
Presentation by the Director-General of the Programme and Budget proposals for 2016–17 (323rd Session of the Governing Body – 16 March 2015)

I am pleased to have this opportunity to present to you my programme and budget proposals for the coming biennium, 2016–17, as a basis for the Governing Body to determine the recommendations that it will forward to the International Labour Conference for final adoption in June.

This is the second set of such proposals that I have presented, the first occasion having come very soon after my election. It is with this perspective in mind that I have felt it particularly important to ensure that the document and proposals now before you embody the key propositions and orientations of the vision statement upon which I was elected by you, and particularly that they provide a basis for the continuation and the deepening of the reform process that has been the driver of change and improvement in the ILO over the past two-and-a-half years.

I believe that these proposals do that; I believe also that they benefit significantly from the guidance that you have provided over that period and most particularly in the debate on the preview document that took place here last November. We have carefully considered in the secretariat everything that we heard then, and it has undoubtedly served to enrich the proposals that I now present. And, of course, we continue to listen.

It is a logical consequence of what I have just said that there must be a combination of continuity and of innovation in these proposals. Continuity, because moving the ILO forward towards the ambitions that together we have set for it, is not the business of a single biennium and so, in many respects, we must hold the course that has been set rather than be distracted from it. But innovation too, because both our circumstances and our efforts present new opportunities to do better than before, and we must take those opportunities.

At the outset let me recall that, within the established framework of the Decent Work Agenda and the 2008 ILO Declaration on Social Justice for a Fair Globalization, the overarching goal of the programme and budget proposals is to advance the task of making the ILO more influential and hence more capable of advancing its mandate for social justice. To do so, the proposals seek to enhance the ILO's technical and analytical capacities, to organize its substantive work around a limited number of key policy outcomes, to provide high-quality and relevant services to our constituents, to make the ILO a committed and valued part of the United Nations (UN) delivering as one, to increase the effectiveness and efficiency of our work and to be held accountable to the highest standards of performance through a reinforced results-based system of management.

At the heart of the proposals, you will find the ten policy outcomes. They are, I think, a good example of the mix of continuity and innovation of which I have spoken. Substantively, many of them build upon work in the current biennium, specifically under the eight areas of critical importance (ACIs), but now with modifications, some of which stem from your comments last November. Moreover, fair and effective migration policies have been added in the light of last year's Conference debate. Policy outcomes on strong and representative employers' and workers' organizations and on international labour standards are also proposed as a proper and required response to the imperatives of truly operational tripartism and the crucial nature of the ILO's normative function on which I sincerely trust we will be able to make significant advances during this Governing Body session.

Getting the choice of these ten policy outcomes right is obviously of essential importance to the job that we have before us. These outcomes must be relevant to member States in all regions and must address priority challenges where the ILO can and must make a very substantial difference. Our consultations to date allow me to say to you today that I think that what is proposed meets those requirements. But it is equally important that the results-based management methodology underpinning these outcomes is robust and credible.

We are helped in this by the fact that it is now possible to align fully our policy priorities with our programme outcomes, something which circumstances prevented in the course of the current biennium. As you will see, we have a concise, strategic outcome statement for each outcome, an identification of the issues to be addressed and of lessons already learned and a presentation of means of action. That is followed by a series of indicators with results criteria and a total of 560 expected country targets.

In all of this, we have worked to ensure that the targets reflect properly the regional priorities outlined in the proposals, which have been substantially reworked because they were an identified point of weakness in the preview discussion that took place last November.

We believe that, taken together, this represents a significant strengthening in the “science” of results-based management; but we have no illusions – we need to keep working at this. But these proposals do, I think, take us forward.

Let me highlight three further points in respect of these ten proposed policy outcomes.

First, the fact that they are relatively few in number and do not generally correspond to individual technical or administrative units in the Office means that they become potentially much more effective vehicles for the ILO to bring a critical mass of resources and needed multidisciplinary approaches to the task of addressing the challenges that they embody. That provides real opportunity to improve the quality of ILO work, but we can realize it only if we succeed in overcoming the compartmentalized practices of the past. We have worked hard to bring down our own silos and I think that we are managing to do so.

