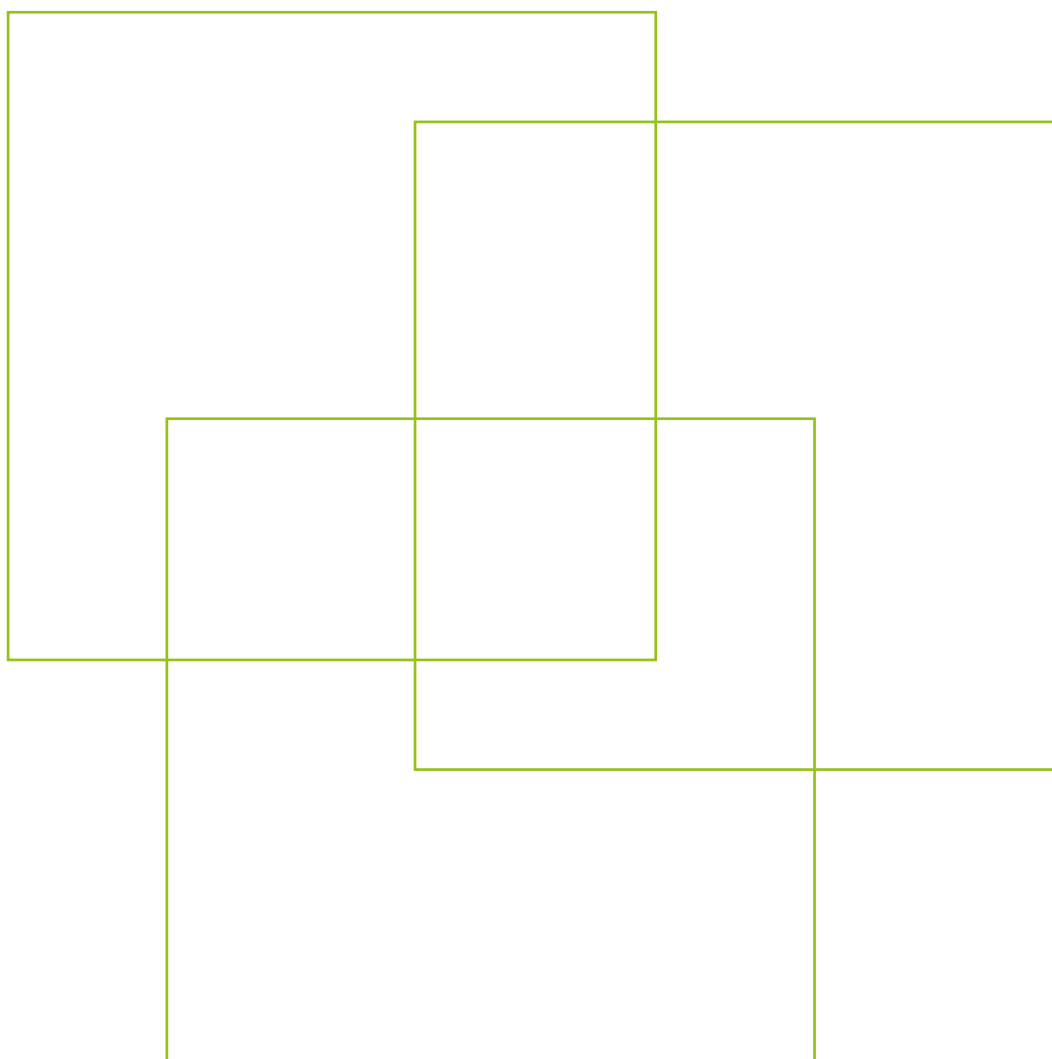




Report II

# Draft Programme and Budget for 2020-21 and other questions



**International Labour Conference, 108th Session, 2019**

**Report II**

# **Draft Programme and Budget for 2020–21 and other questions**

**Second item on the agenda: Programme and Budget  
proposals for 2020–21 and other questions**

**International Labour Office, Geneva**

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## Preface

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1. This report comprises, in addition to material submitted for information, a number of items requiring action by the Conference. Any other items which may arise after the publication of this report and which also call for action by the Conference will be submitted to the participants through the *Provisional Record*.
2. This report deals with the draft Programme and Budget for 2020–21 as examined by the Governing Body at its 335th Session (March 2019). The full material relating to the draft Programme and Budget for 2020–21 appears on pages 1–2. This material should be read in conjunction with the Director-General’s original Programme and Budget proposals for 2020–21 (GB.335/PFA/1) as indicated in paragraph 1 on page 1.
3. Other items requiring action are:
  - (a) financial report and audited consolidated financial statements for the year ended 31 December 2018, which is published in a separate document available to Conference participants;
  - (b) scale of assessments of contributions to the budget for 2020–21;
  - (c) status of the judges of the Administrative Tribunal of the International Labour Organization; and
  - (d) composition of the Administrative Tribunal of the International Labour Organization.
4. Details of these items are set out in the following pages of this report.

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# Programme and Budget for 2020–21

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## Consideration of the Director-General's Programme and Budget proposals for 2020–21 by the Governing Body

1. The Director-General's original Programme and Budget proposals for 2020–21 were submitted to the Governing Body at its 335th Session (March 2019) in document [GB.335/PFA/1](#).
2. The discussion of the original proposals, and adjustments subsequently proposed by the Director-General, was recorded in the minutes of the Programme, Financial and Administrative Section of the Governing Body, which is reproduced in Appendix I to the present report.<sup>1</sup> The Governing Body decided to propose to the International Labour Conference a resolution related to the adoption of the programme and budget for the 77th financial period, ending 31 December 2021, and for the allocation of expenses among Members in that period. The text of the proposed resolution is given below in paragraph 6.
3. It will be observed that the proposed resolution is incomplete as regards the final budget level. The Governing Body endorsed a provisional programme level of US\$804,103,709 estimated at the 2018–19 budget exchange rate of 0.97 Swiss francs to the US dollar. The final exchange rate and the corresponding US dollar level of the budget and Swiss franc assessments will be determined by the Conference, on the recommendation of the Finance Committee of Government Representatives, at its forthcoming session.
4. The final programme and budget proposals recommended by the Governing Body are being placed before the Conference in the form of the Director-General's original proposals together with the provisional programme level for 2020–21 as endorsed by the Governing Body following its approval of adjustments proposed by the Director-General. Details of the Director-General's proposed adjustments are set out in Appendix II to this report, and are incorporated in table A on page 2.

## Recommendations of the Governing Body to the Conference at its 108th Session (June 2019)

5. The Governing Body recommended to the International Labour Conference at its 108th Session (June 2019) that the final amount of the 2020–21 budget be based on the

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<sup>1</sup> See yellow title page. This report for the Conference was prepared immediately after the 335th Session (March 2019) of the Governing Body so as to reach member States as early as possible in accordance with article 6 of the Financial Regulations.

endorsed proposed expenditure budget of US\$804,103,709 estimated at the 2018–19 budget exchange rate of 0.97 Swiss francs to the US dollar, to be revalued at the rate of exchange set by the Conference.

6. The Governing Body also recommended that the text of the related resolution to be adopted by the Conference should be as follows:

The General Conference of the International Labour Organization,

- (a) in virtue of the Financial Regulations, adopts for the 77th financial period, ending 31 December 2021, the budget of expenditure for the International Labour Organization amounting to US\$..... and the budget of income amounting to US\$..... which, at the budget rate of exchange of CHF..... to the US dollar, amounts to CHF....., and resolves that the budget of income, denominated in Swiss francs, shall be allocated among member States in accordance with the scale of contributions recommended by the Finance Committee of Government Representatives;
- (b) requests the Director-General to present for examination and adoption by the Governing Body at its 337th Session (October–November 2019) complementary information pertaining to the results framework comprising outcomes, indicators, baselines and targets for the biennium, reflecting the relevant outcomes of the 108th Session (June 2019) of the International Labour Conference.

**Table A. Strategic budget: Proposed expenditure budget by appropriation line**

	Strategic budget 2018–19 <sup>1</sup>	Adjusted proposed strategic budget 2020–21	Adjusted proposed strategic budget 2020–21
	(in US\$)	(in constant 2018–19 US\$)	(recosted (US\$))
<b>Part I. Ordinary budget</b>			
A. Policy-making organs	50 735 649	50 735 649	51 558 242
B. Policy outcomes	627 872 964	628 073 901	635 931 680
C. Management services	62 171 040	62 270 103	63 024 343
D. Other budgetary provisions	45 457 712	45 157 712	43 203 398
Adjustment for staff turnover	-6 420 379	-6 420 379	-6 446 399
<b>Total Part I</b>	<b>779 816 986</b>	<b>779 816 986</b>	<b>787 271 264</b>
<b>Part II. Unforeseen expenditure</b>			
Unforeseen expenditure	875 000	875 000	875 000
<b>Part III. Working Capital Fund</b>			
Working Capital Fund	–	–	–
<b>Total (Parts I–III)</b>	<b>780 691 986</b>	<b>780 691 986</b>	<b>788 146 264</b>
<b>Part IV. Institutional investments and extraordinary items</b>			
Institutional investments and extraordinary items	3 428 014	15 713 000	15 957 445
<b>Total (Parts I–IV)</b>	<b>784 120 000</b>	<b>796 404 986</b>	<b>804 103 709</b>

<sup>1</sup> The strategic budget proposals for policymaking organs include resources from the Official Meetings, Documentation and Relations Department, and the Internal Services and Administration Department, which directly support the governance activities. To facilitate comparison with 2020–21 figures, the 2018–19 budget was revised to reflect a revised methodology of apportionment.



## **Other financial and administrative questions**

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### **Financial report and audited consolidated financial statements for the year ended 31 December 2018**

1. In accordance with articles 28 and 29 of the Financial Regulations, the International Labour Conference will be called upon to adopt the audited consolidated financial statements for 2018 after their examination by the Governing Body. The statements cover the regular budget, the Working Capital Fund, extra-budgetary accounts administered by the Organization, and all other special funds and accounts.
2. The Director-General's financial report and the statements for 2018, together with the Auditor's report, will be communicated to Members as a separate document. The Governing Body's recommendation as to the adoption of the audited statements will be communicated to the Conference in a separate document which will be presented to the Finance Committee of Government Representatives.

## **Scale of assessments of contributions to the budget for 2020–21**

1. At its 335th Session (March 2019), the Governing Body decided, on the recommendation of the Government members of the Governing Body, to propose to the Conference at its 108th Session (June 2019) that, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, it adopt the draft scale of assessments for the years 2020–21 as set out in the appendix to the report of the Government members of the Governing Body for allocation of expenses, which is reproduced as Appendix III to this report.
2. It will be for the Finance Committee of Government Representatives to consider the proposals put forward by the Governing Body concerning the draft scale of assessments for 2020–21 and to make appropriate proposals to the Conference.

## Status of the judges of the Administrative Tribunal of the International Labour Organization

1. At its 334th Session (October-November 2019), the Governing Body decided (see Appendices IV and V to this report) to recommend to the Conference the adoption of the following resolution granting the status of “officials other than Office officials” to the judges of the ILO Administrative Tribunal and that this status be also reflected in the Statute of the ILO Administrative Tribunal:

The General Conference of the International Labour Organization, meeting in its 108th Session, June 2019,

Considering it desirable to extend the privileges and immunities contained in Article VI, Section 19 of the Convention on the Privileges and Immunities of the Specialized Agencies to the judges of the Administrative Tribunal of the International Labour Organization.

Noting that United Nations General Assembly Resolution A/RES/70/112 has harmonized the privileges and immunities of the judges of the United Nations Dispute and Appeals Tribunals so that the judges of both Tribunals are considered officials other than Secretariat officials.

Considering it appropriate to align the status of the judges of the Administrative Tribunal of the International Labour Organization with that of the judges of the United Nations Dispute and Appeals Tribunals.

Decides that the judges of the Administrative Tribunal of the International Labour Organization shall be considered as officials other than Office officials and thereby benefit from the privileges and immunities specified in Article VI, Section 19 of the Convention on the Privileges and Immunities of the Specialized Agencies;

Decides to amend the Statute of the Administrative Tribunal by inserting a second sentence in paragraph 1 of Article III as follows:

“The judges shall be considered officials of the International Labour Organization other than officials of the International Labour Office under the Convention on the Privileges and Immunities of the Specialized Agencies.”.

2. It will be for the Finance Committee of Government Representatives to consider the proposals put forward by the Governing Body and to make appropriate proposals to the Conference.

## **Composition of the Administrative Tribunal of the International Labour Organization**

1. At its 335th Session (March 2019), the Governing Body decided (see Appendices VI and VII to this report) to propose to the Conference the renewal of the term of office of Mr Frydman (France) for three years; and to propose to the Conference that it adopt a resolution in the following terms:

The General Conference of the International Labour Organization,

*Decides*, in accordance with article III of the Statute of the Administrative Tribunal of the International Labour Organization, to renew the appointment of Mr Patrick Frydman (France) for a term of three years.

2. It will be for the Finance Committee of Government Representatives to consider the proposals put forward by the Governing Body and to make appropriate proposals to the Conference.

## Appendix I

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**Excerpt – Minutes of the Programme,  
Financial and Administrative Section of  
the Governing Body at its 335th Session**  
(First item on the agenda)  
(March 2019) (GB.335/PFA/PV)

## Governing Body

335th Session, Geneva, 14–28 March 2019

GB.335/PFA/PV

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Programme, Financial and Administrative Section

PFA

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MINUTES

## Programme, Financial and Administrative Section

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### First item on the agenda

#### The Director-General's Programme and Budget proposals for 2020–21 ([GB.335/PFA/1](#))

1. *The Director-General* presented his Programme and Budget proposals for 2020–21 (his statement is reproduced in Appendix I).

#### Introduction and results framework (chapters 1, 2 and 3)

2. *The Worker spokesperson*, highlighting the ongoing challenges in realizing social justice 100 years after the creation of the ILO, said that the Programme and Budget proposals for 2020–21 should deliver on the Organization's mandate to realize decent work and social justice through the four pillars of the Decent Work Agenda and increased policy coherence. The ILO's success must be measured on its capacity to safeguard its mandate, its normative function and the added value of tripartism in the context of the United Nations (UN) reform process. With regard to the risk register, her group sought clarification as to why the ILO's tripartite nature had been identified as a risk in the register for 2020–21, while this was a comparative advantage that increased its positive impact in the context of the UN reform.
3. Concerning the development of a new results framework, the Workers supported the continued relevance and centrality of the Decent Work Agenda's four inseparable, interrelated and mutually supportive strategic objectives. The strategic objectives, as defined by the ILO Declaration on Social Justice for a Fair Globalization (Social Justice Declaration), should not be re-interpreted, and the alignment with the 2030 Agenda for

Sustainable Development (the 2030 Agenda) should not be used to redefine the concept of decent work. Therefore, her group expected that the integrity of all four strategic objectives would be preserved when policy outcomes were identified in November. The inclusion of other decent work indicators as well as the Sustainable Development Goals (SDG) indicators would be pertinent in the results framework. The Workers had noted that indicators would be developed for short-term outputs and medium-term outcomes, whereas targets would be set only for outputs, and had asked whether limiting targets to outputs might be perceived as doubting the Office's capacity to influence policy implementation and compliance with legislation. Her group agreed that increased effort would be required to build the statistical capacity of the Office and member States, and therefore supported the allocation of additional resources to labour statistics in the biennium 2020–21 in order to measure SDG indicator 8.8.2.

