



## Governing Body

316th Session, Geneva, 1–16 November 2012

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

**PFA**

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### FIRST ITEM ON THE AGENDA

## Preview of the Programme and Budget proposals for 2014–15

#### Purpose of the document

The Governing Body is invited to comment on the preliminary information concerning the Programme and Budget proposals for 2014–15 and to provide guidance to the Office for the submission of proposals to its session in March 2013 (see draft decision in paragraph 38).

**Relevant strategic objective:** All four strategic objectives and governance, support and management.

**Policy implications:** The guidance of the Governing Body on the preview will inform the preparation of the Programme and Budget proposals for 2014–15.

**Legal implications:** None.

**Financial implications:** The Programme and Budget for 2014–15.

**Follow-up action required:** At its 317th Session in March 2013 the Governing Body will examine the Programme and Budget proposals for 2014–15.

**Author unit:** Bureau of Programming and Management (PROGRAM).

**Related documents:** Strategic Policy Framework 2010–15 (GB.304/PFA/2(Rev.)); Human Resources Strategy (GB.306/PFA/12/2); Knowledge Strategy (GB.306/PFA/12/3); Information Technology Strategy (GB.306/PFA/ICTS/1); Technical Cooperation Strategy (GB.306/TC/1); Evaluation Strategy (GB.310/PFA/4/1(Rev.)); ILO programme implementation 2010–11 (GB.313/PFA/1).



## Introduction

1. This preview of Programme and Budget proposals for 2014–15 sets out a course which will better equip the Organization to respond to the pressing challenges of the world of work and to carry out its mandate in complex and difficult conditions.
2. The proposals are presented in a context of ongoing change and reform in the Organization which are critical to its future success. Taken together these will:
  - increase the relevance and usefulness of the Organization to its constituents;
  - reinforce the ILO’s authority and influence in matters within its mandate;
  - increase the ILO’s impact by concentrating a critical mass of resources around key issues;
  - give better value for money through strengthened management and administrative systems, practices and teamwork.

## External context

3. This preview comes over a year before implementation begins, with current labour market conditions around the world and the danger of further slowdown in the global economy pointing to the likelihood of uncertain recovery from crisis. The biennium is likely to be one of major challenges to the ILO’s tripartite constituents, and the Organization will be judged and will win support and engagement, through its capacity to contribute effectively to meeting them.
4. The crisis has not interrupted, and in some regards has accelerated, fundamental processes of change in the world of work. Continued economic dynamism in some regions has coincided with stagnation or contraction for others. That means that new perspectives have opened up for converting economic growth into decent jobs and social progress for a large part of the world’s population at the same time as social provisions long enjoyed by others are called into question. This is all taking place against the backdrop of continuing re-division of labour across the global economy in which workplace practices are changing rapidly. The ILO has to understand these developments and draw conclusions from them in order to be able to influence them. Standing still – even for the period of a single biennium – risks the ILO becoming irrelevant. Grasping the realities offers tremendous opportunities for the ILO to be a central actor in the necessary rebalancing of the global economy for strong and sustained growth, and advancing its mission for global social justice.

## Internal context

5. One evident consequence of this external context is that public finances are under strong pressure in many member States, and expenditure is facing real constraints. Therefore, the ILO’s own programme and budget proposals must:
  - demonstrate relevance and usefulness through their substantive content; and
  - be backed by change in the way the Organization does its work, with greater emphasis on rigour, cost-consciousness, and a recognition of its responsibility to deliver value for money.

6. To respond to these imperatives, a major process of internal reform has been launched within the Office. Some changes have already been implemented; most will become effective before the beginning of the 2014–15 biennium; and others will be ongoing during the biennium. Whichever is the case, all of these measures must contribute to the efficient delivery of the programme and budget. They will address:
- senior management structures and procedures;
  - reinforcement of statistical, research and analytical capacities;
  - the structure of the Office in Geneva and the regions, and their respective functions;
  - delivery of relevant and quality technical cooperation;
  - efficient administrative systems;
  - improved internal communications;
  - improved results-based management;
  - strengthened expenditure reviews;
  - better use of evaluation findings.
7. These measures will be in addition to the substantive policy agenda – as for example in the case of the ILO standards-related work – where important processes are already under way. Here, as elsewhere, the capacity of the Office to listen, capture and respond to tripartite constituent views will be critically important.