Second, each policy outcome will be implemented with full regard to what are now three cross-cutting policy drivers, relating to international labour standards, relating to social dialogue and relating to gender equality and non-discrimination, which are relevant to them all. In addition, they will be supported by three enabling outcomes addressing effective advocacy, governance and support services.

In preparing these proposals, the need to subject these three “enabling” factors to the same disciplines of results-based management as the policy outcomes seemed increasingly persuasive. But our previous conversations did reveal some concern among you that the accumulation of policy outcomes, enabling outcomes and cross-cutting drivers (10 + 3 + 3) meant that the claimed focus of efforts in the proposals might be more apparent than real. However, I hope that the full presentation of the proposals now before you will allay any worries in that regard and show that what are dealt with here are quite distinct and complementary dimensions of the programming process.

Third, the proposals for each policy outcome explain how partnership with other institutions active in the area concerned can contribute to the achievement of ILO objectives – and I do want to underline the importance of this proposition. This is very

much in line with the Organization's determination to work more closely with others in the UN system – and to invest in that – and with actors beyond the system too.

The Governing Body will recall that the seven centenary initiatives which I first suggested to the International Labour Conference in 2013, and which have since received its approval, will need to be operational in the period covered by these programme and budget proposals and in the biennium after it as well. They cover a variety of types of activity, all of which – albeit in quite different ways – are woven into these programme and budget proposals. Three contrasting examples can be taken to illustrate the point: the future of work initiative figures prominently under the research proposals; the governance initiative is taken up most specifically in enabling outcome B; and the women at work initiative is central to the gender equality and non-discrimination cross-cutting driver. These examples illustrate a basic point that the initiatives are integral to the activities proposed, rather than being additional to them.

There are, however, two other areas in which it is proposed to invest specifically, with a view to adding real value to the programme and budget as a whole.

The decision taken by the Governing Body a year ago to adopt simultaneously a programme and budget and a transitional strategic plan for 2016–17 so as to allow a full alignment of the medium-term planning cycles of the ILO and the UN as of 2018 was, I believe, a clear statement of interest – a clear choice – for the enhancement of the ILO's role in the wider UN system. We are doing this and we are doing two further things in these proposals to advance us in this direction.

The first thing that we are doing is to increase to US\$4 million the ILO's financial contribution to the UN Resident Coordinator system, an investment which is matched, and I think to some extent justified, by the fact that the ILO now participates in 133 UN country teams around the world and that funding from the UN made up 12.6 per cent of ILO's extra-budgetary allocations in 2013, the last year for which we have such figures.

The second is the manner in which the proposals anticipate a strong ILO contribution to the UN's post-2015 development agenda to be adopted next September. We will be hearing more about this later in this Governing Body session, but the point I want to make for now is that, in the event that decent work and social protection, inter alia, do find their place in the UN post-2015 development agenda, and with the vehicle of the end to poverty centenary initiative to hand, the ILO will be well placed to take up its important responsibilities in this context.

The inclusion in my proposals of a specific section on “Research, knowledge, labour statistics and capacity development” is both a response to a specific instruction of the Governing Body and the reflection of the major effort undertaken by the ILO to upgrade its research, analytical and statistical work, to which I referred at the outset. We need significantly improved capacity in these areas in order to be effective evidence-based policy advocates and the providers of the quality services that you, our constituents, demand. It is from this, and this alone, that increased influence will come.

Efforts in this regard have centred on the new Research Department, but they are not limited to it. Other parts of the Office – in Geneva and in the regions – are also involved. In any case, when the decision was taken by the Governing Body in October 2013 to discontinue the International Institute for Labour Studies, it was agreed that governance functions previously performed by the Board of the Institute would, in future, be exercised by the Governing Body in the context of the programme and budget discussion. In pursuit of that Governing Body instruction, proposals in this area provide for two major strands of work – one on major trends in the world of work in the context

of the future of work initiative and the other focused on “what works” – evidence-based policy analysis – in connection in particular with the ten proposed policy outcomes. This is to be backed up by a proposed reinforcement of our statistical work – more and more widely recognized as a precondition of our effectiveness – and the launching of a new major flagship publication, as well as the work of the Research Review Group whose eminent members will help provide important guarantees concerning the quality, rigour and objectivity of the work undertaken. I am pleased as well to inform you that we have advanced significantly in our efforts to establish a joint research agenda with the World Bank, and have attracted significant funding for that.

