
Director-General's reply

329th Session of the Governing Body

23 March 2017

Mr President, Members of the Governing Body,

I want to begin this reply to last week's debate on my programme and budget proposals by thanking everybody for their contributions.

In many respects this was a debate characterised by a high-level – I am tempted to say unprecedented level – of convergence and agreement. And that has, in some ways, made it easier to frame this response. But important concerns and questions were tabled as well, and it is proper that I acknowledge and react to them.

Let me begin by saying something about the areas where I detect agreement in the Governing Body, agreement which I attribute to two factors: firstly the productive tripartite consultations in which we have engaged particularly since the Governing Body's preview debate last November; and secondly the fact that – over a longer period of time – we have agreed a strategic direction for the Organisation to which all have contributed and are therefore generally supportive of.

As a consequence, there was a consensus last week on:

- The choice of the ten proposed policy outcomes
- the three proposed enabling outcomes; and
- the four cross-cutting policy drivers, including the new one on just transition to environmental sustainability.

Moreover, and this is not the least important result of the debate, there was full agreement on the proposed level of the budget, representing a continuation of the zero real growth trajectory upon which the ILO has been set for many years, with a consequent reduction on the nominal constant dollar level.

This means that we are not now under pressure to identify cuts or savings. Additionally, all Groups spoke strongly in favour of two other key features of the proposals, these being:

- the significant redeployment of resources from the back office to the frontline, which enables the Office to offer more to tripartite constituents with the same real level of resources; and
- the explicit alignment of the programme, reflected in the results framework, with the 2030 Agenda for Sustainable Development.

Taken together, Mr President, all of this provides a very broad and important platform of support for the Programme and Budget proposals before the Governing Body.

But there were criticisms as well, and I want to start with the most far-reaching ones.

It was said by some that the proposals lacked ambition, particularly in the light of the major challenges facing the world of work to which I myself drew attention when I introduced them to the Governing Body last Monday.

I want to make clear that, within the resource parameters which I believe we have agreed, it is the clear responsibility of the ILO to design and to deliver its programme to the highest level of ambition. And that is what the proposals seek to do.

So, what you have before you is a programme which would not only allow the ILO to do more, but to focus its work on agreed world of work priority policy areas; to deliver on the decent work dimension of the world's agreed development agenda; to address defining emerging issues of our time – climate change, human mobility, global supply chains; to renew and strengthen its normative function; to upgrade its technical and knowledge capacities; to engage better with enterprises - indeed to pursue each one of the six components of the ILO Vision 2021 which is contained in the Strategic Plan we adopted last November.

In this light, it is not entirely clear where the deficit in ambition lies. I should acknowledge that concern was raised that the proposals did not do enough to prepare the ILO for its centenary in 2019, the second year of the biennium covered by the programme proposals. Yet, together, we have already defined over the last three years the Future of Work Initiative, and the other six centenary initiatives which, are at the heart of our centenary activities. They are ambitious. There is no advantage or purpose in revisiting them, but we have included proposals that will advance their implementation, most notably in the orientation of the research agenda in support of the Future of Work Initiative.

It was also objected that while in my introduction I highlighted current challenges to tripartism and social dialogue, the programme proposals do not provide a sufficient response to that challenge. Here, I would point not only to the cross-cutting policy driver on social dialogue but also the efforts we have made – explicitly in response to issues raised in the preview discussion last November – to strengthen the tripartism, dialogue and industrial relations components across the policy outcomes, something which was received positively last week. Allow me to add, parenthetically, that when it comes to levels of ambition and tripartism it is the intentions and actions of you our tripartite constituents even more than the necessary supportive efforts of the Organization which will be decisive.

And as a last comment in respect of ambition let me simply recall rather than repeat what I have said about the mix of continuity and innovation in my proposals. Persevering in the pursuit of important but difficult objectives over a period of time is, I think, a worthy ambition.

Moving on, let me address the question of focus and coherence in the programme proposals. The objective has been voiced that their basic architecture reflects a lack of focus, or a loss of coherence. This is not new, and I regret that the essentials of my response on this will not be new to you either.