## **I. Focus and delivery: Keys to success**

### **Solid foundations**

8. The Programme and Budget proposals for 2014–15 build on a solid foundation. The Decent Work Agenda, with its four inter-linked strategic objectives, as embedded in the ILO Declaration on Social Justice for a Fair Globalization, has gained wide acceptance and visibility and will continue to guide the work of the Organization. The Strategic Policy Framework 2010–15, organized into 19 outcomes, will remain the core operational framework. That said, the International Labour Conference has provided clear guidance on the priority of certain key challenges and opportunities including through the adoption of new standards and recurrent discussions.

### **Need for focus**

9. The Governing Body has also stressed the need for the ILO to concentrate its action on a limited number of critical areas where it can have real and demonstrable impact.
10. By focusing the delivery of its strategic framework, leading to a more effective use of resources, the ILO can enhance its capacity to respond to the significant challenges faced by constituents.
11. The Strategic Policy Framework drives the work of the ILO and defines the themes on which the Conference and the Governing Body want to see the ILO achieve significant

results over the 2010–15 period. Operating within this framework, the Programme and Budget proposals for 2014–15 should reflect and support work under the 19 outcomes while at the same time prioritizing work on a limited number of areas of critical importance which combine work under several outcomes.

12. The proposed areas of critical importance will contribute to the achievement of the 19 outcomes by promoting teamwork and the concentration of human and financial resources. They do not stand outside established outcomes or add to them. By overcoming existing fragmentation and compartmentalization of efforts, the Office will gain in the efficiency, quality and impact of its work.

### Choosing the areas of critical importance

13. The value of this innovative approach will depend heavily on the choice of a limited number of areas which command support across the regions and the ILO's tripartite constituents. They must be relevant and useful at a time when the creation of decent work opportunities is an overriding global policy priority.
14. With this in mind, the proposed areas of critical importance should address:
  - major and topical policy issues affecting large numbers of employers and workers across the world ;
  - issues where there is potential for the ILO to make a significant difference and where need is particularly evident;
  - past decisions of the Conference and the Governing Body and concerns otherwise expressed by constituents.
15. Taken together, and with the active engagement and support of its global membership, the following seven areas can equip the ILO with a programme for change with the potential to make a significant impact on the lives of hundreds of millions.
16. In addition to combining several areas of ILO expertise, work in these areas will be undertaken in full regard for advancing fundamental principles and rights at work, social dialogue and gender equality.

Rights at work	Employment	Social protection	Social dialogue
<p><b>Protection of workers from unacceptable forms of work</b></p> <p><i>Unacceptable forms of work include conditions that deny fundamental principles and rights at work or that are incompatible with international labour standards. The focus will be on conditions that put the well-being of workers at risk, with particular attention to vulnerable categories of women and men workers. Work will use the full scope of ILO means of action and combine empirically based policy advice to identify and address gaps in protection, with technical cooperation and capacity building, complementing the promotion and application of international labour standards. It will also include public-private partnerships and other cooperative undertakings.</i></p>			
<p><b>Jobs and skills for youth</b></p> <p><i>The 2012 International Labour Conference issued a call for action to tackle the global employment crisis facing young women and men by setting out a multi-pronged strategy of economic, labour market, skills and rights policies. The ILO will support constituents in compiling evidence on these policies, to more effectively deliver technical support and capacity building. Particular attention will be given to bridging training and the world of work, particularly quality apprenticeships based on robust social dialogue; as well as to youth entrepreneurship and the supportive environments that make it possible. The ILO will work in partnerships with a wide array of institutions supporting or specialized in youth employment.</i></p>			

