



Governing Body

334th Session, Geneva, 25 October–8 November 2018

GB.334/PFA/1

Programme, Financial and Administrative Section
Programme, Financial and Administrative Segment

PFA

Date: 3 October 2018

Original: English

FIRST ITEM ON THE AGENDA

Preliminary overview of the Programme and Budget proposals for 2020–21

Purpose of the document

The Governing Body is invited to give guidance on directions for the Programme and Budget for 2020–21 in light of the contextual challenges with a view to the submission of proposals to its 335th (March 2019) and 337th (October–November 2019) Sessions. The overview describes the expected challenges in relation to the ILO's strategic objectives, especially in light of the 2030 Agenda for Sustainable Development and the United Nations reform, and sets out the approach to strengthening technical capacity and enhancing operational efficiency guided by the objectives of the ILO's Strategic Plan for 2018–21.

Relevant strategic objective: All.

Main relevant outcome/cross-cutting policy driver: All.

Policy implications: Yes.

Legal implications: None.

Financial implications: Yes.

Follow-up action required: Yes.

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

Related documents: ILO Declaration on Social Justice for a Fair Globalization (2008); ILO resolution on Advancing Social Justice through Decent Work (2016); resolution and conclusions concerning effective ILO development cooperation in support of the Sustainable Development Goals (2018); ILO resolution concerning the second recurrent discussion on social dialogue and tripartism (2018); ILC.102/DG/1A; GB.328/PFA/1; GB.329/PFA/1; GB.329/INS/3/1; GB.331/PFA/4; GB.331/PFA/13; GB.332/PFA/8; GB.333/INS/7/2; GB.334/PFA/INF/2; GB.334/INS/3/1; GB.334/INS/3/4.

I. Introduction

1. This preliminary overview sets the scene for the Programme and Budget proposals for 2020–21. It is presented in the special circumstances of the centenary year of the Organization in 2019 and the ongoing reflection on the future of work taking place in the lead up to the centenary which will culminate in the discussion that will take place on this subject at the International Labour Conference in 2019.
2. At its 333rd Session (June 2018), the Governing Body approved a modified process for the preparation of the Programme and Budget for 2020–21 so that the proposals could take into account the outcome of the discussion on the future of work at the Centenary International Labour Conference while fully meeting the requirements of the Office’s Financial Regulations.¹
3. To recapitulate, this process comprises:
 - In November 2018, the Governing Body discussion of the present document, which sets out the expected challenges in relation to the ILO’s strategic objectives, especially in light of the 2030 Agenda for Sustainable Development (2030 Agenda) and the United Nations reform, and describes the ILO’s overall approach to strengthening technical capacity and the pursuit of operational efficiencies.
 - In March 2019, consideration by the Governing Body of the Programme and Budget proposals for 2020–21 that include the strategic budget of expenditure by appropriation line, divided into parts and items as mandated by the Financial Regulations (see box), accompanied by an analysis of emerging issues and a description of a proposed approach and methodology for an improved results framework.
 - In June 2019, the adoption of the budget by the International Labour Conference, which would allocate the budget income among member States in the usual manner.
 - From June 2019 to November 2019, informal tripartite consultations with Governing Body members on the preparation of the results framework.
 - In November 2019, examination and decision by the Governing Body of the major components of the substantive programme of work including detailed information on the results framework comprising outcomes, indicators, baselines and targets for the biennium. The programme would reflect the guidance given by the Governing Body throughout the process as well as the outcome of the June 2019 International Labour Conference discussion on the future of work.

Box
Structure of the strategic budget of expenditure to be presented to the Governing Body in March 2019
Part I. Ordinary budget
Item A. Policy-making organs
Item B. Policy outcomes
Item C. Management services
Item D. Other budgetary provisions
Adjustment for staff turnover
Part II. Unforeseen expenditure
Part III. Working Capital Fund
Part IV. Institutional investments and extraordinary items

¹ [GB.333/INS/7/2](#).