4. In terms of the key areas of future ILO action, more should be done to ensure universal respect for the right to freedom of association and collective bargaining including through increased ratification of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98). Respect for international labour standards would be central to the ILO's contribution to the UN reform and delivery of the 2030 Agenda; the Workers therefore expected to see ratification and implementation targets in relation to the results indicators established for each policy area, and adequate resources allocated. In the face of globalization and technological change, the ILO should address the needs of all workers, not only the most vulnerable and disadvantaged. The Programme and Budget for 2020–21 should include a policy outcome on collective bargaining and industrial relations in order to address growing concerns relating to income inequality. The role of the social partners in shaping socio-economic policies should be reflected in increased allocation of human and financial resources. Changing production patterns influenced by the digital society and the platform economy must be addressed by strengthening labour institutions, rights at work, employment relationships and labour protection measures, in addition to a focus on addressing occupational safety and health challenges. Turning to the four cross-cutting policy drivers, the ILO's 2015 *Guidelines for a just transition towards environmentally sustainable economies and societies for all*, with the effective participation of the social partners, should form the basis for the driver on a just transition to environmental sustainability. The policy driver on gender equality and non-discrimination should address structural obstacles to gender equality and help design policies that would generate greater opportunities for women to access decent and well paid jobs. The Office should consult constituents following the 108th Session of the International Labour Conference in order to further develop the programme and budget proposals to be discussed at the upcoming October–November session of the Governing Body.
5. The Workers' group supported the possibility of the ILO influencing initiatives of and partnering with, other UN organizations as part of the implementation of the 2030 Agenda, as long as tripartism and international labour standards were promoted and not diluted in the process. Priorities identified by ILO constituents should remain the highest priority. Close consultation and cooperation with the constituents would be required for future programmes and budgets. The group asked which external experts the Office was planning to consult for the preparation of the results framework.
6. Concerning chapter 3 of the document, the ILO Staff Union should be consulted on UN reform-related initiatives concerning common premises, harmonized processes and pooled resource management, as well as on issues that affected staff employment, including the removal of clerical support functions. The Workers asked the Office to confirm how long the Business Process Review would be continued by a team financed by savings identified as a result of its work, and what would happen when savings were no longer

possible. With regard to Decent Work Country Programmes (DWCPs), these should be based on the priorities of ILO constituents and shape national development strategies and United Nations Development Assistance Frameworks (UNDAFs). New DWCPs should cover the four strategic objectives and include relevant decent work indicators for each objective. The discussion of innovative financing modalities during the current session would determine the mandate that the Governing Body would provide to the Office in that respect. Lastly, diversity among staff should go beyond geographical diversity and gender balance to include persons from workers' and employers' organizations.

7. *The Employer spokesperson* said that the Programme and Budget proposals for 2020–21, as the first in the Organization's second century, must meet constituents' needs. Decisions on the Organization's strategic outcomes would have to be made in the light of the outcome document of the Centenary Session of the International Labour Conference, especially considering the possibility of using the programme and budget as a follow-up mechanism to the outcome of the Conference. The involvement of the tripartite constituents in the consideration of any document that may have an impact on the programme and budget was therefore key. It was important for the Office to prioritize new and unfinished areas of work to facilitate decent work, including: fostering an environment that favoured productivity growth in order to enable enterprises to create decent jobs; anticipating skills needs and providing constituents with effective capacity building; developing expertise and disseminating good practices on job transition support schemes; supporting countries to have dynamic labour markets and better tackle informal employment; promoting research and action on sustainable social protection systems; ensuring the balance, relevance and effectiveness of international labour standards and non-binding forms of normative guidance; and strengthening social dialogue and the role of the social partners. The Programme and Budget for 2020–21 should fully integrate the decision that would be made on the ILO-wide strategy for institutional capacity development. Policy outcomes and outputs should be designed in such a way that the constituent organizations, including the social partners, were better able to influence policy, improve legislative implementation and give value to their members. The work of the Bureau for Employers' Activities (ACT/EMP) and the Bureau for Workers' Activities (ACTRAV) was paramount in that regard, particularly in light of the Governing Body's previous decision on the preliminary overview of the Programme and Budget proposals for 2020–21, amended by his group to include a reference to strengthening constituents' institutional capacities. He proposed that the specific language of the amended decision be maintained in the draft decision currently before the Governing Body.
8. Given the need to prioritize, his group wished to know whether the Centenary Initiatives would be continued in 2020–21. Expressing concern regarding the increase in unfinanced commitments through action plans or road maps, he asked how the outcomes of general or recurrent discussions could be used more effectively to inform the programme and budget. When such outcomes were not integrated into the Office's biennial planning, constituents had unrealistic expectations of capacity development and technical cooperation. Given the planned review of the enabling outcome on effective knowledge management for the promotion of decent work in November 2019, he reiterated that the ILO's knowledge strategy should be based on constituents' needs. He expressed disappointment that ACT/EMP and the International Organisation of Employers (IOE) had not been involved in the development of an implementation plan for the knowledge strategy 2018–21. He reiterated the previous request that an update in that regard be discussed by the Governing Body and called for timely consultations so that the Office could provide an update at its next session.



9. The programme and budget was not aspirational; it should take into account constituents' needs and preferred future scenarios, and help the ILO to reposition itself in the context of UN reform and realize the Decent Work Agenda. The methodology used to develop the new results framework was a positive step in response to previous conference discussions and towards addressing the External Auditor's 2016 finding that the ILO's results-based management system had yet to manifest better results and accountabilities in line with the ILO strategic objectives. Noting that the results framework would be based on a theory of change, he asked the Office to provide the rationale for adopting that approach and its advantages. The theory of change should properly frame the root causes of the challenges facing the world of work and help constituents to construct visible solutions in their local contexts. Recognizing the complexity of measuring many areas of the ILO's work, he noted that the proposed chain of results aimed to improve its accountability and help constituents to achieve the intended outcomes and strategic objectives. However, in order to change people's lives, the ILO's proposed outputs must be based on constituents' evolving needs.
10. *Speaking on behalf of the Asia and Pacific group (ASPAG), the Eastern European group, the group of Latin American and Caribbean countries (GRULAC), the group of industrialized market economy countries (IMEC) and the Western European group,* a Government representative of Poland thanked the Office for publishing the Programme and Budget proposals for 2020–21 in a timely manner and for organizing briefings for regional groups, and expressed appreciation for the Office's commitments and efforts to increase efficiency and effectiveness. Preparing a budget for 2020–21 prior to the adoption of the outcome document of the Centenary Session of the Conference was a challenging task. Moreover, as many member States were facing economic constraints and the demand for technical support was growing, the Office would have to prioritize its activities. The Governments that she represented remained open to further discussion on the programmatic elements of the programme and budget proposals.
11. *Speaking on behalf of ASPAG,* a Government representative of the Islamic Republic of Iran said that as the first programme and budget of the ILO's second century, the Programme and Budget proposals for 2020–21 should be more efficient and accountable to constituents' needs. He welcomed the new results framework, which would clarify how the ILO was performing and enhance its accountability. He expressed the hope that the new framework, based on a theory of change, would yield considerable advantages compared to past fragmented approaches. The Office should promote synergies across outcomes, cross-cutting policy drivers and results, which should be captured in the document. Underlining the importance of the Global Commission on the Future of Work's report, he noted that the theory of change should respond to the major trends that had an impact on the world of work. The ILO should maximize its influence in promoting decent work for all through direct cooperation with member States and through its contribution to the multilateral system. In that regard, it was crucial that the ILO should both contribute to and benefit from the UN reform. In order to succeed, the programme and budget should be inclusive and respond to the needs of all constituents. ASPAG asked the Office to consider a more proportionate distribution of financial and human resources to the region. His group was closely following the Human Resources Strategy 2018–21, supporting the Director-General's efforts to ensure greater transparency and fairness in recruitment and human resource management. However, despite efforts to achieve geographical diversity, many qualified applicants from his region were still not being recruited to the ILO. He endorsed the reinforcement of the Organization's knowledge leadership and encouraged the Office to take key lessons learned into account.
12. *Speaking on behalf of the Africa group,* a Government representative of Eswatini welcomed the Programme and Budget proposals for 2020–21, which contributed to the

implementation of the Strategic Plan for 2018–21 and the Human Resources Strategy 2018–21. The document reflected the Governing Body’s resolve, at its 334th Session, to focus on building the institutional capacities of the tripartite constituents during the current biennium. The Office had emphasized the importance of strengthening the ILO’s collaboration with other development partners and the unified UN system to maximize its resource mobilization potential; in that regard, he noted with appreciation that the Office would be co-chairing the United Nations Sustainable Development Group’s (UNSDG) Strategic Results Group on strategic partnerships. The fact that the efficiency gains accrued from initiatives to strengthen operations would be redeployed in programmes for the respective ILO tripartite constituents was commendable. His group looked forward to the breakdown of programme proposals, between March and August 2019, into specific policy outcomes complete with outputs, performance indicators, targets and funding.

13. *Speaking on behalf of GRULAC*, a Government representative of Brazil said that all efforts to make efficiency savings were timely and welcome. Although his region would tend to favour a zero nominal growth budget in the current climate, it recognized the importance of the proposed nominal increase for the successful implementation of the ILO’s mandate. Nevertheless, he urged the Office to present a new plan containing well-defined priorities for immediate needs, predictable resource requirements for medium-term needs and ways in which those needs could be met by efficiency savings. In order to meet the Organization’s security needs, the proposed security work could be incorporated into phase 2 of the headquarters building renovation project to yield efficiency savings. He regretted that no resources were allocated in the proposals to the pending legal cases concerning the decisions of the International Civil Service Commission (ICSC) regarding the post adjustment index for Geneva.
14. In June 2018, the Governing Body had decided that resource allocation for various programmatic priorities in the 2020–21 biennium would only be determined in the second half of 2019, in the light of the outcome of the Centenary Session of the International Labour Conference. It was therefore essential that the Governing Body did not take decisions at the current session that pre-empted such an outcome. GRULAC appreciated the commitment displayed in the proposals to aligning results with the 2030 Agenda for Sustainable Development and to making the ILO a key participant in the UN reform process.
15. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom commended the Office’s commitment to increased effectiveness, efficiency and value for money, and welcomed the inclusion of a risk management plan in the programme and budget proposals. IMEC attached importance to further strengthening results-based management in the ILO. To that end, IMEC supported efforts to develop a new results framework to operationalize the ILO’s strategic objectives and allow it to clearly demonstrate the value of its work. Developing the theory of change in the design of ILO programmes should serve to make it easier for the Office, as well as constituents, to follow a process where the impact of the ILO was clearly visible and logically linked to change on the ground.
16. With respect to accountability, she noted with concern that the proposals appeared to assign significant responsibility for achieving the ILO’s strategic objectives to a diverse set of stakeholders. Any revised strategy must enable constituents to assess the ILO’s performance in achieving those objectives. Moreover, the proposed results framework did not accurately reflect the four strategic objectives of the Decent Work Agenda, as set out in the Social Justice Declaration. She cautioned against conflating decent work objectives with those pertaining to social justice and changes in people’s lives. In addition, the proposals focused more on outputs than on outcomes, which would make it even more

difficult to assess the impact of ILO action. IMEC stood ready to work with the Office on the development of an improved results framework, which needed to include a gender equality perspective, for the Governing Body's consideration in November 2019.

17. While the positive approach to UN reform outlined in the document was welcome, some areas of ILO action must remain priorities through any transformative changes in the world of work. First and foremost, normative action must remain at the heart of the ILO's work in order to ensure the effective and efficient functioning of its long-standing and well-respected supervisory system. Furthermore, fundamental rights at work, strengthening labour inspectorates and improving workplace safety and health would be essential to the achievement of the Decent Work Agenda. In addition, the role of development cooperation was integral to the work of the ILO and should be reflected in the regular budget. In that regard, IMEC welcomed the anticipated elaboration of a development cooperation strategy that would expand partnerships and cooperation with other international organizations. Lastly, the group supported the ongoing efforts of the Office to improve the quality, academic rigour and independence of the ILO's research with a view to improving policy impacts.
18. *A Government representative of China* expressed support for the Office's commitment to aligning the programme and budget proposals with the 2030 Agenda for Sustainable Development, the increase of US\$2.9 million in the budget for front-line technical services, and the proposed new results framework. Indicators contained in the framework could be improved to comprehensively evaluate progress towards achieving decent work. The budget proposals should reflect the actual needs of member States and increase support for developing countries, particularly for employment creation and the improvement of social protection systems. As member States were in urgent need of ILO technical support to achieve the SDGs, he urged the Office to implement the resolution concerning effective ILO development cooperation in support of the SDGs, adopted by the International Labour Conference in 2018. Given that many member States, including China, remained under-represented in the ILO workforce, he called on the Office to take practical measures to ensure that the relevant targets of the Human Resources Strategy 2018–21 were achieved as soon as possible.
19. *A Government representative of Brazil* said that his Government would welcome further efforts to streamline existing strategic objectives, the Decent Work Agenda, the objectives of the ILO's Strategic Plan for 2018–21, and the policy outcomes and cross-cutting drivers that had been used to guide and assess the activities of the Office. As it was unlikely that clear consensus around the complex decisions regarding the results framework and its theory of change would be achieved during the October–November Governing Body session, he would welcome inter-sessional tripartite consultations on a future proposal with a view to streamlining the framework. Given that efforts towards fiscal responsibility were currently under way in many member States, it did not seem fitting to expect them to increase contributions to the strategic budget as proposed, and his Government was not in a position to assume additional financial commitments.

#### **The strategic budget (chapter 4)**

20. *The Employer spokesperson* said that his group supported an increase in real terms to the budget so that the Office would be able to effectively fulfil its mandate as it entered its second century. The Information Technology Strategy 2018–21 was crucial, as it would improve Office-wide information technology (IT) systems, enhance staff productivity and facilitate outreach to constituents, and it was important that the premises of the ILO should meet the security requirements of the UN Department of Safety and Security (UNDSS).

His group's concerns relating to the funding of the offices of the UN resident coordinators were known. He welcomed the fact that the US\$940,800 of efficiency gains would be used to strengthen policy outcomes, as the ILO's services were needed in countries where labour standards were under pressure by various labour market transformations. He recalled his group's appreciation of the additional allocation for ACT/EMP and encouraged the Office to continue strengthening the capacity of employers' organizations. Given that the private sector was, and would continue to be, a key provider of jobs, the budget for employers under policy outcome 10 should be expanded. Although the budget for Employers' activities had been increased in recent years, it remained less than half of the budget for Workers' activities. The Employers considered that there should be an equal budget for equal value and would not continue to accept inequities in the future. Lastly, the Employers wished to draw attention to the need for a transparent strategic budget that would allow the Governing Body to appreciate how the budgets for policy outcomes were calculated, as well as an enhanced accountability framework that would indicate where funds were allocated and delivered. Moreover, the Governing Body should be informed of how individual policy departments and regions would attribute their budgets to future policy outcomes. While the Office had already developed a resource-tracking tool to monitor allocations, it should also conduct an ex post facto financial analysis of the programme and budget and take that analysis into consideration when drafting future programme and budget proposals.