**Creating and extending social protection floors**

*Recommendation No. 202 concerning national floors of social protection adopted in 2012 provides guidance to member States to establish and maintain social protection floors for all as a fundamental element of their national social security systems that progressively ensure higher levels of social security. The ILO will support constituents in the design and implementation of social protection floors, using social dialogue institutions, and coordinating with other social and economic policies that reduce vulnerability and enhance formal, decent employment. Expertise on social security will be combined with skills and employability, entrepreneurship and sustainable enterprises, and economic analysis to ensure sustainability of social protection within sound fiscal policies.*

**Crisis responses, reform, and dialogue**

*In situations of economic downturns, a range of reforms are necessary to redress the economy and employment. Constituents look to the ILO for support. The ILO will provide information, data and analysis to policy debates on socially responsible fiscal adjustment programmes, socially balanced measures including wage-setting mechanisms to assure competitiveness, support to small and medium-sized enterprises (SMEs), social protection schemes, labour law and other reforms based on international labour standards, as well as macroeconomic policies and measures to boost employment. Building on the Global Jobs Pact, the ILO will contribute to national and international strategies through active engagement with constituents and multilateral partners.*

**Productivity and working conditions in SMEs**

*SMEs everywhere face challenges to raise productivity and improve working conditions. The latter is often perceived to negatively impact costs and profitability and as unaffordable. But decent working conditions can be sound business investments through boosting productivity and competitiveness. This area will build an evidence base to underscore the policies and practices which can facilitate a mutually reinforcing path of improved working conditions and higher productivity, including safety and health and other working conditions, skills upgrading opportunities and collective bargaining practices. A strategy enabling SMEs to facilitate formalization will be developed and translated into practical guidance for constituents.*

**Decent work in the rural and informal economies**

*The ILO will support policies and programmes enabling the working poor in rural areas and the informal economy to secure decent employment. In rural areas, ILO support to constituents will collect evidence and build capacity to facilitate marketing, notably through cooperatives, start and build non-farm businesses, carry out employment-intensive infrastructure investments, as well as support rural workers to secure compliance with international labour standards. In the informal economy, the ILO will review and promote drivers of formalization, targeting micro- and small enterprises in selected economic sectors. Interventions will support the establishment of policy frameworks conducive to formalization through appropriate policies, legislation and regulations.*

**Strengthening workplace compliance through labour inspection**

*ILO capacity will be concentrated on achieving compliance in all workplaces with international labour standards, national labour laws and regulations, and applicable collective agreements. This can be done through strengthening the enforcement and preventive functions of labour inspection and labour administration; improving employer and worker collaboration; providing technical assistance and capacity building of government enforcement institutions; assisting in the design of labour legislation and effective dispute resolution mechanisms; and public-private partnerships. The ILO will work with constituents to design innovative and complementary approaches to workplace compliance, including in the informal economy.*