II. Expected challenges in relation to the strategic objectives, in the context of the 2030 Agenda and the United Nations reform

4. The 2030 Agenda has recognized the centrality of decent work and inclusive growth as key drivers of sustainable development. This reflects a global, unanimous consensus on the role that full and productive employment and decent work for all play in supporting fair and inclusive societies that build a strong foundation of peace, in line with the ILO's mandate to pursue social justice through decent work.
5. Challenges for decent work arise from both the existing conditions in labour markets which continue to include sometimes severe decent work deficits, and the reality and expectation of transformative change in the world of work generated particularly but not exclusively by technological innovation. Despite some signs of improvement in growth of the global economy, current trends have proven insufficient to reduce substantially the shortfall in decent work opportunities which continue to affect youth disproportionately and dramatically. Recent years have seen a major increase in the migration and displacement of people in all regions. Whatever the reasons for this, it poses major challenges for labour markets which the international community is called upon to address operationally and politically.
6. At a time of transformative change, workers and enterprises are required to adapt to evolving circumstances, and policy-makers to provide the means for them to do so successfully. That implies that social protection systems, which are often facing financial constraints need to be strengthened in terms of coverage and adequacy and adapted to the needs of people engaged in increasingly diverse forms of work. Mechanisms for delivering the lifelong learning which is increasingly recognized as crucial to access decent work throughout the professional life cycle need to be designed and implemented. At the same time, an appropriate enabling environment is needed to nurture the creation and growth of new enterprises and the sustainability of existing ones. They are a precondition for decent work creation.
7. The ILO's constituents are addressing, and will have to continue to address these challenges in a context of a widespread loss of confidence in the capacity of existing institutions and policy settings to come up with satisfactory responses to pressing issues. That, in turn, places pressure on the principle and practice of tripartism and social dialogue. All parties will need to recommit to making tripartism work to produce the visible results upon which its credibility and legitimacy ultimately depends. The full and universal respect of the right to organize and bargain collectively is the necessary precondition for those efforts. In that context, there is also major opportunity to advance the respect of the other categories of fundamental rights at work – elimination of forced labour, child labour and discrimination, taking advantage of the impetus generated by the 2030 Agenda, and programmes already under way in the ILO.
8. The ILO Programme and Budget for 2020–21 will be implemented in a radically changed United Nations (UN) context. With the adoption of UN Resolution 72/279 on 31 May 2018, member States decided on the reform of the United Nations development system. In this respect, the Governing Body's discussion on the implications of the UN reform will also be pertinent to the preparation of the Programme and Budget for 2020–21.²

² GB/334/INS/4.

