



NINTH ITEM ON THE AGENDA

**Reports of the Programme, Financial
and Administrative Committee**

First report: Financial questions

Addendum

Appendix

**Opening remarks by the Director-General, Juan Somavia
Programme, Financial and Administrative Committee
295th Session of the Governing Body**

Geneva

23 March 2006

Distinguished delegates,
Messieurs les porte-parole du groupe des employeurs et du groupe des travailleurs,
Ladies and gentlemen,

Dear friends,

During this session of the Governing Body, your Committee will examine a number of key issues which all have to do with reform. These include: results-based management; the revised Human Resources Strategy and the Programme Implementation Report and its lessons for the formulation of the next programme and budget.

I would like to focus on three areas. First, setting the context. Second, summarizing some key reforms already under way to renew the Organization. Third, focusing on ten specific initiatives that we are developing under your guidance to further strengthen the ILO in the near term.

Advancing the Decent Work Agenda through reform

We meet at a time when the vitality and political relevance of the Decent Work Agenda is a rising priority in international, regional and national debates.

At the same time, the question of UN system-wide reform is occupying a central space in the public arena. It was long overdue. After more than 60 years, a major structural review was necessary. At the ILO, we welcome this effort at making the UN family work together much more efficiently and effectively.

I see UN reform as a three-pronged effort. Policy, management and operations. For overall reform to succeed, all three areas must be pursued together as an integrated whole.

We will discuss the policy dimension in the upcoming Working Party on the Social Dimension of Globalization where we will take up the implications for the ILO of the wide-ranging Outcome Document adopted by the 2005 UN World Summit.

Operational issues formed part of the discussion of the Technical Cooperation Committee. Today, I will focus mainly on the management dimension. Next week, in agenda item 6 of the GB, we can pull these different strands together.

Record of renewal

Two weeks ago, the United Nations Secretary-General issued his report “Investing in the United Nations: For a stronger Organization worldwide”. I placed the report on the agenda of the Senior Management Team to identify the measures most relevant to the ILO. I welcome your own comments on it.

All of us who are concerned with ensuring the effectiveness and success of the UN system are partners in the renewal effort. To begin with, each organization must have its own reform agenda. At the ILO, we have made headway.

As you know, the challenge of renewing and revitalizing the ILO has been a focus for some years now on which this Committee has taken leadership. The reforms we have achieved together – built on dialogue and priority setting – have been indispensable to the advancement and success of the Decent Work Agenda.

We have followed your guidance. We have listened to your ideas. We have acted together. And it has yielded results. You have put building blocks in place, setting a path of steady progress. Now is the time to step up decidedly to the next level. There is still much to be done.

That ongoing effort is even more essential today. We and the entire UN family must take further steps to strengthen the system so as to respond effectively and efficiently to the international agenda that member States have committed to. Making decent work a reality in the lives of people is central to this global agenda, as called for by the Outcome Document. We are ready to join efforts and share experiences with the rest of the UN family to deliver our mandate.

We do so recognizing that our work to strengthen the Organization has never been a matter of sailing with prevailing political winds. Rather, we have systematically reassessed how best to meet the needs of people and our constituents, and how to use most effectively our limited resources entrusted to us from the hard-earned incomes of taxpayers. This is my firm conviction and how we have worked together from day one.

So what is our point of departure for our next steps?

On 8 March 1999, four days after assuming my responsibilities as Director-General, I presented to you a radical reform of our programme and budget to modernize the ILO for the twenty-first century.

With your approval, we have enhanced the focus, relevance and impact of our work.

- We moved from a complex, cumbersome, unwieldy administrative budget to a streamlined, focused and targeted strategic budget.
- We defined four strategic objectives as the foundation of the Decent Work Agenda.
- We reformed the management structure.

From there:

- We have deepened results-based management over four biennia. The Joint Inspection Unit recognized this effort last November. And your discussion has encouraged us to broaden the approach and look at ways of applying management for results across all functions of the Office.

We have made significant progress in the gender balance among staff, particularly in senior positions. When I took office in 1999, the percentage of women at the D1 level and above was only 13 per cent. Today, because of direct appointments that I have made, women hold 31 per cent of these positions.

In 1999, no subregional or country office in Asia or Latin America and the Caribbean and only one in Africa was headed by a woman. Today, we see a different picture.

Women are in charge of 42 per cent of those offices in Africa, 56 per cent in Asia and 57 per cent in Latin America and the Caribbean.