21. *The Worker spokesperson* said that while the Workers were usually in favour of an increase in real terms to the budget, they were surprised that none of the proposals entailed an increase to the ILO's front line and policy areas in spite of a growing demand for ILO services. With regard to the proposed increase in the ILO's contribution to the UN resident coordinator system, her group remained concerned that the resident coordinators were not accustomed to working with the social partners and were not familiar with the normative mandate of the ILO. It therefore needed assurances that the resident coordinators would duly take into account the concerns of workers and the normative mandate of the ILO in country-level activities. Noting a reference to reorganization in paragraph 112, she asked whether the Office was considering making changes to the way in which ACTRAV and ACT/EMP functioned and said that the Staff Union must be consulted on any changes that would affect ILO staff. Also, noting the lack of provision made in respect of the pending legal challenges to the decisions to reduce the remuneration of Geneva-based international staff, she asked what would happen should the Administrative Tribunal rule in favour of the staff and what sort of impact it would have on the budget for 2020–21. Lastly, she said that the Workers would be willing to meet with the Employers to discuss how the budget was distributed within various outcome indicators, including outcome 10.
22. *Speaking on behalf of the Africa group*, a Government representative of Eswatini said that the delayed ratification of the Instrument for the Amendment of the Constitution of the International Labour Organisation, 1986, had seriously undermined efforts to optimize the functioning of the Organization, as equitable representation had not been realized in the ILO's governance structures. Given that promotional activities surrounding the ratification of the Instrument had been met with limited success, other measures must be explored and included in the programme and budget for the next biennium. The Africa group welcomed the development of an action plan under the Human Resources Strategy 2018–21 to ensure geographical diversity and gender balance among its staff. Full information on the current composition of ILO staff should be provided so that the Governing Body would be able to effectively monitor the implementation of the plan and ensure that progress was being made. The Africa group considered that it lacked sufficient information to make an informed decision on the proposed budget for the Building and Accommodation Fund, as it was unclear which properties would be refurbished and what the costs of the refurbishments

would be. The refurbishment of the ILO Regional Office for Africa in Abidjan, Côte d'Ivoire, should be a priority, and the building should undergo a comprehensive assessment in that regard. The Africa group noted with concern the information contained in paragraph 99, particularly the lack of provision made in respect of the pending legal challenges to the decisions to reduce the remuneration of Geneva-based international staff. The Office should explain the absence of contingencies in the budget, as well as the mitigation measures envisaged should the Administrative Tribunal rule in favour of the staff. Lastly, the Office should indicate whether it had considered a staggered approach to the proposed increase to the budget.

23. *Speaking of behalf of ASPAG*, a Government representative of China said that his group would welcome further clarification on the proposed changes to the IT system and to security. The proposed budget increase would be problematic for various States in the region in the light of public financing constraints.
24. *Speaking of behalf of IMEC*, a Government representative of the United Kingdom said that while her group fully supported the work of the ILO and considered that it should be adequately funded to fulfil its mandate, it should also strive to be as efficient and effective as possible and to prioritize its work so as to achieve the maximum impact on behalf of its constituents. IMEC would have welcomed more time to understand the reasons for the departure from zero-real-growth budgets and noted with concern that the Office was requesting US\$31.7 million for extraordinary expenditure. Given that efficiency savings resulting from the ILO reform and from the continuous improvement process had enabled the redeployment of some US\$58 million, it was unclear why the Office had not prioritized the institutional infrastructure required to ensure that the ILO remained fit for purpose in the redeployment of those efficiency savings, and why the additional US\$2.9 million of efficiency savings and US\$5.6 million of efficiency gains identified in paragraph 17 were not being directed towards the extraordinary expenditure set out in the proposed budget. By redeploying all efficiency savings to front-line work, the Office had increased its regular spending on policy outcomes, when it could have shared the savings across policy outcomes and infrastructural needs. Referring to the reallocation of efficiency savings across organizational priorities and needs in the Programme and Budget proposals for 2010–11,<sup>1</sup> she asked why the Office had not adopted a similarly balanced approach in subsequent programme and budget proposals.
25. Recognizing that the average amount of unforeseen expenditure over the previous ten biennia had been considerably in excess of its regular provision, she agreed that the regular amount should be increased, but through a readjustment of priorities within the ordinary budget. The increase in the ILO's contribution to the UN resident coordinator system should be covered with existing resources. Similarly, the proposed increase to the Building and Accommodation Fund should be sourced from efficiency savings or a reprioritization of the budget, and its project proposals required further explanation, particularly on their relative urgency. The Information Technology Systems Fund should be funded from those same sources and its project proposals had similar shortcomings. Information on how the ILO's approach to IT investment compared to other UN agencies would be welcome. Regarding security, she asked whether the proposed measures were essential to meet UNDSS requirements or if alternatives existed. In the meantime, IMEC would endorse the implementation of measures (a)–(d) of phase 1 through internal adjustments to the ILO security budget and a review of the cost sharing of security allocations with the regions. In the interests of efficiency, any further security work should be considered alongside the proposed phase 2 of the headquarters building renovation project. She requested

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<sup>1</sup> [GB.304/PFA/3](#).

clarification on the rationale for funding all of the increased costs from the regular budget and stated that some costs could be equally covered by extrabudgetary or voluntary contributions and a more realistic assessment of the need to increase assessed contributions was necessary. She welcomed proposals from the Office on further efficiency savings.

26. *A Government representative of Brazil* indicated that the comments he made on behalf of GRULAC during the previous part of the debate were also relevant to the discussion of the strategic budget.
27. *A Government representative of the United States* said that her country recognized the relevance of the ILO's constitutional mandate and its Decent Work Agenda to the 2030 Agenda and the SDGs, but emphasized that each country must work towards implementing those goals in accordance with its own national policies and priorities. Expressing support for a zero nominal growth budget and concern about the justifications for increased spending, she urged the Office to review the proposed increases, such as those on the UN resident coordinator system and the Information Technology Systems Fund, with a view to covering the costs from efficiency savings.
28. *A Government representative of China* said that his country was willing to increase its contributions to the ILO provided that improvements in efficiency and quality of services continued. He expressed concern about the proposed budget increase for 2020–21, particularly in view of the significant economic pressure on many member States, including China. He requested the Office to find alternative financial sources, such as through improving internal management efficiency or selling surplus land. He also requested the Office to provide more information on security.
29. *A Government representative of the Russian Federation* said that his country welcomed the details included in the Programme and Budget proposals for 2020–21 but suggested removing the “adjustment for staff turnover” row from table 2 on page 19 in order to avoid confusion. He thanked the Office for providing numerous clarifications to member States and welcomed the steps taken to increase efficiency savings. Noting the redeployment of some US\$58 million from administrative processes to front-line technical work, he requested that in the future the Office provide information on which departments were assigned additional posts and on the decision-making process – specifically, who and how – on the deployment of efficiency savings. He expressed concern about the 5 per cent nominal increase in the proposed budget 2020–21. While acknowledging the arguments adducing the proposed budget increase, he questioned the need to increase contributions from member States. The Office should, in the first instance, cover those costs by using available resources, seeking additional savings or sourcing voluntary funding. The proposed IT upgrades seemed ambitious for a single biennium. He suggested spreading those upgrades, and their associated costs, across several biennia. Multilingualism at the ILO was currently unsatisfactory. The legal basis for identifying “official” and “working” languages was unclear and the imbalance in staff employed in language services was unjustified. The Office must pay equal attention to all languages used in its day-to-day work, including through appropriate staffing and financial support for language services.
30. *A Government representative of Bangladesh* said that the effective and efficient delivery of services to constituents was crucial in view of the unprecedented changes affecting the world of work. The proposed budget increase for 2020–21 sought to increase contributions from member States and support from development cooperation partners and yet a reduction in funding from donors had been identified as a risk in the programme and budget proposals. In that context, he stressed the importance of reallocating resources in a balanced manner, particularly to developing countries. In view of the proposed increase in

contributions to the UN resident coordination system and the already significant sum being spent on country-level programme implementation, the Office should make adjustments to ensure the costs of service delivery did not increase further.

31. *A Government representative of the Republic of Korea* said that his country, while supportive of investments in IT and security infrastructure, was concerned about the 4 per cent real increase in the budget, particularly as the ILO had maintained zero real growth in previous years. He encouraged the ILO to keep budget increases to a minimum, such as by utilizing efficiency savings or expanding the expenditure timeframe in order to distribute the budget increase over a longer period.
32. *A representative of the Director-General* (Director, Strategic Programming and Management Department (PROGRAM)) thanked members for their inputs, which would help the Office to finalize the Programme and Budget for 2020–21, and recalled that the Governing Body would have another opportunity to review the proposed results framework in October–November 2019. Responding to comments, he said that the Office had no intention of reinterpreting the ILO’s strategic objectives. Figure 1 had been provided simply to highlight the links between the Decent Work Agenda and the 2030 Agenda – with a focus on SDGs 8, 1, 10 and 16 and corresponding indicators under the ILO’s custodianship – and to illustrate how the ILO could contribute to achieving social justice through decent work. Members’ concerns about the wording and the link to SDG indicators had been duly noted and would be considered to further develop the results framework keeping in mind the need to remain focused.
33. As to the concerns regarding the risk of diluting the Office’s ambitions in terms of the results framework outputs, he noted that the introduction of three levels – outputs, outcomes and the strategic objectives – was based on specific recommendations made by independent assessments and audits and was part of the follow-up to the 2016 Conference resolution on Advancing Social Justice through Decent Work. This would help align the ILO’s results frameworks’ structure with that of other UN entities. The proposed outputs would be formulated differently than in the past and in fact would be more ambitious, corresponding to change related, inter alia, to the development of capacities of governments, employers’ and workers’ organizations. Shared responsibility for the strategic objectives meant that the Office should be evaluated on its effectiveness in respect of generating quality outputs that lead to sustainable outcomes, for example in terms of influencing policy changes.
34. *A representative of the Director-General* (Treasurer and Financial Comptroller) explained that the strategic risk register clearly acknowledged that while tripartism was a unique strength of the ILO, it could also present unique challenges. The aim was to ensure that managers recognized risks and implemented measures to mitigate or avoid them for this and any other risk. With respect to the pending decision by the ILO Administrative Tribunal on the ICSC decision on staff pay, he confirmed that the calculation of cost increases presented in the Director-General’s proposal was based on current costs and did not speculate on the outcome of the complaint. The estimates of salary costs in the budget had always been based on official UN or ICSC data. Due to the cost reductions resulting from the ICSC cut in staff remuneration the Director-General’s proposed cost increases had been estimated at only 1 per cent for the biennium. If the post adjustment was to be increased to its March 2017 level, the proposals for 2020–21 would not be sufficient to cover the cost and a supplementary budget or resource redeployment would need to be considered.
35. The proposed increase in the provision for the Building and Accommodation Fund was intended to fully implement the Governing Body’s 2011 decision regarding the long-term strategy for the financing of periodic refurbishment and renovation of all ILO buildings,

given that only half of the agreed target for that provision was included in the current budget, with the existing provision having been provided through resource redeployment. In addition to the headquarters building, the ILO owned properties in eight locations worldwide, all of which would need refurbishment at some stage. The intention was to ensure funds would be available to cover such work when it would be required.

36. As set out in the IT Strategy 2018–21 and summarized in Information Annex 3, the main reason for investment in IT was obsolescence. As the first two years of the period covered by the IT Strategy were not funded, only the highest priority items had been included in the proposal for 2020–21. The proposal was limited to items that could be delivered at least partially in the biennium.
37. The proposal by the Russian Federation on the provision in the strategic budget for staff turnover would be explored, based on the understanding that it was a matter of presentation, rather than of recalculation.
38. *A representative of the Director-General* (Deputy Director-General, Management and Reform), noting that the Business Process Review would be continued by a business innovations unit, said that time efficiencies of an average of 20 per cent had been identified across the departments that had already been subject to a review, the realization of which was ongoing. Where efficiency savings had an impact on staffing numbers, the changes were being realized progressively through natural attrition and job redesign. The increase in the retirement age had an impact on when those efficiency gains would be fully realized. The business innovations unit was currently conducting a review of the International Labour Standards Department and would then continue to work more broadly across the Policy portfolio, in particular in support services, and on field operations, with a focus on administrative and back-office processes, considering also a number of UN reform initiatives. Some activities in the Management and Reform portfolio would be revisited. The Business Process Review initiative was intended to be ongoing and self-funded, paid for by the savings identified. A number of other UN entities were interested in the approach taken by the ILO in that respect and saw the ILO as a leader in that area.
39. With regard to the security perimeter, he explained that the Programme and Budget proposals for 2020–21 presented the first opportunity to request funding for that work, which was directly linked to the change in Switzerland’s security risk level from minimal to low, as endorsed by the UNDSS. Full compliance with the required measures for that new risk level would involve a double ring of security, in the form of a perimeter fence for the property as the outer ring, and improved security for the building as the inner ring. As a minimum course of action, if requested, the Office could provide a proposal based on implementing only the inner ring, in the knowledge that it would not fully comply with UNDSS requirements. Proposals could also be provided, if requested, on including security measures in phase 2 of the headquarters building renovation project. The latter approach, while reducing the scale of costs involved, would nonetheless not absorb the full costs of improving security.
40. With respect to the suggestion that all seven languages used by the ILO should be given equal attention, he noted that such a move would involve a significant increase in the costs of providing translation and interpretation services. Over the biennium, the increase in costs would be approximately US\$37 million, which would give a total cost of US\$78 million.
41. *The Director-General* said that the Office had taken note of the Governing Body’s keen desire for a strong focus in the planning of future programming priorities and in particular the points raised by the non-governmental groups. As agreed, however, the decisions on



programming priorities would be taken after the Centenary Session of the International Labour Conference. He did not see the need to maintain the Centenary Initiatives as such after the Centenary Session, as they would have served their purpose by that point. However, the consequences of all seven Initiatives, in particular the Future of Work Initiative, would live on in the ILO's future activities, which would clearly be guided by the work achieved.

42. In response to suggestions that the Office had not sufficiently substantiated the cases for the proposed institutional investments, he recalled that the Governing Body had approved the IT Strategy 2018–21 at its 331st Session (October–November 2017); constituents had previously engaged in in-depth discussions on the Office's proposals for the Building and Accommodation Fund; detailed documents had been submitted to the current session of the Governing Body on the issue of security; and the Governing Body was aware of the key issues pertaining to the unforeseen expenditure and the UN resident coordinator system. Further information to justify the investments could, however, be provided if necessary.
43. As to whether resources raised through efficiency savings could be redeployed to cover institutional investments to be funded through proposed budget increases, he recalled that previous suggestions to invest in those areas in a zero-real-growth context had been rejected by the Governing Body. Furthermore, the Office had already made a number of investments in those areas, including substantial investments in IT funded from budgetary surpluses. The Office would return to the Governing Body later in the current session with revised budget proposals after exploring how to reduce the amounts involved to their critical minimum; discussing whether investments could be staggered or time frames extended to minimize immediate outlays; and examining the possibility of absorbing investment costs through the internal redeployment of resources within existing levels of the budget without impinging on key programmatic areas. However, institutional investments were unavoidable and a departure from the path of zero real growth might still be required.
44. *The Worker spokesperson* said that she understood the difficulties facing the ILO, especially given the need to prepare the Organization for the future. Her group had continually voiced its preference for a slight budgetary increase to fund policy areas to enable the ILO to deliver on its mandate and serve its constituents. It would be important to strike a balance between the necessary investments and delivering on ILO policy areas without diminishing policy services.
45. *The Employer spokesperson* said that the prioritization of short-term gains and postponement of improvements would likely incur higher costs and complications in the long term. To safeguard the ILO – the only global tripartite forum – the Governing Body would need to find a balance between financial efficiency and service delivery. The ILO needed to be able to continue to strengthen policy areas and focus on certain programmes and regions that required more attention than others. It was vital to ensure that the ILO was functioning optimally; indeed, constituents regularly proposed suggestions on how the Office could improve. However, the Office could only improve with support from constituents. The Governing Body had responsibility for the oversight of the ILO's work and should seek to reduce the financial pressure on the Office where possible. For instance, now that it had been informed of weaknesses in the Office's IT systems, the Governing Body could be held responsible in the event of a cyberattack.
46. Clarifying his earlier comment on linguistic diversity at the ILO, *a Government representative of the Russian Federation* said that there was no need to increase the budgetary allocation to language services; rather, the language services already provided should receive equal treatment. The Office should indicate the basis on which it made a

distinction between official and working languages. It was also unacceptable that some language services were not afforded the same level of staffing as others.