Let us remember that every one of these components of the proposals taken individually has met with the approval of the Governing Body. More than this, previously when the Director-General proposed fewer policy outcomes the Governing Body, as is its prerogative, decided on more.

But more importantly I think it is wrong to treat these different components as a mathematical addition. It is simply not like that. The enabling outcomes serve an entirely different purpose from the policy outcomes for example. And the centenary initiatives – with to a large extent the exception of the Future of Work Initiative – are integral or embrace parts of the policy outcomes and cross-cutting policy drivers. That happens differently for each initiative because they are so heterogeneous.

President, Members of the Governing Body,

Let me now turn to the issues that were raised in many of your interventions in respect to the results framework.

It is gratifying that many of them acknowledged the extensive efforts already made in close consultation with you to bring improvements in line with the ILO's standing

commitment to strengthen Results Based Management. Moreover there was significant advice on how we can progress further which, in some areas, converged with the conclusions of the recently published Multilateral Organisation Performance Assessment Network (MOPAN) – report on the ILO and of recent evaluations.

I want to underline that the Office believes it necessary to take action – immediately and in the longer term to respond to your valuable suggestions, and we have already started that process. So let me outline the key points arising from the Governing Body’s debate which we understand should guide those efforts.

- To begin, let me stress that the policy outcome indicators refer to expected changes in member States to be achieved with the ILO’s contribution. Results can be reportable only when the criteria for success are met and there is an identifiable Office contribution.
- You identified a need to strengthen the indicators by increasing the number of criteria for success to be met in order to report any result. Already one third of the proposed indicators require all criteria for success to be met, a requirement that does not exist in the current Programme and Budget. Nevertheless, you want to set the bar higher, so we are reviewing the indicators and criteria for success to make them more stringent, and have already identified cases of how this can be achieved.
- Some of you commented on baselines and targets that could be revised. In preparing the proposals, we developed a new methodology for determining the baseline for each indicator and setting a reasonable target, in line with our knowledge of policy dynamics at the national level and available resources. This process has relied heavily on information provided by field offices and analysed by our Global Technical Teams. We are ready to provide later on further information on this methodology or any specific baseline upon request.
- There were questions too about the substantial increase in the proposed number of country targets. Here there are two factors at play. Firstly, the experience of the past shows that we have been able to deliver on considerably more targets than originally estimated – 774 were reported in the 2014–15 Implementation Report for example. Secondly, work already done in the current biennium will contribute substantially to meeting targets in the next – they are already in the pipeline as it were.
- There were calls for ratification and implementation of international labour standards to be reflected under each outcome. While international labour standards are both a policy outcome in their own right and a cross cutting policy driver, we will work to include, wherever appropriate, explicit reference to international labour standards in the indicators.
- There was quite a lot of discussion on the potential to track results for the cross-cutting policy drivers. Some asked why they were not the subject of separate indicators. These drivers have been integrated in the criteria for success for the key performance indicators and there is a risk of promoting a silo approach if we opt to have separate indicators for them or to have several cross-cutting indicators for each outcome. However, we do continue to track them. In implementing the programme for 2016–17, the Office has put in place a system of “markers” – aligned with the methodology applied across the UN system – to track progress in the incorporation of the drivers in our strategies. Information in this respect will be included in the Implementation Report 2016–17.
- Let me add with specific reference to the cross-cutting policy driver on gender equality and non-discrimination, an essential component of each outcome

strategy, that all policy outcomes contain at least one gender specific criterion for success.

Some of you also asked to ensure that the framework show that policy changes at country level should be achieved in consultation with the social partners. We are working on the proposed text to respond to this request.

President,

Members of the Governing Body

I hope that I have accurately captured your thinking on the results framework. The internal process already underway will allow us to subject the results framework originally proposed to rigorous review. We would then include the resultant revised framework in Report II, the report that is submitted to the Conference in June for adoption. We will of course share the revisions with constituents as soon as possible.

In the longer time frame, I would welcome the opportunity to work closely with constituents to bring further improvements in our results-based management framework and in particular to learn from national experience of how all of you tackle these challenges.