Globally, women now lead some 52 per cent of subregional and field offices where we are delivering advisory services and technical cooperation programmes.

- Detailed discussions on human resources management – particularly in this Committee – have led to a revised strategy now being implemented. This includes the areas of recruitment procedures, management development and training of staff, grade structures and responsibility and accountability.
- We have completely overhauled our information technology and introduced a new integrated system spanning financial, programming and human resource information.
- A new subcommittee reporting to the PFA has been created to reinforce governance of information and communications technology.
- A new unit has been established tasked with making evaluation, including independent assessments, a standard requirement of all our programmes.
- The main functions of the Procurement Bureau have been transferred to the Office of the Treasurer and Financial Comptroller to ensure greater clarity of financial responsibility and governance of the functions in the Office. Revised Declaration of Interest procedures have been introduced for officials engaged in procurement activities and the membership of the Contracts Committee has been reviewed to ensure greater transparency.

- And, of course, we have reviewed and revamped our country-level approach through decent work country programmes. Let me emphasize here that decent work country programmes are not only about process. Their basic purpose is to enhance the substance of our work – to make it more relevant, focused and coherent in order to achieve greater impact.
- I have appointed an Executive Director for Management and Administration to lead and oversee the reform process.

In all these areas, we have drawn from extensive consultation, dialogue and discussion with you.

Next steps

Despite our progress in renewing and revitalizing the ILO, now is not the time to rest. It is the time to keep modernizing, to keep strengthening and to keep building. And I want to focus on specifics.

First, **change management**. Deep, lasting change requires an explicit change management strategy and dedicated resources. To do that, I have created an Organizational Change Advisory Committee involving senior management across the Office. The Bureau of Programming and Management has been given additional responsibility to prepare and implement the main change management recommendations made by this Committee. The Office is reviewing the change management experience of other UN agencies. We are also actively engaged in agency effectiveness reviews carried out by major donor countries.

Second, **knowledge sharing**. We are acting to strengthen the Office's knowledge strategy along four dimensions.

The Research and Publications Committee created last year is leading the preparation of a research and publications strategy that will concentrate resources on the core labour issues facing constituents. We are introducing an electronic document management system that supports knowledge sharing inside the Office and with constituents and partners. IRIS has facilitated a more transparent approach to resource management, enabling ILO staff to work on common issues. And we will reorganize our statistics programme to deliver more timely and relevant statistics.

Third, **staff development**. We are now investing close to 2 per cent of our staff budget in staff development. It is now possible to make the staff development programme an integral part not only of Human Resources Strategy, but of the overall strategies related to organizational change, management, knowledge, technology and gender. We will assess our staff development programme periodically and use it as an instrument in all other strategies. I particularly wish to emphasize the improvement needed in our management training as well as a better understanding of the staff knowledge and skills base needed in these times of change, drawing also on the expertise of the Turin Centre.

Fourth, **information technology**. The successful introduction of IRIS holds great potential for improving the quality of management through transparent integration of financial, human resource and programming information. The system can spearhead change in administrative processes and cost efficiency. It permits substantial improvements in development and reporting on the ILO programme, not least by integrating diverse aspects of decent work country programmes. It will become the basis for Office-wide work planning and reporting using a common template. As we roll it out to the field structure, it will become even more effective. Its absorption has not been easy, but I believe we are reaching its stabilization point.

Fifth, **planning and programming**. Our programming cycle needs to be better adapted to the governance of our Organization and to the broader international development cooperation frameworks in which its work is to be embedded. I agree with the point raised by several of you on the need for sharper performance measurement tools over a longer horizon with an appropriate mix of qualitative and quantitative indicators. We must also link more clearly implementation reporting and evaluation. I plan to make specific proposals in November on these issues within the framework of an overall strategy on results-based management. We need to enhance the capacity to measure the impact of what we do. This is not easy for an institution that delivers advice on policies and processes involving many actors and where identifying the impact of the ILO's contribution is difficult or even inappropriate to claim credit for. Yet I am confident, with your support and experience, we shall tackle the issue successfully.

Sixth, **technical cooperation and resource mobilization**. The Office's technical cooperation and resource mobilization strategy requires revision in the light of new donor approaches, experience with decent work country programmes and participation in common development cooperation frameworks such as UNDAF and PRS, or new structures resulting from UN reform. DWCPs offer the appropriate platform to pull together regular budget and extra-budgetary resources and to mobilize donor funding within the context of integrated country assistance in a results-based framework. The International Labour Conference will discuss the role of the ILO in technical cooperation this June, and I expect this discussion to foster innovative approaches which will take into account the emerging architecture for development assistance at the country level while enriching it through our tripartite experience.