9. The ILO will continue to approach the UN reform as a committed team player with a clear sense of the Organization's mandate and identity and with a view to taking fullest advantage of the opportunities that the reform presents for increasing its influence and impact, for mobilizing technical and financial resources to advance social justice through decent work, to continue realizing efficiencies that can enhance service delivery, as well as to address effectively the challenges of change in the world of work. In this context, the implementation of the Programme and Budget for 2020–21 may require a revision of ILO procedures for country programming, its country and regional footprint, its funding and financing strategies and its approach to partnerships, among other issues. These are issues to which the Governing Body will need to return as the situation evolves.
10. At country level, efforts will be intensified to ensure that the ILO's programming pays close attention to national priorities and that it finds a place in the United Nations Development Assistance Frameworks (UNDAFs) and associated joint funding mechanisms. In doing so, the ILO will work closely with workers' and employers' organizations, and ministries of labour and key national institutions to ensure that labour perspectives are present in UN debates and programming, building on the ongoing efforts to develop a new generation of Decent Work Country Programmes (DWCPs). These efforts will be of fundamental importance in the ILO's delivery of services to constituents and of the programme for the coming biennium.
11. The revision of criteria for determining country presence and the role of regional structures will present additional challenges in a context where the ILO is a non-resident agency in two-thirds of the countries where it is currently a member of the United Nations country team. This may have implications for the ILO's field structure and for its policies concerning staff mobility so as to allow for an agile and timely deployment of its technical capacities when and where they are most needed by constituents and member States. As indicated in document GB.334/INS/4, any adjustments will be dealt with in accordance with established ILO procedures. The UN reform is also expected to yield an increase in common systems, back offices and co-location, alongside the adaptation of business operation strategies, especially at the country level, all of which will have financial implications and require continuous business process innovations. Discussions with the UN indicate that a degree of flexibility is built into such proposals and the ILO will carefully assess the cost and benefits of such changes for the Organization including for its identity and mandate.
12. The reform holds the promise of opportunities to leverage additional funding and partnerships for decent work. The ILO will continue to improve transparency, accountability and management of its financial resources to ensure compliance with the requirements of the funding compact which is part of the reform agenda, thus increasing the Office's capacity to access pooled funds. It will also contribute its experience and technical capacity to expand partnerships around the Sustainable Development Goals (SDGs), based on the added value of its tripartite structure and the achievements of the alliances established since 2016. At the same time it will monitor the impact on delivery of the proposed levy on earmarked resources from donors and any eventual decline in such resources.
13. The outcome of the ILO's Future of Work Initiative, and implementation of the United Nations development system reform, taken together, suggest that the final Programme and Budget proposals for 2020–21 are likely to entail considerable changes by comparison with recent biennia, in terms both of substantive policy priorities and the institutional framework within which it will be implemented. That, in turn, may require more substantial resource reallocations than has been the case in the past. Notwithstanding the uncertainties this implies, the Programme and Budget for 2020–21 will also need to carry to conclusion the objectives of the Strategic Plan for 2018–21, "ILO 2021", which was adopted by the Governing Body at its 328th Session (October–November 2016). The six objectives of the ILO 2021 vision therefore provide clear orientations for the next biennium. Considering the

contextual and institutional challenges presented in this section, the Programme and Budget for 2020–21 may entail fundamental changes in current focus and decisions on scaling back, or significantly revising, current ILO programmes in order to reallocate resources to respond to higher priorities.

III. Delivering ILO 2021

14. The six objectives of the ILO's Strategic Plan for 2018–21 set out the essential elements of ILO action to strengthen technical capacity and increase efficiency.³

Reinforced capacities to deliver quality services to constituents to realize social justice through the Decent Work Agenda

15. As indicated in the Human Resources Strategy 2018–21,⁴ the Office's strength depends on having a competent and committed workforce capable of delivering the ILO's mandate and responding effectively to the constituents' needs. In 2020–21, the ILO will reinforce its policies and systems to:

- attract, develop, engage and retain staff with the right skills in the right positions and at the right time;
- ensure greater synergy of action across the Office with staff working as “One ILO”;
- improve human resources services, processes and tools; and
- renew its commitment to diversity, including geographical diversity and gender balance.

16. The ultimate objective of the reinforced policies and systems is to increase ILO agility in managing the workforce to align capacities with shifting priorities, based on effective talent development, motivation and training strategies. The Office will also focus on developing the means of achieving the agility that will be required by the UN reform.⁵

Increased capacity to reach out to, and address the needs of, those most vulnerable and disadvantaged in the world of work

17. In line with the “leaving no one behind” premise of the 2030 Agenda, the ILO will continue to develop its capacity to support interventions targeting people in poverty suffering from severe decent work deficits and affected by situations of conflict and fragility, as well as by egregious violations of fundamental rights and freedoms. The fact that almost one in two workers in emerging countries is in vulnerable forms of employment, rising to almost four in five workers in developing countries, would suggest that the programme and budget should focus on targeted and proactive policies aimed at including these groups in

³ [GB.328/PFA/1](#), para. 36.

⁴ [GB.331/PFA/13](#).

⁵ [GB.334/INS/4](#).

mainstream decent work policies. The ILO will make specific efforts to target these groups, including through its development cooperation flagship programmes.