## **The Director-General's proposals for adjustments to the Programme and Budget proposals for 2020–21** ([GB.335/PFA/1/1](#))

### **Draft resolution (chapter 5)**

47. *The Director-General* presented his proposals for adjustments to the Programme and Budget proposals for 2020–21 (his statement is reproduced in Appendix II).
48. *The Employer spokesperson* expressed regret that extreme cost-cutting measures had been made to various components of the proposed institutional investments, including with regard to the IT Strategy and the security of the ILO headquarters building. Not only was it financially prudent to make those necessary institutional investments now, doing so would also demonstrate that the ILO cared for its staff in line with its human-centred agenda.
49. Referring to the budget for the UN resident coordinator system, he recalled that the decision to double the ILO's contribution for 2019 had been made on an exceptional basis by the Governing Body at the 334th Session. The Governing Body had not given the Office the green light to increase its contribution to finance the resident coordinator system in subsequent biennia, especially as it was unclear how that investment would benefit the ILO. His group had specifically requested the Office to present the challenges and implications of the UNDS repositioning for the ILO to the Governing Body and to revisit the additional costs. The Office was now proposing to fund the system at the expense of policy outcomes. The proposed budgetary reductions provided a solution that was unsustainable and would hinder the ILO's ability to execute its core work. Furthermore, in the context of UN reform, the Governing Body had repeatedly emphasized the need to leverage the ILO's comparative advantage, notably its normative mandate and tripartism. It was therefore unreasonable to put the Governing Body in a situation in which the means and resources to strengthen tripartism were being reduced in order to finance the UN reform, with uncertain benefits for the tripartite constituents.
50. The amount originally proposed for policy, field operations and partnerships, and employers' and workers' activities must be safeguarded. Therefore, he proposed the inclusion of a new subparagraph (b) to the draft decision, to read:
  - (b) recommended to the Conference that a provisional programme level of US\$501,699,846 estimated at the 2018–19 budget rate of exchange of CHF0.97 to the dollar be earmarked for "policy, field operations and partnerships, and employers' and workers' activities" under part I. Ordinary Budget;
51. In addition, in order to be consistent with the Governing Body's decision on the preliminary overview of the programme and budget at its 334th Session in October–November 2018, he proposed amendment to subparagraph (b) of the proposed resolution contained in the draft decision, so that it would read:
  - (b) requests the Director-General to present for examination and adoption by the Governing Body at its 337th Session (October–November 2019) complementary information pertaining to the results framework comprising outcomes, indicators, baselines and targets

for the biennium, taking into account the relevant discussions of the 108th Session (June 2019) of the International Labour Conference, and including a particular focus on strengthening the institutional capacities of tripartite constituents as requested in the GB/334/PFA/1 decision (October–November 2018).

- 52.** *The Worker spokesperson* said that her group had taken note of the budget adjustments. She indicated that the proposal to finance the ILO's contribution to the UN resident coordinator system by reducing funding for policy outcomes was regrettable. She asked whether that issue was likely to reoccur in the future. She expressed concern that the resident coordinators were not used to working with the social partners and were not familiar with the normative mandate of the ILO.
- 53.** With respect to the Employers' proposal to include a new subparagraph (b) in the draft decision, she said that, in order to maintain the level of funding for policy outcomes, cuts would have to be made in other areas of the programme and budget, and she was not sure that consensus could be reached on that at the current session. With respect to the proposal to amend subparagraph (b) of the proposed resolution, she said that the text should remain as originally drafted, as priorities would have to be set after the Centenary Session. However, she supported the intent of the Employers' proposed amendment, which could be reflected in a new subparagraph (b) in the draft decision but outside the proposed resolution, which would read:
- (b) requested the Director-General to take into account its guidance on developing the Programme and Budget proposals for 2020–21, with a particular focus on strengthening the institutional capacities of ILO tripartite constituents;
- 54.** *Speaking on behalf of the Africa group*, a Government representative of Eswatini said that the proposed budget cuts seemed to be no more than a temporary reprieve and risked escalating costs when the deferred items were reinstated in the future. He reiterated his request for the Office to provide a costed buildings maintenance plan, along with a demonstration of budget availability for future maintenance. He also requested clarification on the potential impact on the status of ILO-owned properties of the UN reform initiative relating to common premises. The Building and Accommodation Fund should be funded at the recommended level and the budget line item retained at the level initially proposed to avoid rendering ILO-owned properties uninhabitable due to inadequate financing.
- 55.** It would be irresponsible to ignore the security risk assessment that had been done. Therefore, he proposed reinstating the US\$10 million in the budget for 2020–21 to cover the first phase of the security programme. The remainder could be considered for inclusion in the 2022–23 biennium, or spread out over subsequent biennia.
- 56.** Given the Office's assurances that doing so would not result in a collapse of the current systems, the Africa group supported the proposed deferral of the budget items for the IT Strategy relating to electronic records management, mobile device management and the replacement of the intranet.
- 57.** There had already been a Governing Body decision on the issue of the funding for the UN resident coordinator system, at its 334th Session, which should support the amount proposed. However, the funds earmarked for that purpose should not prejudice in any way the budget line item for policy, field operations and partnerships, employers' and workers' activities.

58. Subject to the points raised, the Africa group would support the draft decision. However, it would also be willing to accept the new subparagraph (b) of the draft decision proposed by the Employers' group, as sub-amended to read:
- (b) recommended that out of the estimated provisional programme level budget, an amount of US\$501,699,846 under Part I be an exclusive budget for policy, field operations and partnerships, and employers' and workers' activities;
59. He also agreed with the amendment proposed by the Employers' group to subparagraph (b) of the proposed resolution, although the sentence should end after "of the International Labour Conference", because the proposed addition to the sentence was reflected in his previous sub-amendment.
60. *Speaking on behalf of IMEC, GRULAC, ASPAG and the Eastern European group*, a Government representative of Canada recalled that the Governing Body had approved a modified process for preparing 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 Session of the Conference. Under that process, it had been agreed that, at its 335th Session, the Governing Body would consider the strategic budget of expenditure by appropriation line, divided into parts and items as mandated by the Financial Regulations. The amendment proposed by the Employers' group was not consistent with that decision. Furthermore, if adopted, it would cut across the agreed process for the development of the results framework for 2020–21 and would undermine efforts for the ILO to take a results-based approach to its work.
61. *A Government representative of Brazil* said that he was speaking on behalf of a significant majority of governments from Latin America and the Caribbean. His group favoured a zero nominal growth budget. However, further information would be welcomed before establishing a definitive position. The Office should clarify the precise make-up of the amount of the nominal increase. More information would also be appreciated about the maintenance element, including how much could be saved as a result of the building renovation, and whether those savings would contribute to the Building and Accommodation Fund. With regard to security, he asked whether the new proposal replaced the whole US\$25 million plan or just the first part. He also asked for clarification on what issues might be involved in the potential renegotiation with the host country, and whether any consideration had been given to the group's proposal that the security plan could be integrated into phase 2 of the renovation project, thereby benefiting from economies of scale. It was important to support the Office's efforts to manage flexible voluntary contributions, and more information would also be appreciated on how those resources were being managed. He noted the proposed amendment by the Employers' group, but said that it was important for the Office to have the flexibility to mobilize resources and to be in a position to make savings in order for the Organization to achieve its objectives. Recalling the agreement to wait until after the Centenary Session of the Conference before taking certain decisions, he said that his group preferred the original version of the draft decision.
62. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom asked why it was not possible to fund more of the increased cost-sharing arrangement for the UN resident coordinator system from the efficiency savings that had been identified, which had been earmarked to be redeployed to front-line technical services. With the economies from the management budget line, such a solution could significantly reduce or completely cover the required amount, without recourse to funding earmarked for policy outcomes. Security was of critical importance so it was a concern that, under the revised proposal, the Organization would not be able to fully meet UNDSS standards. She asked for clarification

on whether allocating a further US\$1.35 million would provide the full amount needed for the construction of a security perimeter. If so, the Director-General should review that element of the proposed budget. IMEC was concerned by the short-sighted reduction of the annual provision for the future refurbishment and renovation of ILO-owned buildings. Selling land to finance renovation would not be an option available again in the future. IMEC welcomed the proposal to apply equitable cost recovery to include extrabudgetary-funded activities to meet some of the Organization's investment costs.

- 63.** *Speaking on behalf of Australia, Canada, France, Germany, the Netherlands and Norway*, a Government representative of Australia said that, considering the financial constraints faced by governments, the ILO should strive to achieve a zero growth budget. The proposed cuts to security plans in search of savings were a concern, as upgrading headquarters security to meet UNDSS requirements was a priority. The redeployment of funds within the budget during the biennium was permissible under ILO regulations, and the Office should regularly review its priorities in order to maintain the effective operation of the Organization. She therefore asked the Office to continue to find efficiency savings and redeploy existing funding to the areas identified as requiring increased funding. Phase 2 of the headquarters renovation project might offer some possibilities. She also called on member States to pay their dues in full and on time, and asked the Office to reach out proactively to States in arrears. The Centenary year was crucial in guiding the ILO's prospective activities and ensuring its integrity into the next century. Therefore, the group could in principle support the revised and constrained approach being put forward to the Conference.
- 64.** *A Government representative of Switzerland* said that, in the light of the new proposals concerning the security perimeter, her Government's offer of assistance – as the host country – would have to be reviewed. The ILO was responsible for financing all the measures that had been identified, as they were all on the property of the Organization. Switzerland would be prepared to coordinate with regard to the creation of a “two ring” approach involving securing the full perimeter around the building. The reduction to 0.75 per cent of the annual provision for the renovation of ILO-owned buildings was a short-term solution that would not eliminate the cost of renovations. The annual provision should be made from the regular budget.
- 65.** *A Government representative of the United States* said that trying to meet the many mandates of the Organization on a fixed budget was clearly a challenge, and that lower-priority activities should be reduced in order to fund higher-priority mandates. Although her Government strongly supported the mission, mandate and work of the ILO, it generally supported zero nominal growth across the UN system; therefore, it did not support a budgetary increase and could not support the draft decision.
- 66.** *A Government representative of Brazil* said that in view of the serious efforts being made by so many member States towards fiscal responsibility and long-term fiscal sustainability, it seemed unfair to expect them to increase the budget as had been proposed. Brazil favoured zero nominal growth in budget proposals, and was not in a position to assume additional financial commitments to international organizations, including the ILO. He could not support a decision on any increase in the budget and reserved the right to consider the issue in due course and to make a final assessment on the budget proposals presented at the 108th Session (2019) of the International Labour Conference.
- 67.** *A Government representative of China* said his Government noted that the Office had reduced its proposal for extraordinary investments. China's assessed contribution was due to increase by 50 per cent and, while his Government would assume its responsibility to support the work of the UN and its specialized agencies, including the ILO, the increase

would place pressure on its taxpayers and financial authorities. He therefore hoped that the ILO would continue its internal management reform, improve efficiency, reduce costs, explore new resources and seek innovative ways to address infrastructure investment. His Government proposed maintaining the principle of zero real growth for the 2020–21 budget, although it would not object to any majority agreement by the Governing Body.

68. *A Government representative of Japan* said that Government members were accountable to their taxpayers for ILO budget increases and must be consulted on proposed large increases well in advance of the publication of the programme and budget proposals on the website. Her Government expected the Office to make further efficiency savings.
69. *The Director-General* said that the level of concern expressed at the reductions to the institutional investments originally proposed was striking. He agreed with those concerns and had been obliged to make the reductions because the Government representatives, in particular, had indicated that they could not agree to the original levels, given fiscal constraints. The revised investments represented the absolute minimum required to sustain the vital functions of the Organization. The Organization and the Office would continue to make efficiency savings and to redeploy those funds to meet some of the needs that had become evident over the course of the discussion. Some members had argued that he had gone too far in making reductions and others that he should have made further cuts, but he believed his revised proposed budget to be an accurate reflection of the will of the Governing Body.
70. Turning to the internal distribution of resources among the different budget lines, he noted that the amendment proposed by the Employers' group was a departure from the agreed procedure. The amendment aimed to protect the planned operational budget for policy, field operations, partnerships and employers' and workers' activities. However, that implied reductions in support services, which encompassed information and technology management and buildings and security, funding for which the Employers' group also wished to protect. Protecting both lines was not mathematically possible. Nonetheless, the discussion could be reopened at the Governing Body's session in October–November 2019.
71. The Governing Body's decision in November 2018 on the UN resident coordinator system applied to 2019 only. However, there had been no material change that would lead the Governing Body to take a different decision in future, and it would be required to invest in the system as proposed for the sake of coherence. Given the Governments' clear indication that the investment could not come from increased contributions, it must be included in the regular budget. The Office had endeavoured to balance the different budget lines. It was always difficult to decrease funding for substantive policy activities, but no further cuts to management and support functions were currently possible. He urged the Governing Body to revert to the original draft decision contained in GB.335/PFA/1/1, which provided a balanced, prudent and reasonable response to both the Governing Body's views and the needs of the Organization.
72. *A representative of the Director-General* (Treasurer and Financial Comptroller) said that the cost-increase figures cited by the representative of GRULAC were correct; the revised increase in real terms was 1.57 per cent and the provision for cost increases was slightly lower than in the original proposals at 0.97 per cent. The cost increases followed two biennia that had seen nominal budget decreases, which had been indirectly returned to member States through lower nominal budgets. In a zero nominal growth situation, the Organization would be required to absorb any cost increases which would result in further real cuts to budgets in policy, regions, management and support.

73. The Organization owned a number of properties around the world, in various states of repair. Major renovations were being undertaken at the property in Brasilia, using the Building and Accommodation Fund, while others were awaiting investment. The Facilities Management Branch was reviewing all the properties and would provide an overview of the major work required and an indicative schedule. The Governing Body could decide where to redeploy the savings in maintenance costs resulting from the renovations at headquarters in the context of future budget proposals made by the Director-General. There had already been a series of reductions to the budget of the Internal Services and Administration Department, which dealt with building maintenance, that had come about partly through efficiency gains and partly in anticipation of the gains from the renovations. Those savings had been redeployed principally in policy areas, a strategy that would continue.
74. *A representative of the Director-General* (Deputy Director-General for Management and Reform), speaking about the ILO headquarters' security issue, thanked the representative of the Swiss Government for confirming that the host State's responsibility ended at the border of the ILO property. The Swiss Government had generously offered to fund the perimeter fence, provided that it was part of the package of security improvements needed to comply with UNDSS standards. The fence alone would cost US\$4 million, with the full package of security improvements estimated at US\$25 million, including US\$7.6 million for a reception centre external to the main building and US\$3.4 million for connections between the two. It had therefore been proposed to use the US\$3.5 million mentioned in the Director-General's revised budget to ensure the maximum level of security possible in the absence of an outer ring, for example by improving security at the access points. There was no certainty that funding would become available for an outer ring at a later stage. The possibility of integrating security work with phase 2 of the renovations was being examined and, while it would provide logistical benefits, it was unlikely to result in major savings. The savings resulting from phase 1 of the renovations would be redeployed as a priority towards urgent work in the ILO's conference facilities, such as emergency exits.
75. *The Employer spokesperson* said that his group's amendment did not involve a departure from the agreed process; rather, it aimed to secure funding for policy areas and operations. It was difficult to understand how a budget increase could result in cuts to front-line services and policy areas, which were the core of the ILO's activities. On several occasions, the Governing Body had been negatively affected by decisions made in fora in which it had no voice, thus complicating its own decision-making process and negating the benefits of tripartism. Noting that Government members had not been consulted before the programme and budget proposals had been published, he said that standard practice in budget-setting outside the ILO was to consult those affected by budget changes in advance; perhaps the Office could adopt that practice. More effective communication would save time in the decision-making process.
76. *A Government representative of Canada* recalled that she had read out a statement earlier on behalf of a significant majority of the Government group to indicate that they could not support the Employers' amendments.
77. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom asked again why the US\$2.9 million of efficiency savings mentioned in paragraph 17 of the document had not been redeployed to fund the UN resident coordinator system. Together with the US\$500,000 taken from management services, that amount could fund the system almost entirely, removing the need to cut funding for front-line services.