Seventh, **diversity and inclusiveness**. The ILO has been praised within the UN system for our effective integration of gender into the policy and analytical thinking of the Office and into its programming process, and for our innovative action through, for example, gender audits. We are constantly striving to improve our performance on gender and, building on our experience, we must expand this approach to capture a wider range of diversity, including greater regional and cultural diversity. Inclusiveness also applies to persons with disabilities. This wider approach to diversity and inclusiveness will enrich the Organization and enhance its sensitivity and responsiveness to the reality it serves.

Eighth, **transparency and accountability**. I have established an internal task team to advise me on best practices regarding transparency and accountability.

Through our participation in the CEB's High Level Committee on Management, the ILO is actively collaborating with the Comprehensive Review of Accountability and Transparency now under way in the UN system. The new procedures for the selection of the External Auditor are in line with best international practice. Based on the proposals of our Chief Internal Auditor, we will address the best way to expand, where needed, the investigation capacity of the Office. A complete revision of our procurement instructions and guidelines is already under way.

Ninth, **integrity and ethical standards**. A number of initiatives are under consideration to foster professionalism, engagement and commitment of all ILO officials to the values of the Organization and to ensure staff and management adherence to the Standards of Conduct defined by the International Civil Service Commission, as well as to the ILO Staff Regulations which should reflect best practice and clearer procedures. Measures planned include promoting greater awareness through training, the introduction of enhanced procedures to deal with potential conflicts of interest and financial disclosure arrangements. As an important step forward, I have decided to appoint an Ethics Officer with a view to enhancing a culture of integrity and high ethical standards within the Office. We will also reinforce protections for whistleblowers.

Tenth, **field structure**. As stated in the Programme and Budget for 2006-07, a field structure review will be undertaken in the course of this biennium. I will prepare criteria for this review for your consideration so as to move forward with a solid tripartite consensus and mandate from the Governing Body. A major driver for this review should be the need to have the best possible field arrangements for effective support to DWCPs and effective integration into system-wide UN efforts.

In this regard, consideration will be given to the evolving organizational arrangements of the UN system's field structure at regional, subregional and country levels, and the extent to which they offer new opportunities for our presence in the field. This review should also be informed by the findings of the Secretary-General's High Level Panel on System-Wide Coherence. In relation to all of this, we must take into account the tripartite nature and specific competencies of the ILO, as well as the special governance structure of the Organization.

Decisions and proposals in each of these areas will be included in the preview of the Programme and Budget for 2008-09 in November.

And in all possible cases where we can find adequate resources, we will move forward even sooner. Indeed, we already are.

Continuum of reform

As we introduce these improvements, let us remember that reform is not an end in itself. Reform is about enhancing instruments to equip the Organization with the knowledge, resources and tools to deliver on our mandate and respond to our constituents more effectively.

The United Nations and its specialized agencies need to deliver on what people expect of them, namely, solving concrete problems in daily life, particularly for the many for whom fulfilling basic human aspirations and necessities and respect of basic rights remain an uphill battle.

At the ILO, our overriding priority is to ensure that economic and social policies deliver tangible results to people in respect of employment and social protection, rights, representation and dialogue. The initiatives I have outlined will seek to reinforce the ILO as a global centre of excellence with respect to policies and processes relating to the world of work.

I have no doubt that we can continue to make a significant contribution to a strong partnership and improved coherence among all UN organizations. Our tripartite structure gives us an authority in the world of work which cannot be replaced, should not be diluted and can be of great service to the UN system. In turn, the ILO can only gain from a stronger, more effective United Nations.

As we progress along our continuum of reform, let us again recall that management, operations and policy improvements are all connected. Unless international organizations have policies that work in the same direction, reforms to achieve greater management or operational effectiveness across the UN system could easily fall short. To ensure such coherence, reform discussions under way at the IMF, the World Bank and WTO should be taken into account. They are part and parcel of a revamped multilateral system.

Dear friends,

I welcome your contribution on how to strengthen further the ILO, a shared responsibility of the Governing Body and the Office.

My colleagues and I will be listening closely during this session as this represents the first of many consultations leading to the upcoming programme and budget.

Let us seize this opportunity to make decent work a national reality through strong tripartite leadership within a renewed UN system.

I thank you for your attention.

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