Reinforced normative function through a robust and relevant body of international labour standards supervised in an effective and authoritative system

18. The ILO's international labour standards, and its unique supervisory system are fundamental to all areas of its activity. The Standards Initiative aims to reinforce the pertinence, authority, and impact of the ILO's normative work, and will continue to be implemented to assure a robust and relevant set of standards to back enhanced country-level action.
19. Normative action is an integral part of the ILO contribution to realizing the SDGs and SDG implementation provides entry points for a targeted promotion of the ratification and application of standards. In 2020–21, further action will be taken to foster better linkages between the output of the ILO supervisory mechanisms and SDG-related analytical and programmatic approaches and reporting processes.

Strengthened role as a knowledge leader

20. Knowledge creation and dissemination on decent work issues will be centre stage of the strategy for influencing policy agendas at global, regional and national levels. In an increasingly competitive environment, the ILO will need to distinguish and differentiate itself by its knowledge. There has been a growing demand from constituents for practical tools grounded in solid policy-oriented and evidence-based research. Consultations with the social partners and member States on knowledge needs will be key to determining research priorities for the biennium. The Office will continue to strengthen quality control mechanisms to improve the policy impacts of ILO research. The Research Review Group will continue to be instrumental to assure the quality, academic rigour and independence of the research undertaken by the ILO and its publications, providing guidance from multi-disciplinary perspectives.
21. The ILO's policy-oriented research is reinforced and backed by the Knowledge Strategy 2018–21.⁶ Knowledge and analysis will be generated at global and regional levels to allow for cross-country comparisons, as well as at country-level to inform policies with evidence. Central to this strategy is the ILO's role as convenor, bringing together knowledge and forging partnerships with other multilateral organizations and with leading academic and research institutions, as well as drawing on the knowledge of employers' and workers' organizations.
22. In 2020–21, a key work item will be to support member States' application of the statistical definition of "work" as approved by the 19th International Conference of Labour Statisticians (ICLS) and related outcomes of the next ICLS taking place in October 2018, which will deepen understanding of the evolving nature of work itself, the changing employment relationships, and developments in the labour market in the context of the future of work. Such activities will contribute significantly, for example, to understanding the role of women in the world of work, including unpaid work and contribute to a better understanding of informality.

⁶ [GB.331/PFA/4](#). See also Information Note on the implementation of the Knowledge Strategy presented to the 334th Session of the Governing Body (GB.334/PFA/INF/2).

A leader in the implementation of the 2030 Agenda

23. As indicated in the previous section, the 2030 Agenda has put decent work at the centre of sustainable development. In line with the resolution concerning effective ILO development cooperation in support of the SDGs, adopted by the Conference in June 2018, the Office will provide support to governments, in consultation with employers' and workers' organizations, to strengthen policy coherence and to mobilize relevant financing modalities in support of achieving decent work and the SDGs. The plan of action 2019 for the preparation of a development cooperation strategy discussed at the present session of the Governing Body,⁷ and the future strategy itself, will be the basis for establishing sustainable and diversified partnerships to realize decent work results on the basis of the needs of the ILO constituents, with greater efficiency, transparency and impact.
24. The 2030 Agenda has put unprecedented emphasis on the importance of data and internationally comparable statistics for policy-making and for monitoring progress towards the SDGs. One of the ILO's most important responsibilities and challenges as custodian of several decent work related SDG indicators and participant agency for many others, is to help member States build their statistical capacity to measure and monitor the evolution of key labour market variables, which can be aggregated globally for reporting purposes. It will continue to do so by providing training on labour statistics production and analysis and developing updated tools and manuals for the indicators of the 2030 Agenda, with a focus on closing the gender data gap. The work of the Office in the area of labour statistics will be driven by the decisions taken at the 20th International Conference of Labour Statisticians held in Geneva in October 2018.