78. *A representative of the Director-General* (Treasurer and Financial Comptroller) said that, of the US\$2.9 million, approximately US\$1 million came from back-office support services and would be redeployed to the UN resident coordinator system under the Director-General's proposals. The remainder comprised internal redeployments within policy departments that had been reinvested within the budget proposals to enhance policy delivery.
79. *The Worker spokesperson* said that there seemed to be no major objections to the revised budget proposals, even if not all governments supported them. The small budget increase would be used for extraordinary institutional investments. It was unfortunate that it would not provide any benefit for the policy outcomes during the next biennium, which was of great importance given the Centenary. The issue of the Governing Body's lack of voice in other UN fora whose decisions could affect the ILO must be resolved. Her group remained concerned that the question of the UN resident coordinator system would re-emerge repeatedly. Efforts to improve security, an important aspect of the renovation work, should go beyond erecting a security perimeter; other safety and security issues must also be addressed.
80. *Speaking on behalf of the Africa group*, a Government representative of Eswatini reiterated his group's support for the amendment proposed by the Employers. It was vital that the US\$501,699,846 earmarked for policy, field operations and partnerships, and employers' and workers' activities was not redeployed.
81. *Speaking on behalf of IMEC, GRULAC, ASPAG and the Eastern European group*, a Government representative of Canada reiterated their strong disapproval for the amendments, which they, as a significant majority of Governments, could not accept. The issue would have to be discussed at the Finance Committee of the International Labour Conference.
82. *The Worker spokesperson* sought clarification on the intention of the Employers' proposed amendment to subparagraph (b) of the draft decision. It was difficult for the Workers to comment because the implications were not clear. As to the proposed amendment to subparagraph (b) of the draft resolution, the Workers had some sympathy with the proposal; however, the text should be reflected in the decision itself, leaving the proposed resolution unchanged.
83. *Speaking on behalf of the Africa group*, a Government representative of Eswatini said that his group was withdrawing its support for the Employers' amendment with a view to achieving consensus. The priority of safeguarding the budget line for policy, field operations and partnerships, and employers' and workers' activities should, however, be maintained.
84. *A Government representative of Brazil* said that he was speaking on behalf of a significant majority of governments from Latin America and the Caribbean. There did not seem to be sufficient consensus for the Governing Body to take a final decision. It was important to be consistent with the special process for preparing the budget that had been agreed at the 333rd Session (June 2018). In the interest of consensus, his group could support the revised draft decision proposed by the Director-General. GRULAC was prepared to compromise with regard to the Employers' amendment to subparagraph (b) of the proposed resolution. It could not, however, accept the Employers' amendment to subparagraph (b) of the draft decision. His group would express its final position on the programme and budget at the International Labour Conference in June 2019.



- 85.** *The Chairperson* said that it seemed that the Governing Body was in a position to adopt the draft decision proposed by the Director-General, without the amendment proposed by the Employers. She clarified that the draft decision was simply a recommendation from the Governing Body to the International Labour Conference and did not constitute a final decision on the programme and budget.
- 86.** *The Employer spokesperson* said that, in order to close the discussion, the Employers would accept the original draft decision at the current session. However, if the group's concerns were not taken into consideration and the budget for the policy outcomes was cut, the Employers would oppose the programme and budget proposals at the 108th Session (June 2019) of the International Labour Conference and the 337th Session of the Governing Body (October–November 2019).
- 87.** *The Worker spokesperson* said that the Workers had sympathy for the Employers' statements regarding reductions in policy outcomes and would return to the discussion at the next sessions of the Governing Body. The Workers' group would reluctantly accept the draft decision.

## Decision

**88. *The Governing Body:***

- (a)** *recommended to the International Labour Conference at its 108th Session (June 2019) a provisional programme level of US\$804,103,709 estimated at the 2018–19 budget rate of exchange of CHF0.97 to the US dollar, the final exchange rate and the corresponding US dollar level of the budget and Swiss franc assessment to be determined by the Conference; and*
- (b)** *proposed to the Conference at the same session a resolution for the adoption of the Programme and Budget for the 77th financial period (2020–21) and for the allocation of expenses among member States in that period in the following terms:*

The General Conference of the International Labour Organization,

- (a)** in virtue of the Financial Regulations, adopts for the 77th financial period, ending 31 December 2021, the budget of expenditure for the International Labour Organization amounting to US\$..... and the budget of income amounting to US\$..... which, at the budget rate of exchange of CHF..... to the US dollar, amounts to CHF....., and resolves that the budget of income, denominated in Swiss francs, shall be allocated among member States in accordance with the scale of contributions recommended by the Finance Committee of Government Representatives; and
- (b)** requests the Director-General to present for examination and adoption by the Governing Body at its 337th Session (October–November 2019) complementary information pertaining to the results framework comprising outcomes, indicators, baselines and targets for the biennium, reflecting the relevant outcomes of the 108th Session (June 2019) of the International Labour Conference.

(GB.335/PFA/1/1, paragraph 7)

## Appendix I

### **Director-General's introduction of the Programme and Budget proposals for 2020–21** (335th Session – 18 March 2019)

Every two years at this March session of the Governing Body it falls to the Director-General to present proposals for the programme and budget for the following biennium, and to the Governing Body to recommend a draft programme and budget for adoption by the International Labour Conference in June.

Accordingly, and for the fourth time under my mandate, I am pleased to submit Programme and Budget proposals for the ILO's work in 2020–21 which you now have before you.

We will all be aware that, on this occasion, and by decision of the Governing Body, the usual procedure for adoption of the programme and budget has been modified. You have taken the view that the programme for the next biennium must take fully into account the outcome of the Centenary Future of Work Initiative. As this will only be known after the June Conference, it has been agreed that the substantive programme content which is usually discussed at this session will be decided upon by the Governing Body in November.

Nevertheless, the financial regulations require that budget estimates must be adopted by the Conference in June, and a draft is contained in the proposals before you. I take the opportunity to commend it to you for your approval.

Let me add that the appropriation decision that would be taken by the Conference under this modified procedure would not authorize the Director-General to incur expenditure on policy items. The regulations clearly require Governing Body approval where specification of the precise purpose of appropriation is pending. This is the business we will be coming back to in November.

It is useful, I believe, for me to draw the attention of the Governing Body to three distinct contextual factors that should and will impact in an important way the content and implementation of the programme and budget for the next biennium.

The first, clearly, is the ILO Centenary. I have seen, as our Future of Work Initiative has taken hold, and engaged our tripartite constituents in a quite remarkable way, that there is real political appetite among you, particularly evident since the publication in January of the report of the Global Commission, to grasp this unique opportunity to rethink and rework the substantive work programme of our Organization so that we really do pursue the ambitions and priorities that we identify as key to the future of work. This is not simply a binary choice between continuity and disruption. But it does mean that we will have, at the right moment, to calibrate just what level of change we want to aim at. This is a point I have emphasized in the introduction to my proposals, where I also point out that, without pre-empting or prejudicing decisions we will need to take in November, preliminary thoughts you may have in this regard would certainly be of value to the Office in our continuing programme preparations.

Secondly, let us remember that the programme and budget you are now considering will cover the last two years of the ILO Strategic Plan 2018–21, and that it therefore needs to incorporate the six objectives of that plan, namely: enhanced capacities to respond to constituents' needs; increased capacities to meet the needs of the most vulnerable and disadvantaged; a sustained and reinforced normative function; strengthened knowledge leadership; a leading role in delivering the United Nations 2030 Agenda for Sustainable Development; and enhanced organizational effectiveness and efficiency. I would recall also that the Strategic Plan provides too for the retention of the four cross-cutting policy drivers in the current programme: international labour standards; social dialogue and tripartism; gender equality and non-discrimination; and just transition to environmental sustainability.

Thirdly, while it relates more directly to programme implementation than programme design, the backdrop to what we are now considering is ongoing United Nations reform. We have other

opportunities at this session to discuss all of the implications of such reform. But the fact that the ILO has already been an early mover in aligning its programme to delivery of the 2030 Agenda which has decent work at its heart, and that delivering that Agenda is equally the underlying logic of United Nations reform means that the ILO, with the continuing hard work we are putting in, is well placed to extract the fullest benefits of the reform process.

Let me turn now to those of my proposals which aim to strengthen further the ILO's results-based management system, primarily through a new results framework anchored in an explicit "theory of change". These proposals are a direct response to the instructions addressed to the Office, for example in the 2016 Conference resolution (on Advancing Social Justice through Decent Work), and to recommendations such as those of the Multilateral Organisation Performance Assessment Network (MOPAN). The objective, as the Conference resolution says, is to enable the ILO to demonstrate to you, our constituents, "how its work has contributed to the realization of the four strategic objectives".

This process can only be finalized in November when we will be in a position to develop the full set of targets and indicators in the light of programme priorities established then. But the opportunity now is to reach agreement on the broad parameters of a framework which would identify much better how what we do contributes to the advancement of the ILO's strategic objectives. Doing this would have important implications for the way we operate, and they are set out at the end of chapter 2 of my proposals. Moreover, in line with the Office's continuing commitment to strengthening its results-based management, it would contribute substantially to the optimal discharge of our duty of accountability to our constituents. These are responsibilities that my colleagues and I take very seriously.

Since the beginning of my mandate, the Office has been relentless in its pursuit of efficiency gains to allow redeployment of resources to frontline technical work and services to constituents. The sum total of such redeployment to date is US\$58 million, with an additional US\$8.5 million proposed now. This redeployment includes internal restructuring and reprofiling of positions and transfers of resources away from support and management services. That has enabled an increase of the equivalent of 74 full-time employment positions to deliver frontline technical work. With the same level of resources at our disposal, we are doing more, doing it to a higher level of quality, and doing it more efficiently and subject to more rigorous scrutiny.

Let me stress that I intend to press forward with these efforts in the manner described in my proposals, including the continuing Business Process Review, underpinned by sound governance, oversight, risk management, and human resource development. These are areas in which the Office will take no shortcuts nor seek false economies.

As I address the proposed level of the budget for the next biennium, let me briefly remind the Governing Body of the long-term trajectory of that budget. The real level of the ILO's budget today is 14 per cent lower than it was 40 years ago, and 5 per cent lower than it was 20 years ago. Within this context of declining resources, we have nevertheless been able, under your direction, to respond to your increased demands for services and reinforced governance to meet best practice. On substantive policy matters, the ILO has been in a position to invest in areas which have come on to, or moved up, the list of policy priorities you have set: the green economy, informality, migration and rural work, for example. At the same time we have established an evaluation function, ethics officer and mediator posts, and an independent oversight committee; we have adopted International Public Sector Accounting Standards, annual audits and formal enterprise risk management, and we have absorbed our share of the costs of the strengthened United Nations resident coordinator system and United Nations Department of Safety and Security expansion; we have increased spending for internal audit and investigation, and enhanced our IT and communications environment.

There is a record of effort and achievement here, and of genuine responsiveness to the demands and expectations that you, our members, understandably address to us. We understand our responsibilities to you and we will continue to strive to discharge them to your satisfaction.

It is against this background, and fully conscious of the realities of the constraints on public finance in our member States, that I propose to this Governing Body a number of institutional investments and extraordinary expenditure items which imply a departure from the long-term

trajectory of zero real growth or reduced budgets. These investments are not designed to expand substantive programmes in any arbitrary or capricious manner but rather to meet pressing organizational needs which, if unattended, would specifically damage vital ILO operational capacities. They are in five areas.

Firstly, the United Nations resident coordinator system. We have had difficult discussions already on this issue. The General Assembly last year decided that our contributions to the system, which since 2014 have been absorbed in the ILO's regular budget, should be doubled. The amount due for 2020–21 is US\$4.6 million which I propose should be met through an increase in the budget and not through cuts in programmes which would appear to be the only realistic alternative.

Secondly, with the physical evidence around us of the final stages of the first phase of the renovation of this building at a cost of more than CHF200 million, financed entirely from ILO funds notably through the sale of land, it seems clear that we must now act upon the decision taken in 2011 by this Governing Body to implement fully the long-term strategy to finance future periodic refurbishment and renovation of ILO properties worldwide. We, or rather our successors, will not have the option of the sale of assets. I am therefore proposing that funding of the ILO reserve for this purpose be increased to the already agreed rate through an investment of US\$3.8 million in the coming biennium.

Thirdly, it has been determined by the competent United Nations services that measures need to be taken to align access to and security of the ILO premises in Geneva to United Nations standards. We have worked with the host Government to specify a project to this end, and it is detailed in separate documents before this Governing Body, GB.335/PFA/3 and GB.335/PFA/3(Add.). The proposed phased approach to its implementation with support from the host Government requires an investment by the ILO of US\$10 million in the next biennium.

Fourthly, despite the significant efforts that have been made to invest in our IT systems, largely by use of fortuitous budgetary surpluses and unanticipated savings, the ILO does not have the capacity to meet the continuing need for growing investment in this area, to meet demands for improved access to data, enhanced knowledge sharing, assuring cyber-security risks, and meeting new standards arising from the rapid evolution in technologies. In 2017, the Governing Body endorsed an IT strategy and the proposal before you for an investment of US\$12.2 million will partially fund its objectives.

Fifthly, and finally, the proposal to increase the provision in Part II of the budget for unforeseen expenditure by US\$1.125 million is a straightforward and appropriate response to the reality that additional expenditure mandated by Governing Body decisions has regularly exceeded US\$2 million in recent biennia. It seems to be a matter of good management to ensure that adequate provision is made accordingly.

The aggregated institutional investments proposed come to US\$31.7 million. I repeat they are not presented lightly or without proper preparation and reflection. Rather, they are the necessary consequence of the reality that without the right infrastructure and institutional capacities the ILO's continued capacity to deliver cannot be sustained.

In the same vein, the Office has carefully reviewed, as it always does, the prospects for the evolution of costs over the next biennium on the basis of best available information. In the past two biennia, the budgets adopted included cost decreases, so that the nominal level of the budget actually fell. But this time the situation is less benign and moderate inflation has returned and is forecast to continue. For this reason, a cost increase of 1 per cent or US\$8 million in nominal terms for the two years of the budget period is incorporated in the proposals before you.

Let me conclude by noting that, contrary to normal practice, and precisely because our modified procedures do not allow for the definition of substantive programme priorities at this juncture, no estimates of extrabudgetary or Regular Budget Supplementary Account contributions have been advanced in my proposals. However, the Governing Body may wish to keep in mind that should voluntary donors continue to support ILO work at the average level of the past six years, this would be in the amount of US\$248 million per annum.

With this introduction, I submit my programme and budget proposals for the consideration of the Governing Body and commend them for final adoption by the Centenary International Labour Conference in June.