Employment

Social dialogue

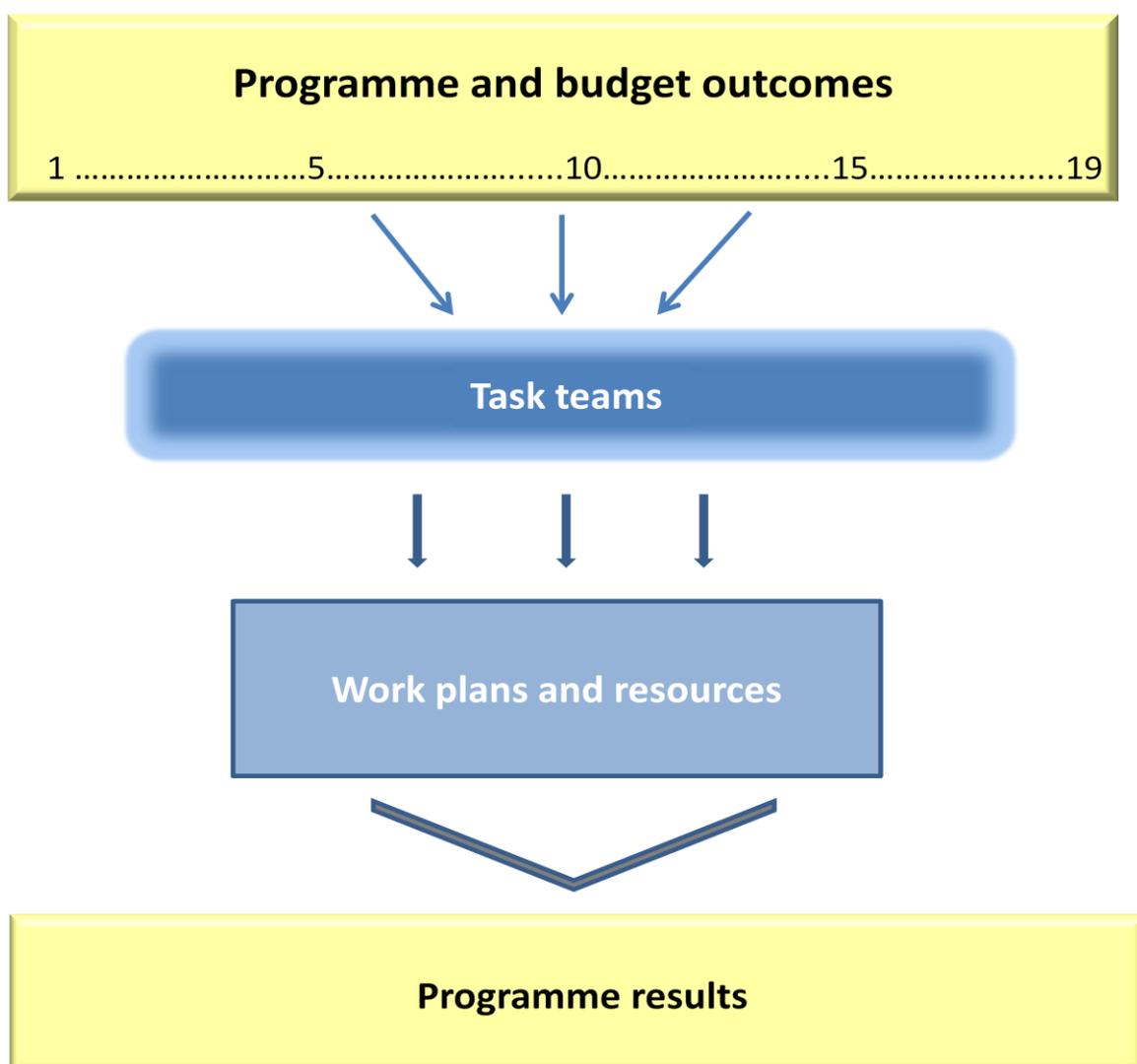
Social protection

Rights at work

**Organizing and managing for focus**

17. Ensuring the consolidation of ILO effort to deliver this programme for change will require new working arrangements, underpinned by the wider organizational reform agenda outlined in Part II.
18. Current working arrangements reflect a coincidence between individual outcomes and existing administrative structures in Geneva. The unintended consequence of this can be compartmentalization of work and obstacles to teamwork across structures and outcomes.

19. The proposed integration of resources across outcomes to achieve critical mass and real impact through the use of newly established “task teams” for each area of critical importance will deliver better services to constituents. This can be graphically represented as in figure 1.