I will conclude my presentation with some comments on the level of the budget, centred on the basic point that these proposals represent a continuation of the zero real growth trajectory of the ILO, which we have been on since the 2000–01 biennium. That means, by the way, that in real terms the budget as proposed stands 14 per cent below its real level of 1978–79, the peak years.

Before I get to that, I want to insist on the significance of the internal redeployment of resources within this constant real resource base, which is contained in the proposals before the Governing Body.

If the reform commitment with which I was elected is to be taken seriously, I believe that it is incumbent on the ILO to demonstrate that it is shifting resources to front line technical analytical work and direct service provision through concerted and persistent efforts to economize on administrative and support functions and through overall improvements in efficiency.

Our response during the current biennium is the ongoing redeployment – of which you are aware – of \$18 million to strengthen ILO technical work. It is now proposed to redeploy a further \$25 million to the same effect – that is 3.3. per cent of the proposed regular budget. Concretely, this would mean not only that 22 new technical positions are provided for in the Policy Portfolio, but also that an additional 17 such positions are provided for in the regions, together with an extra \$2.5 million in regular budget technical cooperation resources for the regions. This means a net increase of \$6 million for the regions. This has been made possible by the systematic re-profiling of staff positions involving shifts from General Service to Professional posts and from managerial to technical ones, together with reductions in non-staff expenditure. It has been a lot of hard work but, in short, we are trying to put our money where your needs are.

Given that a current focus of the continuing reform process is the in-depth review of internal administrative and business procedures, I am hopeful that more can be done in the future.

What has been achieved so far – and what we hope to continue to do, I want to underline – has been done through constructive cooperation with our own staff and their representatives, and I want to express my appreciation for that. You will be hearing from the staff representative later in the session.

These are important developments. We think that they represent significant enhancements of ILO technical capacities and we think that we are honouring the commitments that we made two-and-a-half years ago. But my colleagues and I are constantly aware as well that they would count for little if they came at the price of undermining the Office’s responsibilities to you for sound administration and financial management of the resources you choose to place at our disposal. I want to reassure you

that we will not allow that to happen, and indeed we propose as well to increase expenditure on oversight, audit and evaluation to help make sure that it does not.

Finally, the bottom line of these proposals is a regular budget of \$801.26 million in constant US dollars – that is to say identical to the real level of the current budget and, as I have indicated already, a continuation of the zero real growth trajectory. The peculiarity, if I may say so, of our current position is that because of the negative evolution of costs explained in detail in Information Annex 2 to my proposals, the nominal level of the budget is now \$797.39 million, that is to say some \$3.8 million or 0.5 per cent below the nominal dollar level for the current exercise, at the current budget rate of exchange.

I am conscious that exchange rate fluctuations can cause these figures to vary and that many governments are equally conscious of that reality, not least in the light of some recent variations. In that regard, there are a couple of simple points which might usefully be borne in mind: that exchange rates, obviously, lie beyond the capacity of the ILO to influence and generally act to the advantage of some and the disadvantage of others, with today's winners often being tomorrow's losers. These issues were the object of prolonged discussions prior to the establishment in 1989 of the current dispensation of a budget set in US dollars and assessed in Swiss francs and there seems to me to be no reasonable way in which they can, or should be, accommodated further in my proposals or your discussions.

Governments, in particular, can be reassured by what I have said, and more importantly by what the Office has done over the last two-and-a-half years: that we understand the financial constraints acting on many of them, and that we assume for ourselves the financial and managerial disciplines faced by public administrations across our global ILO membership.

I trust that members of the Governing Body will find in the proposals before them a vision for the ILO worth investing in and engaging with and, with these remarks, I commend these Programme and Budget proposals for 2016–17 for your consideration and for your adoption.