## Appendix II

### **The Director-General's response to the issues raised by Governing Body members during the discussion of the Programme and Budget proposals for 2020–21 (335th Session – 25 March 2019)**

For the first time in the period I have served as Director-General, it is my task to reply to the debate that took place last week on my Programme and Budget proposals for 2020–21, by presenting to you, as I do now, a revision to the real level of those proposals.

It is worth recalling at the outset that on the previous three occasions that it engaged in this exercise, the Governing Body was in a position to adopt the original proposals without any revision to the level of the budget, which was consistently set at the level of zero real growth.

This experience demonstrates two things.

The first is that the Office has consistently shown realism and restraint in the programme and budget proposals it has made. It has shown real consideration for the financial circumstances of its member States, has not made any attempt to seek increases in the volume of programme activities by simply asking them for a greater financial effort, and has understood that if it wants to do more for its constituents – and we do – then it must be through funding generated by efficiency savings and the mobilization of extrabudgetary resources. And this, of course, goes hand in hand with our duty and commitment to give more value for money – to use the resources that you put at our disposal to the very best effect.

The second is that the departure from the practice of the last six years, with the inclusion of a series of institutional investments that would mean an increase in the real budget, is not the result of any abandonment of this approach of budgetary rigour, nor of any random initiative in the face of admittedly growing demands – and opportunities – facing the Organization. Rather, it is a considered and rational response to circumstances facing the Organization and which demand of it, unavoidably, a number of actions which are required to sustain its operational capacities at a prudent and acceptable level.

These were the issues which stood at the heart of our debate last week, and we listened with great attention to what you had to say to us. As a consequence, I will focus my reply on the five areas of institutional investment that I originally proposed – totalling US\$31.7 million – and how they may be adjusted now in the light of careful consideration of your comments with a view to finding consensus on a programme and budget which this Governing Body can recommend to the Centenary Conference in June.

Before turning to those matters, let us also remember that the modified procedure for the adoption of the programme and budget means that it will still remain for decisions to be made on substantive programme content next November in the light of the outcome of the Future of Work Centenary Initiative agreed at the Conference. In the programme and budget debate last week you gave us some guidance in that regard, including on the extent and balance of continuity and change to be expected, while discussion on several other items on our agenda foreshadowed, without prejudging, a number of specific issues which we will no doubt return to in November. We have been able to respect fully our obligations under the Financial Regulations while addressing the questions before us in a coherent and meaningful way; which is to say that we have made this modified procedure work as intended.

This said, a considerable amount of work remains before us from here until November and it will need to be accomplished under great pressure of time. Close consultation with constituents will be a key to its successful completion and I want to assure the Governing Body that the Office is fully committed to it.

That applies equally to the full elaboration of the improved results framework which the Governing Body has expressed support for and offered important guidance on. You have stressed

the need for a full and balanced approach to the ILO's four strategic objectives, the importance of integrating the ILO's contribution to delivering the 2030 Agenda for Sustainable Development, and alignment with the ILO's Strategic Plan for 2018–21 and the 2008 ILO Declaration on Social Justice for a Fair Globalization. My colleagues will initiate consultations with constituents as soon as possible after this Governing Body session, with a view to publication of a final draft of a new results framework in September.

Let me then turn to the question of institutional investments that were contained in my original proposals. Last Monday I said in my presentation that these investments were required, "to meet pressing organizational needs which, if unattended, would significantly damage vital operational capacities". I have to reiterate that reality at the same time as I must acknowledge the difficulties expressed by many Governments in assuming the financial burden of these investments as put to them. My clear reading of our debates was that while the need for investments in the five areas concerned was well understood, there was a strong body of opinion that these investments should be stripped back to their minimum essentials and where possible made over a longer period of time, and that the Office needed to revisit the means of their financing, with a particular view to an increased effort by it to reprioritize spending within existing regular budget levels.

It is on this basis that I now present the following adjustments to the proposed institutional investments. They are reflected in a document which will be made available to you along with the text of this statement in the official languages, immediately after the conclusion of my remarks.

For clarity I will take each area of investment individually.

The first area of investment is in respect of the Building and Accommodation Fund where an increase of US\$3.8 million was proposed in order to meet the terms of the strategy agreed by the Governing Body in 2011 to make an annual provision of 1 per cent of the insurance value of the ILO-owned buildings for their future refurbishment and renovation. While this provision is in line with industry best practice I am constrained to propose that the increase originally proposed be halved. That means that instead of moving to the 1 per cent target from the current level of approximately 0.5 per cent we would arrive at some 0.75 per cent. By so doing, the originally proposed institutional investment would be reduced by US\$1,885,000.

The second area is information technology where I had proposed an investment of US\$12.2 million, all of which, I would stress, would serve to finance the Information Technology Strategy 2018–21, which the Governing Body agreed in 2017. You have told us to prioritize further the expenditures proposed and we have done so, so that what is left corresponds only to the most critical needs of the next biennium.

Concretely, I now propose to postpone investment in the items on electronic records management, and on mobile device management, which are set out in detail in paragraphs 174–179 right at the end of the programme and budget proposals. Additionally, I now propose to defer replacement of the ILO intranet. Taken together, this would represent a reduction of US\$5.3 million in the originally proposed investment. But the Governing Body should be aware that it also represents a clear constraint on the operational efficiency of the Office; we will have to maintain paper-based storage; knowledge sharing will be hindered; staff remote access to ILO systems will be limited; intranet software will be unsupported by the end of the biennium, multiple formats of intranet will persist and delivery of the Office communications plan will be jeopardized. Furthermore, some Business Process Review recommendations will not be able to be acted upon.

The third issue is security where an investment of US\$10 million was proposed in the coming biennium as the first phase of a US\$25 million programme to ensure full compliance with United Nations Minimum Operating Security Standards. Many of you, while recognizing the obligation to assure adequate security of staff, constituents and visitors, questioned whether some aspects of the proposed enhancement were required and whether expenditure at this level was absolutely necessary, and urged the Office to explore less costly options.

We have done that – and indeed the Governing Body has also begun a separate debate on these very matters in the context of the renovation of this building. The upshot is that there are essentially two options before us. Either the "two ring" approach, involving securing the full

perimeter of the ILO's grounds as well as the building itself, as I have proposed. Or the "one ring" approach, involving investment in securing only the building itself. There really are no sensible intermediary options.

In the light of your deliberations, I see no option but now to propose measures focused on the latter. That means we will not be able to meet fully United Nations standards for our – your – security. But improvements can be effected by an investment of US\$3.5 million plus funding from existing sources, as detailed in document GB.335/PFA/3, and the establishment of an access point for visitors located outside the main building.

There are two unfortunate side effects of this course of action. Firstly, abandonment of the comprehensive option would require a new round of negotiations with the host Government which had offered financial support for it to see what assistance might still be forthcoming from it. And secondly, if at a later stage we were in a position to implement a more comprehensive security solution, then the investment I am now putting to you would become largely redundant.

Fourth, I come to the unforeseen expenditure item where I had proposed an increased allocation to bring the programmed provision closer to the real levels of such expenditure in recent biennia. I now propose to leave the proposed allocation at its current level of US\$875,000 instead of the US\$2 million I had proposed. The fact is that, in all probability, this provision will be inadequate – unless of course the Governing Body exercises greater restraint than it has previously in the past. In any case, I do think it incumbent on us all to be much more rigorous than we have at the time of incurring new items of spending in identifying what the implications are for other areas of spending. There are no free lunches.

The overall budgetary consequences of these revisions are such that the real increase in the budget, including institutional investments, would be some US\$16.9 million as opposed to the US\$31.7 million originally presented – a reduction of some US\$14.8 million.

While the revisions are a genuine attempt to respond to what we believe the Governing Body would consider an acceptable budget level, they are above all the result of a strenuous effort to distinguish those investments that are absolutely essential to vital functions of the ILO and which must be maintained, and those which – while impacting significantly the life of our Organization – would not, by their absence, be life-threatening.

The subsequent question is how the remaining, essential, investments can be financed. Last week, I recalled the efforts made by the Office over past biennia to redeploy resources from backroom to frontline services and to invest in areas relevant to our current discussion, and I put it to the Governing Body that this reflected a significant record of effort and achievement; I reiterate that these efforts will continue. Your recognition of that record was accompanied by a renewed call on the Office to make further efforts at redeployment to meet in part the remaining, critical institutional investment needs.

To respond to that call, I now propose that of the remaining US\$16.9 million of investments, US\$4.6 million be met from within the existing level of the regular budget, corresponding to the sum needed to cover the specific increased costs of the United Nations Resident Coordinator system.

Governments have said clearly and firmly that, in line with decisions already taken in New York, they are not prepared to meet this expenditure through an increase in assessed contributions, and hence through any increase in the ILO's regular budget. I would recall that, in this house, decisions have already been taken whereby the ILO will assume its responsibilities in contributing to the system, and those decisions should not be revisited. By its nature, this item does not offer any option of being deferred or spread over a longer period of time. Accordingly, I now propose that this item of expenditure be financed within Part I of the regular budget, and the proposed institutional investment be eliminated.



This would involve:

- the use of US\$940,800 previously proposed for redeployment towards policy outcomes. Nevertheless, I maintain my proposed strengthening of the Internal Audit and Investigation function by some US\$370,000;
- a further reduction of some 1 per cent in the Management item of the Strategic Budget, in addition to the considerable savings already made there. My colleagues will be instructed to identify those further economies, amounting to US\$500,000, without impacting negatively essential oversight and accountability functions; and finally,
- a reduction of US\$3.1 million in the funding currently earmarked for policy outcomes, representing one half of 1 per cent of the total of that allocation. In line with the modified procedure we are applying, the exact content of this reduction will need to be decided in November.

In this context, I would additionally recall that reference was made last week to the possibility of applying equitable cost recovery to include extrabudgetary-funded activities so as to meet some of our investment costs. The Office is currently reviewing its practices in this respect so as to ensure that such activities do not constitute a financial liability on member States. This is a requirement of our Financial Regulations and any issue identified will be addressed to guarantee equitable cost sharing. Nevertheless, at this time we are not in a position to introduce this measure in our budget decision-making.

These revised proposals which reduce substantially, and to their critical minimum, the institutional investments to be made in 2020–21, and which include a further requirement on the Office to redeploy funds to cover a significant proportion of the costs of that investment, would reduce the real budget increase requested of Governments to US\$12.3 million, equivalent to 1.57 per cent.

I very much hope that the Governing Body will see in these revisions a satisfactory response to last week's debate and a basis for consensus on a draft programme and budget of US\$804.1 million to be recommended to the Centenary Session of the International Labour Conference for adoption.

Thank you.

## **Appendix II**

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**The Director-General's proposals for adjustments  
to the Programme and Budget proposals for  
2020–21 (GB.335/PFA/1/1)**

## Governing Body

335th Session, Geneva, 14–28 March 2019

GB.335/PFA/1/1

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

**PFA**

Date: 25 March 2019

Original: English

FIRST ITEM ON THE AGENDA

### **The Director-General's Programme and Budget proposals for 2020–21**

### **The Director-General's proposals for adjustments to the Programme and Budget proposals for 2020–21**

**Purpose of the document**

In this paper the Governing Body is invited to recommend the proposed Programme and Budget for 2020–21 as adjusted, for approval by the Conference (see draft decision in paragraph 7).

**Relevant strategic objective:** Not applicable.

**Main relevant outcome/cross-cutting policy driver:** Not applicable.

**Policy implications:** Recommendation on programme and budget.

**Legal implications:** None.

**Financial implications:** Recommendation on budget level for 2020–21.

**Follow-up action required:** None.

**Author unit:** Office of the Treasurer and Financial Comptroller (TR/CF).

**Related document:** GB.335/PFA/1.

1. In respect of the Director-General’s response to the Programme and Budget debate, this document provides financial information on the proposed adjustments to the budget.
2. Attached are two appendices summarizing the proposed adjustments to the original proposals and the revised budget totals resulting from these adjustments.
3. Appendix I contains the revised strategic budget, including the proposed adjustments.
4. Appendix II summarizes the revised proposals taking account of the revisions to cost increases and the programme adjustments. The net effect of these adjustments is to reduce the nominal level of the proposals by US\$19,672,094, from US\$823,775,803 to US\$804,103,709.
5. In summary, the proposed reductions in constant 2018–19 dollars are as follows:

	US\$
Part II: Provision for unforeseen expenditure	1 125 000
Part IV: UN resident coordinator system	4 570 014
Part IV: Building and accommodation fund	1 885 000
Part IV: Information technology systems fund	5 300 000
Part IV: Security	6 500 000
<b>Subtotal</b>	<b>19 380 014</b>
Provision for cost increases	292 080
<b>Total</b>	<b>19 672 094</b>

6. The increased cost sharing of the United Nations resident coordinator system of some US\$4.6 million would be funded from efficiency gains and programme reductions in Part I of the budget. All other reductions would be reconsidered within future programmes and budgets.

## Draft decision

### 7. *The Governing Body:*

- (a) *recommended to the International Labour Conference at its 108th Session (June 2019) a provisional programme level of US\$804,103,709 estimated at the 2018–19 budget rate of exchange of CHF0.97 to the US dollar, the final exchange rate and the corresponding US dollar level of the budget and Swiss franc assessment to be determined by the Conference; and*
- (b) *proposed to the Conference at the same session a resolution for the adoption of the programme and budget for the 77th financial period (2020–21) and for the allocation of expenses among member States in that period in the following terms:*

The General Conference of the International Labour Organization,

- (a) in virtue of the Financial Regulations, adopts for the 77th financial period, ending 31 December 2021, the budget of expenditure for the International Labour Organization amounting to US\$..... and the budget of income amounting to US\$..... which, at the budget rate of exchange of CHF..... to the US dollar, amounts to CHF....., and resolves that the budget of income, denominated in Swiss francs, shall be allocated among member States in accordance with the scale of contributions recommended by the Finance Committee of Government Representatives;

- (b) requests the Director-General to present for examination and adoption by the Governing Body at its 337th Session (October–November 2019) complementary information pertaining to the results framework comprising outcomes, indicators, baselines and targets for the biennium, reflecting the relevant outcomes of the 108th Session (June 2019) of the International Labour Conference.

## Appendix I

### Revised strategic budget: Proposed expenditure by appropriation line

	Strategic budget 2018–19 <sup>1</sup>	Adjusted proposed strategic budget 2020–21	Adjusted proposed strategic budget 2020–21
	(in US\$)	(in constant 2018–19 US\$)	(recosted (US\$))
<b>Part I. Ordinary budget</b>			
A. Policymaking organs	50 735 649	50 735 649	51 558 242
B. Policy outcomes	627 872 964	628 073 901	635 931 680
C. Management services	62 171 040	62 270 103	63 024 343
D. Other budgetary provisions	45 457 712	45 157 712	43 203 398
Adjustment for staff turnover	-6 420 379	-6 420 379	-6 446 399
<b>Total Part I</b>	<b>779 816 986</b>	<b>779 816 986</b>	<b>787 271 264</b>
<b>Part II. Unforeseen expenditure</b>			
Unforeseen expenditure	875 000	875 000	875 000
<b>Part III. Working Capital Fund</b>			
Working Capital Fund	–	–	–
<b>Total (Parts I–III)</b>	<b>780 691 986</b>	<b>780 691 986</b>	<b>788 146 264</b>
<b>Part IV. Institutional investments and extraordinary items</b>			
Institutional investments and extraordinary items	3 428 014	15 713 000	15 957 445
<b>Total (Parts I–IV)</b>	<b>784 120 000</b>	<b>796 404 986</b>	<b>804 103 709</b>

<sup>1</sup> The strategic budget proposals for policymaking organs include resources from the Official Meetings, Documentation and Relations Department and the Internal Services and Administration Department, which directly support the governance activities. To facilitate comparison with 2020–21 figures, the 2018–19 budget was revised to reflect a revised methodology of apportionment.

