



Governing Body

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Institutional Section

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SEVENTH ITEM ON THE AGENDA

Report of the Director-General

Second Supplementary Report: Process for the preparation of the Programme and Budget for 2020–21

I. Background

1. The future of work is the thematic focus of the ILO's centenary activities. The Global Commission on the Future of Work was established to consider key issues in a rapidly transforming world of work identifying opportunities and challenges. The Commission started its work in October 2017 and its report will be released in early 2019 at the start of the centenary year for consideration by constituents. The report will be the subject of debate at the Centenary International Labour Conference when constituents will be able to draw their conclusions on the implications for, and give guidance on, the future work of the ILO.
2. While that exercise is in progress, the Office is also required to begin preparing the Programme and Budget for 2020–21. The standard arrangements would require a preview of the proposals to be submitted to the Governing Body in November 2018. In March 2019, the Governing Body would then consider the detailed proposals and approve the programme and budget estimates for submission to the 2019 session of the International Labour Conference for adoption. Should this standard process be followed it would not be possible for the programme proposals to reflect what are expected to be far-reaching strategic orientations arising from discussion of the future of work at the 2019 session of the Conference.
3. In light of the foregoing considerations, an adjustment to the standard arrangements for the preparation of the Programme and Budget proposals for 2020–21 would seem to be called for so that the ILO is in a position to react promptly and appropriately to the outcome of its Future of Work Initiative. This document outlines a modified process that would allow the Office to embed that outcome in the Programme and Budget for 2020–21 while adhering strictly to the requirements of its Financial Regulations.

II. Statutory framework

4. The ILO's Financial Regulations, which establish the requirements and structure of the ILO's programme and budget, call for the budget estimates to be submitted to the Governing Body for consideration and decision, and then to the International Labour Conference for adoption. While the Financial Regulations require that detailed schedules and explanatory statements be provided for each budget item.¹ However, article 15 stipulates that: "When an appropriation is included in the budget by the Conference without specification of the precise purposes for which it is to be applied, no part of such appropriation shall be expended until a detailed statement as to the nature and object of the expenditure has been considered and approved by the Governing Body."
5. The Governing Body, therefore, has considerable authority to add further detail to the budget and to decide on specific use of appropriated amounts. This authority is supplemented by article 16 of the Regulations under which the Governing Body may also approve transfers between items of the budget subsequent to its adoption.

III. Process for preparing the Programme and Budget for 2020–21

6. The Office proposes a modified process to take into account the special circumstances of the centenary year. The main elements of this process are set out in figure 1.
7. It comprises first, a discussion by the Governing Body in November 2018 for which the Office would present a document with a narrative on the expected challenges in relation to the ILO's strategic objectives, especially in light of the 2030 Agenda for Sustainable Development and United Nations reform, and its overall approach to strengthening technical capacity and the pursuit of operational efficiencies.
8. Secondly, in March 2019, the Director-General would submit Programme and Budget proposals for 2020–21 to the Governing Body that would include the strategic budget of expenditure by appropriation line, including budget estimates divided into parts and items² as mandated by the Financial Regulations. These proposals would also include an analysis of emerging issues requiring the ILO's attention in 2020–21 together with a description of the Office's proposed approach and methodology to achieve an improved results framework anchored in an enhanced measurement system. The budget proposals for policy outcomes would, at a minimum, maintain the technical and regional capacities at existing levels while also reflecting any opportunities to redeploy resources through efficiency or other improvements.
9. Thirdly, the International Labour Conference would adopt the budget in June 2019 and allocate the budget income among member States in the usual manner.

¹ ILO: [Financial Regulations](#), 2010, article 4(2).

² Part I: Ordinary budget divided into A. Policy-making organs, B. Policy outcomes, C. Management services, D. Other budgetary provisions and an adjustment for staff turnover; Part II: Unforeseen Expenditure; Part III: Working Capital Fund; Part IV: Institutional investments and extraordinary items.

10. Finally, the process would conclude with an in-depth examination and endorsement of the major components of the substantive programme of work by the Governing Body at its session in November 2019. Informed by the outcome of the 2019 session of the Conference and drawing on the authority of article 15 of the Financial Regulations, the Governing Body would, at its 337th Session (October–November 2019), examine the Programme and Budget proposals for 2020–21 with respect to the policy outcomes, including detailed information pertaining to the results framework comprising outcomes, indicators, baselines and targets for the biennium. These proposals would reflect the guidance provided by the Governing Body throughout the process as well as the outcome of the June 2019 session of the International Labour Conference discussion on the future of work. Informal tripartite consultations with Governing Body members would be conducted to discuss and seek guidance on the preparation of the results framework between the conclusion of the Centenary Conference and the November 2019 Governing Body session.

Draft decision

11. *The Governing Body approved the process for preparing the Programme and Budget for 2020–21 as set out in paragraphs 6–10 of document GB.333/INS/7/2.*

Figure 1. Preparation of the Programme and Budget for 2020–21: Overview of documents prepared by the Office and governance process