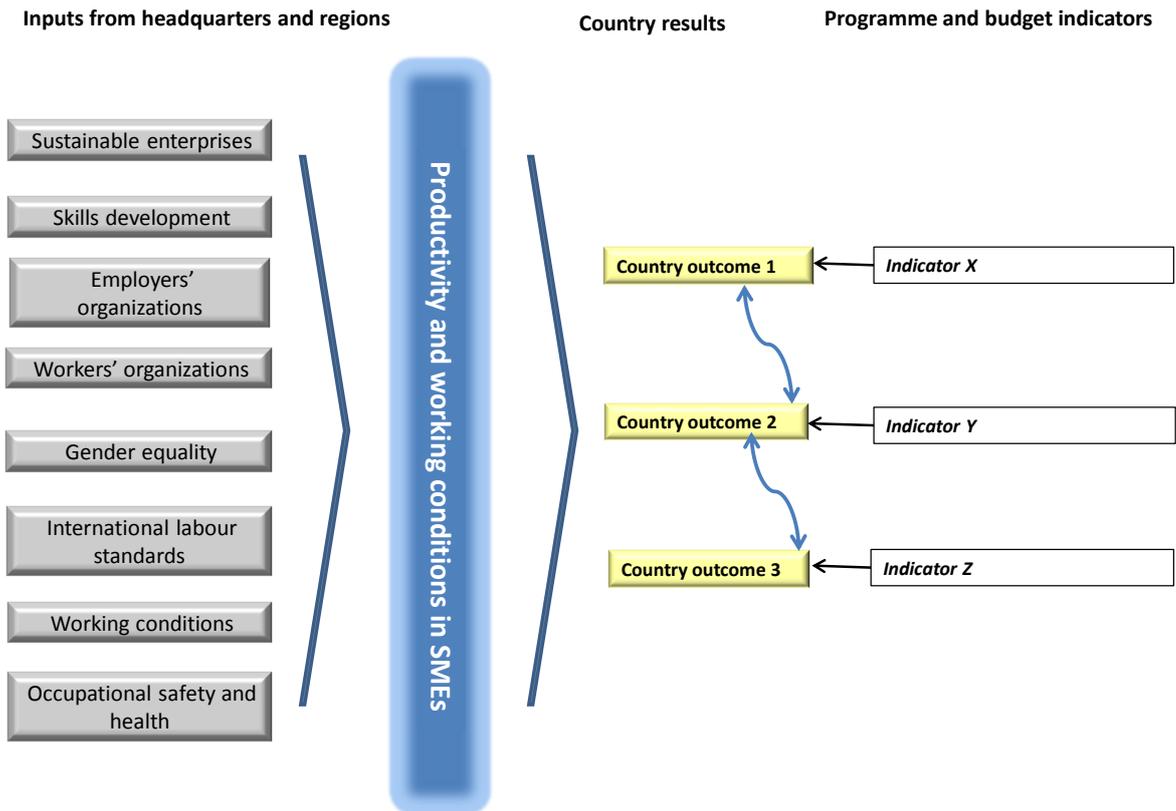


20. To achieve this enhanced impact, a significant shift to more agile and collaborative working methods will be required, with management responsible and accountable for making them stick:

- Each outcome strategy in the Programme and Budget for 2014–15 will focus on two or three priorities for delivery of concrete and relevant services in the biennium. At least one of them will address an area of critical importance and therefore involve joint work.
- Before the start of the biennium, a workplan will be prepared for each priority showing how resources will be allocated and coordinated across the Office.
- Those workplans will integrate inputs from both headquarters and the regions. All sources of funds available to the ILO through the regular budget and extra-budgetary resources will be applied to the financing of these workplans.
- Work under each area of critical importance will be overseen by a senior manager and led by one or two coordinators, with responsibility to ensure the implementation of

the workplan. Country office directors will be responsible for in-country implementation.

21. In order to maximize impact, the Office will combine work and resources across departments in headquarters and the regions and concentrate them on the selected areas of critical importance. The result will be the delivery of knowledge, policy advice and services to achieve greater impact.
22. Taking one example – productivity and working conditions in SMEs – the process would be as set out in figure 2.



23. The establishment of task teams from across the Office will lead to more coherent services to constituents. Each outcome at the country level is linked to one outcome in the programme and budget, yet its achievement calls on technical and financial inputs from several units at headquarters and in the regions.

## II. The enabling environment: Organizational reform

24. The preparation and implementation of the Programme and Budget for 2014–15 will take place against a background of continuing organizational reform which will make the ILO more efficient in its use of resources and more effective in delivering on its mandate. This enabling environment will need to include the following components if the Organization is to meet its ambitions for the biennium.