## Appendix II

### Provisional programme level for 2020–21 resulting from the adjustments proposed by the Director-General (in constant US\$)

		2020–21 provisional level (US\$)		
<b>Part I.</b>	<b>Ordinary budget</b>	<b>779 816 986</b>		
<b>Part II.</b>	<b>Unforeseen expenditure</b>			
	Initial proposals	2 000 000		
	Net programme adjustments	-1 125 000		
	New proposal	<b>875 000</b>		
<b>Part III.</b>	<b>Working Capital Fund</b>	–		
<b>Part IV.</b>	<b>Institutional investments and extraordinary items</b>			
	Initial proposals	33 968 014		
	Net programme adjustments	-18 255 014		
	New proposal	<b>15 713 000</b>		
<b>Provisional programme level (in constant dollars)</b>		<b>796 404 986</b>		
<b>Cost increases</b>				
	Initial cost increases	7 990 803		
	Reduction in cost increase due to programme adjustments	-292 080		
	New proposal	<b>7 698 723</b>		
	<i>Total adjustments</i>	-19 672 094		
<b>Provisional programme level (recosted)</b>		<b>804 103 709</b>		
<b>Comparison with 2018–19 Programme and Budget</b>				
		2018–19 budget	2020–21 provisional level (in US\$)	Increase/(decrease) compared with 2018–19
<b>Part I.</b>	<b>Ordinary budget</b>	779 816 986	779 816 986	–
	Cost increase		7 454 278	7 454 278
<b>Part II.</b>	<b>Unforeseen expenditure</b>	875 000	875 000	–
<b>Part III.</b>	<b>Working Capital Fund</b>		–	–
<b>Part IV.</b>	<b>Institutional investments and extraordinary items</b>	3 428 014	15 713 000	12 284 986
	Cost increase		244 445	244 445
<b>Total budget (Parts I–IV)</b>		<b>784 120 000</b>	<b>804 103 709</b>	<b>19 983 709</b>

## **Appendix III**

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**Report of the Government members  
of the Governing Body for allocation  
of expenses (GB.335/PFA/4)**



## Governing Body

335th Session, Geneva, 14–28 March 2019

GB.335/PFA/4

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

**PFA**

**Date:** 20 March 2019

**Original:** English

### FOURTH ITEM ON THE AGENDA

## Report of the Government members of the Governing Body for allocation of expenses

#### Purpose of the document

This paper transmits the report of the Government members of the Governing Body for allocation of expenses for decision (see draft decision in paragraph 6).

**Relevant strategic objective:** Not applicable.

**Main relevant outcome/cross-cutting policy driver:** None.

**Policy implications:** None.

**Legal implications:** None.

**Financial implications:** Sets the scale of assessment of contributions for member States for the 2020–21 financial period.

**Follow-up action required:** None.

**Author unit:** Office of the Treasurer and Financial Comptroller (TR/CF).

**Related document:** GB.335/PFA/GMA/1.

1. The Government members of the Governing Body met on 19 March 2019. The meeting was chaired by H.E. Ambassador Vaqif Sadiqov (Azerbaijan), Chairperson of the Government group of the Governing Body, who also acted as Reporter.

## **Scale of assessments of contributions to the budget for the 2020–21 financial period**

2. The Government members considered a paper <sup>1</sup> proposing a scale of assessments for ILO member States for the 2020–21 financial period (see appendix).
3. *A representative of the Government of China* noted the established practice of harmonizing the ILO’s scale of assessments with that of the United Nations, but inquired whether the United Nations scale was legally binding or could be used as guidance when determining the scale applicable to ILO member States.
4. In responding to the above questions, *a representative of the Director-General* (Treasurer and Financial Comptroller), said that the ILO Financial Regulations required that a scale of assessments be approved by the International Labour Conference. The principle of harmonizing the ILO scale with that of the United Nations had been established by the Governing Body in 1948, with full harmonization having been achieved in 1977, subject to adjustments made for differences in membership between the two organizations. Since that date, the ILO scale has followed that principle.
5. The Government members decided to recommend to the Governing Body the following draft decision.

## **Draft decision**

6. *The Governing Body decided, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, to propose to the International Labour Conference the adoption of the draft scale of assessments for the years 2020–21 as set out in column 3 of the appendix to GB.335/PFA/4, subject to such adjustments as might be necessary following any further change in the membership of the Organization before the Conference is called upon to adopt the recommended scale.*

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<sup>1</sup> GB.335/PFA/GMA/1.

## Appendix

### Scale of assessments

State	ILO	UN	Draft ILO scale of	Increase ( Decrease )
	assessments	assessments	assessments	( Diff. between
	2019	2019-21	2020-21	( cols 3 and 1 )
	Col.1	Col.2	Col.3	Col.4
	%	%	%	%
1 Afghanistan	0.006	0.007	0.007	0.001
2 Albania	0.008	0.008	0.008	-
3 Algeria	0.161	0.138	0.138	(0.023)
4 Angola	0.010	0.010	0.010	-
5 Antigua and Barbuda	0.002	0.002	0.002	-
6 Argentina	0.893	0.915	0.916	0.023
7 Armenia	0.006	0.007	0.007	0.001
8 Australia	2.338	2.210	2.211	(0.127)
9 Austria	0.720	0.677	0.677	(0.043)
10 Azerbaijan	0.060	0.049	0.049	(0.011)
11 Bahamas	0.014	0.018	0.018	0.004
12 Bahrain	0.044	0.050	0.050	0.006
13 Bangladesh	0.010	0.010	0.010	-
14 Barbados	0.007	0.007	0.007	-
15 Belarus	0.056	0.049	0.049	(0.007)
16 Belgium	0.885	0.821	0.822	(0.063)
17 Belize	0.001	0.001	0.001	-
18 Benin	0.003	0.003	0.003	-
19 Bolivia, Plurinational State of	0.012	0.016	0.016	0.004
20 Bosnia and Herzegovina	0.013	0.012	0.012	(0.001)
21 Botswana	0.014	0.014	0.014	-
22 Brazil	3.825	2.948	2.949	(0.876)
23 Brunei Darussalam	0.029	0.025	0.025	(0.004)
24 Bulgaria	0.045	0.046	0.046	0.001
25 Burkina Faso	0.004	0.003	0.003	(0.001)
26 Burundi	0.001	0.001	0.001	-
27 Cabo Verde	0.001	0.001	0.001	-
28 Cambodia	0.004	0.006	0.006	0.002
29 Cameroon	0.010	0.013	0.013	0.003
30 Canada	2.922	2.734	2.735	(0.187)
31 Central African Republic	0.001	0.001	0.001	-
32 Chad	0.005	0.004	0.004	(0.001)
33 Chile	0.399	0.407	0.407	0.008
34 China	7.924	12.005	12.010	4.086
35 Colombia	0.322	0.288	0.288	(0.034)
36 Comoros	0.001	0.001	0.001	-
37 Congo	0.006	0.006	0.006	-
38 Cook Islands <sup>(1)</sup>	0.001		0.001	-
39 Costa Rica	0.047	0.062	0.062	0.015
40 Côte d'Ivoire	0.009	0.013	0.013	0.004
41 Croatia	0.099	0.077	0.077	(0.022)
42 Cuba	0.065	0.080	0.080	0.015
43 Cyprus	0.043	0.036	0.036	(0.007)
44 Czech Republic	0.344	0.311	0.311	(0.033)
45 Democratic Republic of the Congo	0.008	0.010	0.010	0.002
46 Denmark	0.584	0.554	0.554	(0.030)
47 Djibouti	0.001	0.001	0.001	-
48 Dominica	0.001	0.001	0.001	-
49 Dominican Republic	0.046	0.053	0.053	0.007
50 Ecuador	0.067	0.080	0.080	0.013
51 Egypt	0.152	0.186	0.186	0.034
52 El Salvador	0.014	0.012	0.012	(0.002)
53 Equatorial Guinea	0.010	0.016	0.016	0.006
54 Eritrea	0.001	0.001	0.001	-
55 Estonia	0.038	0.039	0.039	0.001
56 Eswatini (formerly known as Swaziland)	0.002	0.002	0.002	-
57 Ethiopia	0.010	0.010	0.010	-
58 Fiji	0.003	0.003	0.003	-

State	ILO assessments 2019 Col.1 %	UN assessments 2019-21 Col.2 %	Draft ILO scale of assessments 2020-21 Col.3 %	Increase ( Decrease ) ( Diff. between cols 3 and 1 ) Col.4 %
59 Finland	0.456	0.421	0.421	(0.035)
60 France	4.861	4.427	4.429	(0.432)
61 Gabon	0.017	0.015	0.015	(0.002)
62 Gambia	0.001	0.001	0.001	-
63 Georgia	0.008	0.008	0.008	-
64 Germany	6.392	6.090	6.093	(0.299)
65 Ghana	0.016	0.015	0.015	(0.001)
66 Greece	0.471	0.366	0.366	(0.105)
67 Grenada	0.001	0.001	0.001	-
68 Guatemala	0.028	0.036	0.036	0.008
69 Guinea	0.002	0.003	0.003	0.001
70 Guinea-Bissau	0.001	0.001	0.001	-
71 Guyana	0.002	0.002	0.002	-
72 Haiti	0.003	0.003	0.003	-
73 Honduras	0.008	0.009	0.009	0.001
74 Hungary	0.161	0.206	0.206	0.045
75 Iceland	0.023	0.028	0.028	0.005
76 India	0.737	0.834	0.835	0.098
77 Indonesia	0.504	0.543	0.543	0.039
78 Iran, Islamic Republic of	0.471	0.398	0.398	(0.073)
79 Iraq	0.129	0.129	0.129	-
80 Ireland	0.335	0.371	0.371	0.036
81 Israel	0.430	0.490	0.490	0.060
82 Italy	3.750	3.307	3.309	(0.441)
83 Jamaica	0.009	0.008	0.008	(0.001)
84 Japan	9.684	8.564	8.568	(1.116)
85 Jordan	0.020	0.021	0.021	0.001
86 Kazakhstan	0.191	0.178	0.178	(0.013)
87 Kenya	0.018	0.024	0.024	0.006
88 Kiribati	0.001	0.001	0.001	-
89 Korea, Republic of	2.040	2.267	2.268	0.228
90 Kuwait	0.285	0.252	0.252	(0.033)
91 Kyrgyzstan	0.002	0.002	0.002	-
92 Lao People's Democratic Republic	0.003	0.005	0.005	0.002
93 Latvia	0.050	0.047	0.047	(0.003)
94 Lebanon	0.046	0.047	0.047	0.001
95 Lesotho	0.001	0.001	0.001	-
96 Liberia	0.001	0.001	0.001	-
97 Libya	0.125	0.030	0.030	(0.095)
98 Lithuania	0.072	0.071	0.071	(0.001)
99 Luxembourg	0.064	0.067	0.067	0.003
100 Madagascar	0.003	0.004	0.004	0.001
101 Malawi	0.002	0.002	0.002	-
102 Malaysia	0.322	0.341	0.341	0.019
103 Maldives, Republic of	0.002	0.004	0.004	0.002
104 Mali	0.003	0.004	0.004	0.001
105 Malta	0.016	0.017	0.017	0.001
106 Marshall Islands	0.001	0.001	0.001	-
107 Mauritania	0.002	0.002	0.002	-
108 Mauritius	0.012	0.011	0.011	(0.001)
109 Mexico	1.436	1.292	1.293	(0.143)
110 Moldova, Republic of	0.004	0.003	0.003	(0.001)
111 Mongolia	0.005	0.005	0.005	-
112 Montenegro	0.004	0.004	0.004	-
113 Morocco	0.054	0.055	0.055	0.001
114 Mozambique	0.004	0.004	0.004	-
115 Myanmar	0.010	0.010	0.010	-
116 Namibia	0.010	0.009	0.009	(0.001)
117 Nepal	0.006	0.007	0.007	0.001

State	ILO	UN	Draft ILO scale of	Increase ( Decrease )
	assessments	assessments	assessments	( Diff. between
	2019	2019-21	2020-21	cols 3 and 1 )
Col.1	Col.2	Col.3	Col.4	
%	%	%	%	
118 Netherlands	1.483	1.356	1.357	(0.126)
119 New Zealand	0.268	0.291	0.291	0.023
120 Nicaragua	0.004	0.005	0.005	0.001
121 Niger	0.002	0.002	0.002	-
122 Nigeria	0.209	0.250	0.250	0.041
123 North Macedonia	0.007	0.007	0.007	-
124 Norway	0.849	0.754	0.754	(0.095)
125 Oman	0.113	0.115	0.115	0.002
126 Pakistan	0.093	0.115	0.115	0.022
127 Palau	0.001	0.001	0.001	-
128 Panama	0.034	0.045	0.045	0.011
129 Papua New Guinea	0.004	0.010	0.010	0.006
130 Paraguay	0.014	0.016	0.016	0.002
131 Peru	0.136	0.152	0.152	0.016
132 Philippines	0.165	0.205	0.205	0.040
133 Poland	0.841	0.802	0.802	(0.039)
134 Portugal	0.392	0.350	0.350	(0.042)
135 Qatar	0.269	0.282	0.282	0.013
136 Romania	0.184	0.198	0.198	0.014
137 Russian Federation	3.089	2.405	2.406	(0.683)
138 Rwanda	0.002	0.003	0.003	0.001
139 Saint Kitts and Nevis	0.001	0.001	0.001	-
140 Saint Lucia	0.001	0.001	0.001	-
141 Saint Vincent and the Grenadines	0.001	0.001	0.001	-
142 Samoa	0.001	0.001	0.001	-
143 San Marino	0.003	0.002	0.002	(0.001)
144 Sao Tome and Principe	0.001	0.001	0.001	-
145 Saudi Arabia	1.147	1.172	1.173	0.026
146 Senegal	0.005	0.007	0.007	0.002
147 Serbia	0.032	0.028	0.028	(0.004)
148 Seychelles	0.001	0.002	0.002	0.001
149 Sierra Leone	0.001	0.001	0.001	-
150 Singapore	0.447	0.485	0.485	0.038
151 Slovakia	0.160	0.153	0.153	(0.007)
152 Slovenia	0.084	0.076	0.076	(0.008)
153 Solomon Islands	0.001	0.001	0.001	-
154 Somalia	0.001	0.001	0.001	-
155 South Africa	0.364	0.272	0.272	(0.092)
156 South Sudan	0.003	0.006	0.006	0.003
157 Spain	2.444	2.146	2.147	(0.297)
158 Sri Lanka	0.031	0.044	0.044	0.013
159 Sudan	0.010	0.010	0.010	-
160 Suriname	0.006	0.005	0.005	(0.001)
161 Sweden	0.957	0.906	0.907	(0.050)
162 Switzerland	1.141	1.151	1.152	0.011
163 Syrian Arab Republic	0.024	0.011	0.011	(0.013)
164 Tajikistan	0.004	0.004	0.004	-
165 Tanzania, United Republic of	0.010	0.010	0.010	-
166 Thailand	0.291	0.307	0.307	0.016
167 Timor-Leste	0.003	0.002	0.002	(0.001)
168 Togo	0.001	0.002	0.002	0.001
169 Tonga	0.001	0.001	0.001	-
170 Trinidad and Tobago	0.034	0.040	0.040	0.006
171 Tunisia	0.028	0.025	0.025	(0.003)
172 Turkey	1.019	1.371	1.372	0.353
173 Turkmenistan	0.026	0.033	0.033	0.007
174 Tuvalu	0.001	0.001	0.001	-

State	ILO assessments 2019 Col.1 %	UN assessments 2019-21 Col.2 %	Draft ILO scale of assessments 2020-21 Col.3 %	Increase ( Decrease ) ( Diff. between cols 3 and 1 ) Col.4 %
175 Uganda	0.009	0.008	0.008	(0.001)
176 Ukraine	0.103	0.057	0.057	(0.046)
177 United Arab Emirates	0.604	0.616	0.616	0.012
178 United Kingdom	4.465	4.567	4.569	0.104
179 United States	22.000	22.000	22.000	-
180 Uruguay	0.079	0.087	0.087	0.008
181 Uzbekistan	0.023	0.032	0.032	0.009
182 Vanuatu	0.001	0.001	0.001	-
183 Venezuela, Bolivarian Republic of	0.571	0.728	0.728	0.157
184 Viet Nam	0.058	0.077	0.077	0.019
185 Yemen	0.010	0.010	0.010	-
186 Zambia	0.007	0.009	0.009	0.002
187 Zimbabwe	0.004	0.005	0.005	0.001
TOTAL	100.000	99.966	100.000	0.000

<sup>(1)</sup> The Cook Islands is not at present a member of the UN. The proposed rate of assessment is based on its membership fees in other UN specialised agencies.