Increased capacity to perform as an effective and efficient organization, delivering value for money services to the member States

25. The ILO will continue to pursue improvements of results-based management (RBM) as a means to meet accountability requirements, while also steering decision-making and organizational learning. Work in this area will build on ongoing activities undertaken in the follow-up to the resolution on Advancing Social Justice through Decent Work⁸ and in the framework of the Office's RBM Task Force established in 2018. One of the innovations will focus on ways to better link results to the ILO strategic objectives and the SDGs, with narratives that more clearly communicate how decent work results contribute to long-term change and goals, and systems to monitor trends at this level.
26. Another line of action will be the continued improvement and integration of monitoring and reporting systems⁹ to enable a better assessment of organization-wide effectiveness and impact. This will be done through the enhancement of processes for strategic budgeting, financial and substantive reporting on decent work results achieved with ILO support; and the implementation of the innovations contained within the ILO results-based Evaluation Strategy 2018–21¹⁰ leading to more strategic and clustered evaluations, wider coverage of DWCPs and policy areas and better use of findings.

⁷ GB.334/INS/3/1.

⁸ GB.329/INS/3/1, para. 23.

⁹ Including in relation to mechanisms such as the International Aid Transparency Initiative (IATI).

¹⁰ GB.332/PFA/8.

27. The ILO will steer a course of continuous improvement with a view to increasing effectiveness and efficiency, building on the achievements of the reform process initiated in 2012. Service delivery has improved through the pursuit of several initiatives in relation to staff recruitment, management of development cooperation projects, procurement and information technologies, as well as, since 2015, through the implementation of the Business Process Review (BPR). One of the results of the overall reform has been the redeployment of resources from support and management functions to technical areas by the equivalent of 66 full-time positions. This has allowed the Office to fill key capacity gaps and to increase technical support and advice to the constituents.
28. The time savings identified through the BPR in the last two biennia are being progressively realized through natural attrition, vacancy controls, job redesign and staff training and reallocation. As of 31 July 2018 it has been possible to redeploy 27.4 positions in the 2016–17 and 2018–19 programme and budgets (contributing to the total redeployment to 66 technical positions mentioned above) while 21.9 positions have been reinvested to non-technical positions to strengthen certain support capacities that are essential for enhancing technical delivery.
29. The Office will continue to identify ways to improve the delivery and quality of administrative services which would also offer further possibilities for reallocation of resources from “back office” to front line technical and analytical roles. Time savings realized will continue to be reallocated to strengthen technical and field services, and where necessary for reinvestment into support services such as information technology improvements.
30. This will be coupled with measures to attract diverse talent, create an enabling work environment, promote mobility and ensure that staff are continuously trained to remain on the frontiers of decent work related knowledge. The Office will continue to implement lean management practices which have yielded significant results in the last biennium for example in the form of improved staff engagement and communications, team leadership, performance management and other practices that support the sustainability of the changes introduced. Process improvements and management practices will continue to be implemented together where the latter will directly support the implementation and sustainability of process changes. However, it is intended to improve management practices more generally across the office, not only where linked to process changes.
31. In shaping the Programme and Budget for 2020–21, consideration would also need to be given to the pertinence of the cross-cutting policy drivers that have been integral to ILO action in previous biennia, namely, international labour standards, social dialogue, gender equality and non-discrimination which are fundamental to achieving the ILO’s constitutional objectives. From 2018–19 the fourth driver – just transition to environmental sustainability – was introduced in order to respond to a global challenge requiring action in the world of work. Given their nature and continued relevance it would seem necessary to maintain them.
32. Without pre-empting the outcome of the 2019 Centenary Conference, the Governing Body is invited to provide guidance on the development of programme and budget proposals in light of the context and considerations set out in this document.

Draft decision

33. *The Governing Body requested the Director-General to take into account its guidance on responding to the contextual challenges and on action to realize the objectives of the “ILO 2021” vision when preparing the Programme and Budget proposals for 2020–21 to be submitted to the 335th Session (March 2019) of the Governing Body.*