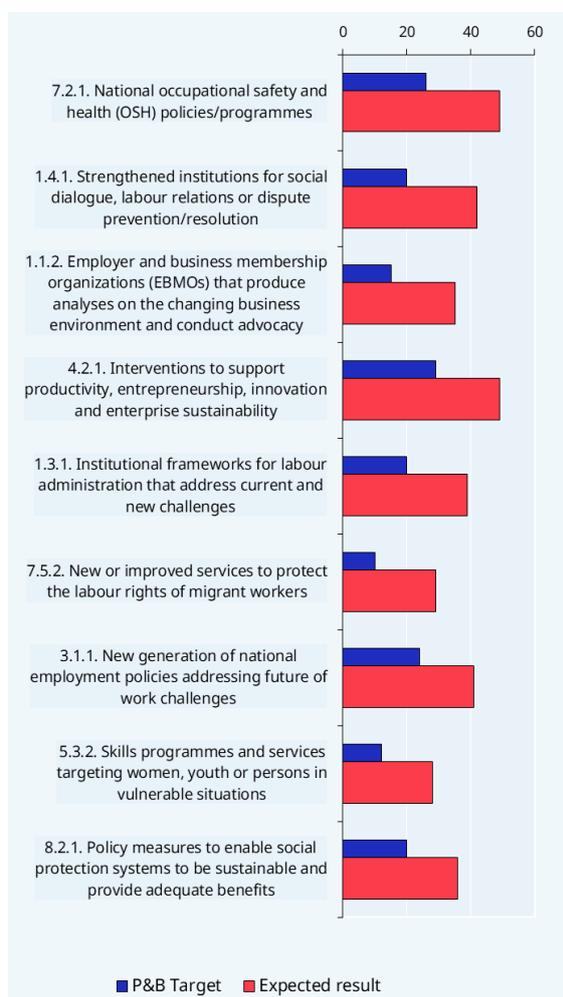
programme and budget for 19 output indicators, while expected results largely exceeded the target for another 26 indicators. The expected results were below target for six indicators (figure 2).

► **Figure 2. Distribution of output indicators considering expected results and targets**

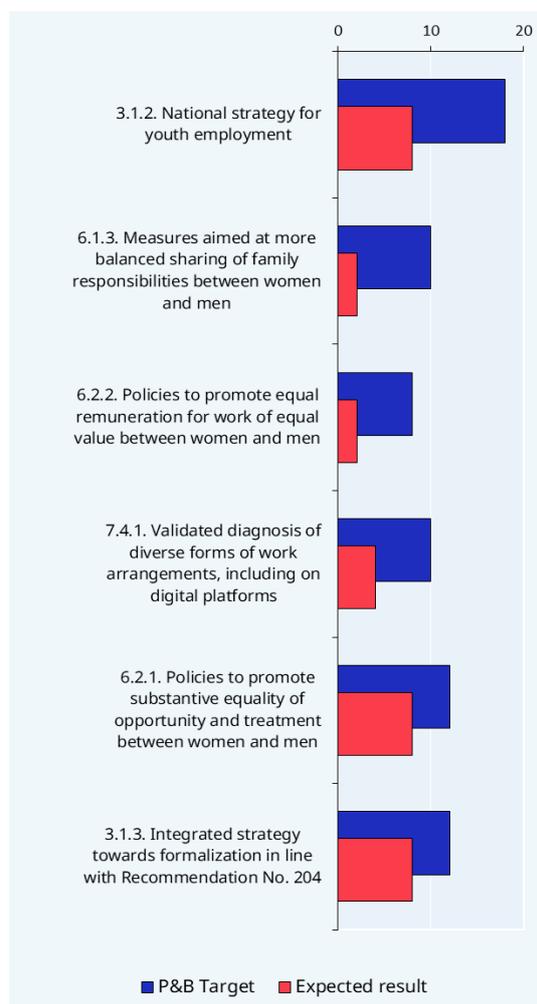


19. The fact that expected results were well above target for the 26 indicators was mostly due to the combined effect of a surge in demand for ILO assistance as part of the immediate response to the effects of the pandemic and more efficient intervention models. The greatest difference in expected results against set targets was concentrated in nine out of the 26 indicators (figure 3). The allocation of resources from the Regular Budget Supplementary Account and the mobilization of additional voluntary funding in support of some outputs – especially to strengthen employers' and workers' organizations, social dialogue and the application of international labour standards – also explains the prospects for achieving results that exceeded those planned in these areas.
20. On the other hand, the low number of expected results in relation to the target set for six indicators (figure 4) can be explained by:
- the lower priority given by some countries to structural problems that require longer-term solutions (such as integrated formalization strategies, youth employment, equal pay, gender equality and the balanced sharing of responsibilities between men and women) in favour of more pressing needs in the midst of the pandemic; and
 - the relative novelty of the subject matter and the heavy reliance on expertise from ILO headquarters to provide services to constituents (such as protection of workers in diverse forms of work arrangements, notably digital platforms), the latter being hampered by the restrictions on travel and meetings in all regions.

► **Figure 3. Indicators with expected results well above target as at December 2020**



► **Figure 4. Indicators with expected results below target as at December 2020**



Progress on global deliverables

21. While the impact of the pandemic and lockdowns led to the deferral of some activities to 2021, the ILO is on course to deliver the majority of the global products envisaged in the programme and budget. The exceptions are those that were dependent on the outcome of the 2020 International Labour Conference or on postponed regional, global or sectoral meetings,³ and some capacity development initiatives originally designed to be implemented in a face-to-face environment.
22. In addition, some of the planned deliverables were reoriented and refocused in view of the evolving needs of ILO constituents, particularly in relation to their responses to the COVID-19 crisis. In total, the Office produced over 120 policy briefs and organized over 40 webinars relating to COVID-19 during the course of 2020. It also released six editions of the *ILO Monitor: COVID-19 and the world of work*. The ILO flagship *Global Wage Report*

³ Due to the COVID-19 pandemic, the programme of sectoral meetings was suspended. The only meeting that was held in 2020 was the Global Dialogue Forum on Decent Work in the World of Sport.

2020–21 included relevant, up-to-date information on the impact of the pandemic on wages. The products of the ILO's work in this area were widely shared and disseminated through dedicated websites.⁴

▶ Moving forward

23. The effects of the pandemic look set to continue well into 2021, with recovery uncertain and uneven in different parts of the world. In this context, the Office will continue and deepen its action to deliver on the commitments set forth in the Programme and Budget for 2020–21, while ensuring timely and relevant action to support constituents in confronting the economic and social consequences of the pandemic.
24. At this time, it is difficult to predict the savings that will ultimately be realized from the budget for 2020–21. This figure will be established at the end of the year and reported to the Governing Body, in line with established practice, at its 344th Session (March 2022).

▶ Draft decision

25. **The Governing Body took note of the information provided in document GB.341/PFA/2 and requested the Director-General to:**
 - (a) **take into account the guidance provided in steering the Office's work and response to the ongoing COVID-19 crisis; and**
 - (b) **communicate further information regarding the implications of COVID-19 for delivery of the Programme and Budget for 2020–21 through the Programme Implementation Report to be presented at its 344th Session (March 2022).**

⁴ COVID-19 and the world of work web page.