(GB.326./PFA/GMA/1)

## **Appendix IV**

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### **Status of the judges of the Administrative Tribunal of the ILO (GB.334/PFA/12/3(Rev.))**



## Governing Body

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

GB.334/PFA/12/3(Rev.)

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Programme, Financial and Administrative Section  
Personnel Segment

PFA

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Date: 21 September 2018  
Original: English

### TWELFTH ITEM ON THE AGENDA

## Matters relating to the Administrative Tribunal of the ILO

### Status of the judges of the Administrative Tribunal of the ILO

(Consideration of this item was deferred to the present session of the Governing Body from its 332nd Session (March 2018)).

1. As a matter of long-standing practice, the status of the judges of the Administrative Tribunal of the ILO has been considered by the Office to be “experts on mission” under the 1947 Convention on the Privileges and Immunities of the specialized agencies and its Annex I relating to the International Labour Organization.
2. In 2009, the UN instituted a two-tier system comprising a first instance Dispute Tribunal sitting on a permanent basis with full-time judges having the status of “officials other than Secretariat officials” and enjoying the same privileges and immunities as UN officials, and an Appeals Tribunal meeting twice a year, composed of judges sitting on a part-time basis and considered to be “experts on mission” for purposes of privileges and immunities under the 1946 Convention on Privileges and Immunities of the United Nations. In 2015, the UN General Assembly decided to extend the status of “officials other than Secretariat officials” to the judges of the Appeals Tribunal for reasons of equity.<sup>1</sup>
3. In view of the developments in the UN system, it seems appropriate to harmonize the status of the judges of the ILO Administrative Tribunal with that of their peers in the United Nations justice system.
4. In the interest of harmonization, uniformity and equity and taking into account the independence and standing of the judges of the ILO Administrative Tribunal, the Officers of the Governing Body recommend that they be accorded the status of “officials other than Office officials” and granted the privileges and immunities under Article VI, Section 19 of the 1947 Convention on the Privileges and Immunities of the Specialized Agencies; and that

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<sup>1</sup> See [A/70/187](#), Annex IV and [A/RES/70/112](#), para. 38.



to this end, a resolution be transmitted to the International Labour Conference. Should this recommendation be accepted, and in line with the relevant UN General Assembly Resolution, the status of the judges of the ILO Administrative Tribunal should also be reflected in its Statute.

## Draft decision

- 5. The Governing Body recommends that the International Labour Conference adopt the following resolution granting the status of “officials other than Office officials” to the judges of the ILO Administrative Tribunal, and that this status be also reflected in the Statute of the ILO Administrative Tribunal.*

### **Resolution concerning the status of the judges of the Administrative Tribunal of the International Labour Organization**

*The General Conference of the International Labour Organization, meeting in its 108th Session, June 2019,*

*Considering it desirable to extend the privileges and immunities contained in Article VI, Section 19 of the Convention on the Privileges and Immunities of the Specialized Agencies to the judges of the Administrative Tribunal of the International Labour Organization.*

*Noting that United Nations General Assembly Resolution A/RES/70/112 has harmonized the privileges and immunities of the judges of the United Nations Dispute and Appeals Tribunals so that the judges of both Tribunals are considered officials other than Secretariat officials.*

*Considering it appropriate to align the status of the judges of the Administrative Tribunal of the International Labour Organization with that of the judges of the United Nations Dispute and Appeals Tribunals.*

*Decides that the judges of the Administrative Tribunal of the International Labour Organization shall be considered as officials other than Office officials and thereby benefit from the privileges and immunities specified in Article VI, Section 19 of the Convention on the Privileges and Immunities of the Specialized Agencies;*

*Decides to amend the Statute of the Administrative Tribunal by inserting a second sentence in paragraph 1 of Article III as follows:*

*“The judges shall be considered officials of the International Labour Organization other than officials of the International Labour Office under the Convention on the Privileges and Immunities of the Specialized Agencies.”*

## **Appendix V**

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**Excerpt – Minutes of the Programme,  
Financial and Administrative Section of the  
Governing Body at its 334th Session**  
(October–November 2018)  
(GB.334/PFA/PV)



## Governing Body

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

GB.334/PFA/PV

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Programme, Financial and Administrative Section

PFA

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MINUTES

### Programme, Financial and Administrative Section

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#### Twelfth item on the agenda

#### Matters relating to the Administrative Tribunal of the ILO

#### Status of the judges of the Administrative Tribunal of the ILO (GB.334/PFA/12/3(Rev.))

140. *The Employer spokesperson* said that his group agreed with the recommendation of the Officers of the Governing Body and therefore supported the draft decision.
141. *The Worker spokesperson* agreed that, given their independence and standing, the judges of the ILO Administrative Tribunal should enjoy the same status as that of their peers in the UN justice system. Her group therefore supported the draft decision and the resolution to be put forward at the Conference.
142. *Speaking on behalf of IMEC*, a Government representative of the United States asked whether an ILC resolution was sufficient to modify the status of the judges of the ILO Administrative Tribunal; his group believed that Annex I to the UN Convention on the Privileges and Immunities of the Specialized Agencies would also need to be amended. He therefore reserved judgement on the draft decision until his query had been clarified.
143. *A representative of the Director-General (Legal Adviser)* explained that the 1947 Convention on the Privileges and Immunities of the Specialized Agencies provided

for privileges and immunities for three categories of persons: representatives of member States, officials and experts. As a matter of long-standing practice, the judges of the ILO Administrative Tribunal had so far been considered “experts on mission”, and enjoyed the privileges and immunities set out in paragraph 3 of Annex I to the Convention. As recommended by the Officers, they would henceforth be considered “officials other than staff” in order to align with the status of the judges of the United Nations Dispute Tribunal (UNDT) and the United Nations Appeals Tribunal (UNAT). Under section 18 of the Convention, each specialized agency should specify the categories of “officials” to which the corresponding privileges and immunities would apply and should communicate the information to the Governments of all States parties to the Convention and the UN Secretary-General. Reverting to the question of the Government representative of the United States, he indicated that the ILC resolution would specify a new category of “officials”, other than Office staff members, to whom the privileges and immunities set out in section 19 of the Convention would apply. This would be the first time that the ILO would introduce that category, but “officials other than Secretariat officials” had been in use at the UN for many years. Introducing the new category through an ILC resolution was the most transparent and legally sound way of aligning the status of the judges with that of the judges of the UNDT and UNAT. Finally, he recalled that the judges would be considered “officials other than staff” for the purposes of the 1947 Convention, which meant that the change in their status would be binding on member States parties to that Convention.

144. *Speaking on behalf of IMEC*, a Government representative of the United States confirmed that his concerns had been addressed.
145. *Speaking on behalf of the Africa group*, a Government representative of Uganda noted that the proposed modification of the status of the judges was based on developments in the UN, and agreed that the proposal served the best interests of the ILO, notably improved service delivery. His group therefore supported the draft decision.

## Decision

146. *The Governing Body recommended that the International Labour Conference adopt the following resolution granting the status of “officials other than Office officials” to the judges of the ILO Administrative Tribunal and that this status be also reflected in the Statute of the ILO Administrative Tribunal.*

### **Resolution concerning the status of the judges of the Administrative Tribunal of the International Labour Organization**

*The General Conference of the International Labour Organization, meeting  
in its 108th Session, June 2019,*

*Considering it desirable to extend the privileges and immunities contained in  
Article VI, Section 19 of the Convention on the Privileges and Immunities of the  
Specialized Agencies to the judges of the Administrative Tribunal of the  
International Labour Organization;*

*Noting that United Nations General Assembly resolution A/RES/70/112 has  
harmonized the privileges and immunities of the judges of the United Nations*

***Dispute and Appeals Tribunals so that the judges of both Tribunals are considered officials other than Secretariat officials;***

***Considering it appropriate to align the status of the judges of the Administrative Tribunal of the International Labour Organization with that of the judges of the United Nations Dispute and Appeals Tribunals;***

***Decides that the judges of the Administrative Tribunal of the International Labour Organization shall be considered as officials other than Office officials and thereby benefit from the privileges and immunities specified in Article VI, Section 19 of the Convention on the Privileges and Immunities of the Specialized Agencies;***

***Decides to amend the Statute of the Administrative Tribunal by inserting a second sentence in paragraph 1 of Article III as follows:***

***“The judges shall be considered officials of the International Labour Organization other than officials of the International Labour Office under the Convention on the Privileges and Immunities of the Specialized Agencies.”***

(GB.334/PFA/12/3(Rev.), paragraph 5.)

## **Appendix VI**

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### **Composition of the Administrative Tribunal of the ILO** (GB.335/PFA/12/2)

## Governing Body

335th Session, Geneva, 14–28 March 2019

GB.335/PFA/12/2

Programme, Financial and Administrative Section  
*Personnel Segment*

**PFA**

Date: 22 January 2019

Original: English

TWELFTH ITEM ON THE AGENDA

## Matters relating to the Administrative Tribunal of the ILO

### Composition of the Tribunal

#### Purpose of the document

This paper contains proposals concerning the renewal of the term of office of one judge of the ILO Administrative Tribunal (see the draft decision in paragraph 4).

**Relevant strategic objective:** None.

**Main relevant outcome/cross-cutting policy driver:** None.

**Policy implications:** None.

**Legal implications:** Proposed draft Conference resolution for the renewal of the term of office of one judge.

**Financial implications:** None.

**Follow-up action required:** None.

**Author unit:** Office of the Legal Adviser (JUR).

**Related documents:** None.

1. Pursuant to article III of its Statute, the Administrative Tribunal consists of seven judges appointed for three-year terms by the Conference of the International Labour Organization.
2. The present composition of the Tribunal is as follows:
  - Mr Giuseppe Barbagallo (Italy), President: term of office expires in July 2021;
  - Mr Patrick Frydman (France), Vice-President: term of office expires in July 2019;
  - Ms Fatoumata Diakité (Côte d’Ivoire): term of office expires in July 2021;
  - Ms Dolores Hansen (Canada): term of office expires in July 2021;
  - Mr Yves Kreins (Belgium): term of office expires in July 2020;
  - Mr Michael Moore (Australia): term of office expires in July 2021;
  - Sir Hugh Rawlins (Saint Kitts and Nevis): term of office expires in July 2021.
3. The current Vice-President of the Tribunal, Mr Patrick Frydman, has expressed his willingness and availability to accept a new three-year term upon the expiry of his current term of office in July 2019. Accordingly, the Director-General, after consultation with the Officers of the Governing Body, wishes to propose the renewal of the term of office of Mr Frydman for three years.

## Draft decision

4. *The Governing Body proposed to the Conference the renewal of the term of office of Mr Frydman (France) for three years and thus decided to propose the following draft resolution for possible adoption.*

The General Conference of the International Labour Organization,

*Decides*, in accordance with article III of the Statute of the Administrative Tribunal of the International Labour Organization, to renew the appointment of Mr Patrick Frydman (France) for a term of three years.



## **Appendix VII**

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**Excerpt – Minutes of the Programme,  
Financial and Administrative Section  
of the Governing Body at its 335th Session**  
(Twelfth item on the agenda)  
(March 2019) (GB.335/PFA/PV)

## Governing Body

335th Session, Geneva, 14–28 March 2019

GB.335/PFA/PV

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Programme, Financial and Administrative Section

PFA

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MINUTES

## Programme, Financial and Administrative Section

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### Twelfth item on the agenda

#### Matters relating to the Administrative Tribunal of the ILO

##### Composition of the Tribunal ([GB.335/PFA/12/2](#))

319. *The Worker spokesperson and the Employer spokesperson* supported the draft decision.
320. *A Government representative of Brazil* said that he was speaking on behalf of a significant majority of governments from Latin America and the Caribbean. He supported the previous comments of the Government representative of India on the need for the Statute of the Tribunal to achieve balance in the geographical representation and gender of judges. Since four of the seven current judges came from one region, it was important to consider a more balanced geographical distribution in order to strengthen the legitimacy of the Tribunal. He supported the draft decision.
321. *Speaking on behalf of the Africa group*, a Government representative of Ethiopia said that the unbalanced geographical distribution and gender composition of judges of the Tribunal was also of concern to his group. He sought clarification from the Office on how many terms the current judges had served on the Tribunal, and on whether there were rules governing the renewal of terms of office. He agreed that the provisions of the Statute concerning the appointment of judges should be reviewed at the next session of the Governing Body. Clear rules on the appointment of judges and renewal of their terms would address the aforementioned issues and bring greater transparency to the system.
322. *A representative of the Director-General (Legal Adviser)* said that there was no specified limit to the number of terms of office that judges could serve on the ILO Administrative

Tribunal. There was, however, an understanding among the judges that they would not accept the renewal of their term of office beyond the age of 75. With regard to geographical distribution, the only statutory requirement was that all judges must be of different nationalities. In practice, other factors, such as ensuring a balance of different legal systems, regional distribution and linguistic abilities in line with the Tribunal's caseload and working languages, also shaped the composition of the Tribunal. Furthermore, the Tribunal had had judges from all regions over the years, as shown in a recent publication available on the Tribunal's website. He would revert with information on the number of terms the current judges had served on the Tribunal.

- 323.** *A Government representative of India* said that the information provided by the Office validated the need for clarity in the Statute. That would ensure that the Statute was interpreted correctly, and that there was proper geographical representation in the Tribunal. She reiterated the request for the Governing Body to consider a draft amendment to article III, as systemic reform in the ILO Centenary year would be for the benefit of the Organization and all constituents.
- 324.** *Speaking on behalf of the Africa group*, the Government representative of Ethiopia said that, in the light of the information provided by the Office, his group required more time to decide on the draft decision, as it was linked to the ongoing discussion on proposed amendments to the Statute.
- 325.** *The Chairperson* said that the matter at hand concerned the renewal of the term of office of one of the Tribunal's judges, and did not depend on any proposed amendments to the Statute.

## Decision

- 326.** *The Governing Body proposed to the Conference the renewal of the term of office of Mr Frydman (France) for three years and thus decided to propose the following draft resolution for possible adoption.*

The General Conference of the International Labour Organization,

*Decides*, in accordance with article III of the Statute of the Administrative Tribunal of the International Labour Organization, to renew the appointment of Mr Patrick Frydman (France) for a term of three years.

(GB.335/PFA/12/2, paragraph 4)