Finally, a number of ideas were tabled in respect of reporting of programme delivery and financial performance. I would recall that the implementation report provides comprehensive information on results, and on expenditure by Outcome and by funding source. The audited Financial Statements also provide an independent confirmation at a macro level of those results. However, the suggestion made in respect of enhanced analysis and reporting at the end of the financial period and for further information on the implementation of cross-cutting policy drivers require further consideration.

The Office has been trialing new approaches to improve the attribution of our largest single input - staff costs - to policy outcomes, enabling outcomes, country programme outcomes and importantly, cross-cutting policy drivers. This work will continue with a view to introducing a new approach later this biennium. This will enable an improved level of reporting on activities and their costs for the 2018–19 financial period.

To conclude, let me return to the all important question of resources and resource allocations.

I have already said, at the beginning of my remarks that I detect consensus, indeed unanimity I believe, in approval of the proposed budget level. In similar vein, you have supported strongly the redeployment of resources to frontline technical and analytical functions. We were asked to provide information on the location and grading of the new frontline capacity in the regions included in my proposals. The distribution of the ten positions in the regions will be as follows: 3 for Africa, 3 for Asia and the Pacific, 2 for the Americas and 1 each for the Arab States and Europe. Grades will be at the P4 level.

In my brief remarks on the conclusions of last week's debate you might remember that I commented that support had been expressed by different Groups and Governing Body Members for increased resource allocations for every one of the ten proposed policy outcomes. Nobody expressed any interest in reduced allocations anywhere. There were also calls for increased budgets for different regions over and above the effort already proposed.

In such circumstances, and having given very careful consideration to the many suggestions made, I do not believe it appropriate to propose any change in the resource allocations which I initially proposed.

To do so would inevitable involve a somewhat arbitrary, and necessarily marginal gesture because there has not been any major and concerted call for redeployments to any particular outcome or outcomes and because in a zero growth scenario responding to any specific interest implies acting in opposition to another.

For these reasons, the only reasonable course of action is, I believe, to maintain the allocations as they have originally been presented to you and which I hope and believe will be able to win your approval.

In addition, I would assure members of the Governing Body that their guidance concerning the substantive content and orientation of individual outcomes has been, and will be, carefully considered in the finalization of the programme and budget for the Conference in June and its subsequent implementation.

Over and above the regular budget upon which our attention is now focused, we have provided the Governing Body with our best estimates for extra-budgetary, that is to say voluntary, funding in the coming biennium, and they attracted some comments from you.

Of course, these figures are only estimates, but they are based upon already received approvals and informed forecasts. The very challenging and competitive funding environment and the attendant prospect of reduced voluntary resources is both a reality and an incitement for the Office to step up its resource mobilization effort. That applies with particular force in those areas of work where extra-budgetary resources are notably scarce, and I recognize that this has been underlined by the employers' and workers' groups in respect of Outcome 10.

There have been calls too for more Regular Budget Supplementary Account (RBSA) contributions, and the existing RBSA contributors have shared with us their own needs and expectations. I want to express particular appreciation to them and to give assurances that the Office's own internal guidance and practices will be responsive to those requirements.

Mr President,

Let me conclude my response to the programme and budget debate as I began my introduction to it last week by reference to the heightened feelings of uncertainty and insecurity prevailing in the world of work. In the name of good financial management it should be underlined that the ILO has in place well-established mechanisms to address uncertainty and has been strengthening its risk management systems. This is reflected in the risk register contained in my proposals. But, by their nature, such systems need to evolve and to adapt to circumstances arising. The Office will, of course, revert to the Governing Body should any need arise in order to ensure the orderly implementation of the programme and budget.

The broader point, however, is that it is through its capacity to come together and agree a programme and budget that advances decent work and social justice and by its commitment to implement it in the true spirit of tripartism that this Governing Body can meet its responsibilities to provide a concrete and credible response to the peoples of the world who demand of us more and better.

And so, account taken of the suggestion I have made in respect of the results framework, I commend the programme and budget proposals for 2018–19 to the Governing Body for transmission to and adoption by this year's session of the International Labour Conference.

Thank you.