## Strengthening the knowledge base

25. Building on work already under way on the Knowledge Gateway, the Office will revisit current arrangements for the collection of statistics, research and analytical work. The ILO is a knowledge-driven Organization: the quality of its technical services, the credibility of its policy advice and the success of its advocacy, indeed its institutional authority, will be proportional to the strength of its knowledge base – all the more so in today's competitive environment. An upgrade is imperative.
26. Reform in these areas will consolidate the central statistical function of the ILO; upgrade and fill gaps in technical analytical capacities where inadequate; effectively coordinate the research agenda; and better ground policy advocacy and advice in the evidence base.

## Clarifying roles and responsibilities in the regions

27. ILO offices and staff in the regions are situated on the frontline in the delivery of services to constituents. It is vital that their responsibilities are clearly defined and understood and that they have the capacity to carry them out. Similarly, the division and complementarity of field and headquarters tasks must be clarified and made more effective, with resources allocated to match responsibilities.
28. This implies the need for a thorough review which must include, but go beyond, the location, tasks and resourcing of the field structures, to consider how the field and headquarters should interact consistently and systematically to assure optimal results.
29. Given the important issues at stake, this review should be undertaken in 2013 so that its results can become effective for the 2014–15 biennium.

## Delivering relevant and quality technical cooperation

30. The ILO depends heavily on resources contributed voluntarily by member States and other partners for the purposes of technical cooperation. In the current biennium they will amount to an estimated 34 per cent of overall funding. Sustaining and expanding technical cooperation activity will require the ILO to strengthen its relationship with existing and potential partners and to provide convincing responses to a set of interrelated questions likely to be put to it with increasing insistence in a period of tight resource constraints:
  - Is the ILO able to contribute significantly to issues which are priorities in the national and international development agendas?
  - Is it able to do so by giving maximum value for money?
  - Is it able to deliver at required levels of quality?
  - Is it able to ensure full coherence between what it does through regular budget funding and through extra-budgetary sources?
  - Is it learning from, and acting on, evaluation findings?
31. To meet these challenges, the Office will undertake a review of technical cooperation in 2013. A necessary component will be dialogue with technical cooperation partners. The Office will take the action required to meet the requirements of the International Aid Transparency Initiative.

32. At the same time, the ILO will need to operate as a full and responsible player in United Nations “Delivering as One” approaches, and will seek and act upon the guidance of the Governing Body in addressing the potential difficulties – as well as the real benefits – of that engagement. The absolute need to retain the specific identity coming from the ILO’s mandate, and to serve its tripartite constituency, will be respected as the ILO plays its proper part in UN country programmes.

## **Management and administrative performance**

33. The ILO must perform to the highest standards of management and administration which are expected by and of member States.
34. From the taking of office by the new Director-General, action has been taken to reorganize and streamline senior management structures and processes. This will be followed by a process of Office-wide reorganization. The emphasis will be on removing internal barriers to cooperative work, the consolidation of fragmented structures and better integration of the Office’s different means of action. Managerial responsibilities will be more clearly defined and delegated with corresponding accountability.
35. It is important that managerial and administrative systems are designed to ensure efficiency and accountability without undue complexity or unnecessary duplication. A review of these processes will be made part of management and administrative change, furthering the work of the Expenditure Review Committee in a number of areas of cost efficiency. Work will continue on refining and improving the process and application of results-based management.

## **Human resources**

36. The continuing upgrading of human resources management in the context of implementation of the Human Resources Strategy 2010–15 is central to the success of programme implementation and the wider reform process in several regards. Not the least important is the need to ensure the full involvement of staff in change, including through properly functioning staff–management processes. Concerted attention will also be given to the maintenance of fluid and more effective internal communications in the Office.
37. For these reasons, four priorities for action will guide management in this area:
- incorporation of workforce planning and leadership capacity into programme and budget implementation;
  - application of a functional and geographical mobility policy serving the requirements of the Office and providing opportunity for staff;
  - implementation of a more strategic approach to staff development strategy; and
  - revision of the ILO employment contracts policy.

## ***Draft decision***

38. *The Governing Body requests the Director-General to take into account, when preparing the Programme and Budget proposals for 2014–15 for submission to the 317th Session in March 2013, the views expressed and guidance provided during the discussion of the preview.*