Budget processes at the ILO

Greg Vines
Deputy Director-General for Management and Reform

UNITAR’s briefing for Geneva-based diplomats on *United Nations Budgetary Matters*
8 / September / 2021
Governance

International Labour Conference

Finance Committee

Governing Body

Programme Financial and Administrative Section

- PFA Segment – including P&B, Building and IT questions
- Audit and Oversight Segment – including IOAC
- Personnel Segment

External Auditor

Joint Inspection Unit

Advancing social justice, promoting decent work
Funding

Two main sources of funding:

**Regular Budget**
Funded from assessed contributions on member States

**Extra-budgetary development cooperation**
Voluntary and specific contributions to agreed activities with donors

**Regular Budget Supplementary Account (RBSA)**
Un-earmarked voluntary contributions
**Funding – Regular Budget**

187 member States

**Biennial budget:**
- 2020-21: $ 790.64 million
- 2022-23: $ 852.76 million

**Assessed contributions**

**Income – Swiss francs**

**Expenditure – US$**
<table>
<thead>
<tr>
<th></th>
<th>Strategic budget 2020-21 ¹ (in US$)</th>
<th>Strategic budget 2022-23 (in constant 2020-21 US$)</th>
<th>Strategic budget 2022-23 (recasted US$)</th>
<th>Strategic budget 2022-23 (recasted and revalued US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part I. Ordinary budget</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Policy-making organs</td>
<td>50,267,588</td>
<td>49,864,567</td>
<td>50,229,701</td>
<td>54,844,472</td>
</tr>
<tr>
<td>B. Policy outcomes</td>
<td>626,425,218</td>
<td>631,197,289</td>
<td>642,639,654</td>
<td>678,667,334</td>
</tr>
<tr>
<td>C. Management services</td>
<td>61,418,750</td>
<td>60,878,294</td>
<td>60,990,518</td>
<td>65,924,712</td>
</tr>
<tr>
<td>D. Other budgetary provisions</td>
<td>42,430,168</td>
<td>42,430,168</td>
<td>43,472,457</td>
<td>46,426,005</td>
</tr>
<tr>
<td>Adjustment for staff turnover</td>
<td>-6,303,318</td>
<td>-6,303,318</td>
<td>-6,409,110</td>
<td>-6,903,130</td>
</tr>
<tr>
<td><strong>Total Part I</strong></td>
<td>774,238,406</td>
<td>778,067,000</td>
<td>790,923,220</td>
<td>838,959,393</td>
</tr>
<tr>
<td><strong>Part II. Unforeseen expenditure</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Unforeseen expenditure</td>
<td>875,000</td>
<td>875,000</td>
<td>875,000</td>
<td>875,000</td>
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<tr>
<td><strong>Part III. Working Capital Fund</strong></td>
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<tr>
<td>Working Capital Fund</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Total (Parts I-III)</strong></td>
<td>775,113,406</td>
<td>778,942,000</td>
<td>791,798,220</td>
<td>839,834,393</td>
</tr>
<tr>
<td><strong>Part IV. Institutional investments and extraordinary items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional investments and extraordinary items</td>
<td>15,526,594</td>
<td>11,698,000</td>
<td>11,750,700</td>
<td>12,925,807</td>
</tr>
<tr>
<td><strong>TOTAL (Parts I-IV)</strong></td>
<td>790,640,000</td>
<td>790,640,000</td>
<td>803,548,920</td>
<td>852,760,200</td>
</tr>
</tbody>
</table>
Funding – Regular Budget

Real programme evolution (1978 – 2023)
(Zero base is 1978-79 approved Programme & Budget)
Funding – Regular Budget

Real vs Nominal budget level (1978-2023)
Funding - Extra-budgetary development cooperation

2020:
► 120 development partners
► 100+ countries
► 670 active projects
► $280.90 million - annual expenditure & 70.8% delivery rate
# Funding - Extra-budgetary development cooperation contributions

## Top 10 development partners in 2019 and 2020

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Partner</td>
<td>Budget Approved (US$)</td>
<td>Budget Approved (US$)</td>
</tr>
<tr>
<td>European Union (EU)</td>
<td>89.8 million</td>
<td>93.3 million</td>
</tr>
<tr>
<td>United States</td>
<td>33 million</td>
<td>43.1 million</td>
</tr>
<tr>
<td>Germany</td>
<td>45.5 million</td>
<td>36.2 million</td>
</tr>
<tr>
<td>United Nations</td>
<td>26 million</td>
<td>34.0 million</td>
</tr>
<tr>
<td>Public Private Partnerships</td>
<td>21.8 million</td>
<td></td>
</tr>
<tr>
<td>The Netherlands</td>
<td>95.7 million</td>
<td>18.7 million</td>
</tr>
<tr>
<td>Norway</td>
<td>13.2 million</td>
<td>15.4 million</td>
</tr>
<tr>
<td>Sweden</td>
<td>13.0 million</td>
<td>15.3 million</td>
</tr>
<tr>
<td>Domestic funding</td>
<td>27.1 million</td>
<td>13.7 million</td>
</tr>
<tr>
<td>Switzerland</td>
<td>15 million</td>
<td>10.2 million</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>38.8 million</td>
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</tbody>
</table>
Funding - Extra-budgetary development cooperation

XBDC expenditures at year end (expressed in US$ millions)
Programme and Budget Cycle

Jan 2020 - Dec 2020: Budget preparation and adoption

Jan 2021 - June 2021: Budget Implementation

Dec 2021 - Jan 2022: 2022-23 Budget implementation

2021 Audit Opinion

June 2021: 2022-23 Budget preparation begins

2020 Audit Opinion

2019 Audit Opinion
RBM – The ILO’s Programming Cycle

- Strategic Plan (4 years)
- Programme & Budget (2 years)
- Outcome-based workplans (2 years)
- Programme Implementation Report (2 years)
- Decent Work Country Programmes (3-5 years)
- Evaluations (continued)

Planning
Implementation
Reporting

Advancing social justice, promoting decent work
RBM – Key elements of the ILO Programme & Budget for 2022-23

Strategic Plan 2022-25

Human-centred recovery

Centenary Declaration for the Future of Work

Leveraging the permanent comparative advantages of standards and tripartism

Sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Strengthened capacities of all people to benefit from the opportunities of a changing world of work

Strengthened institutions of work to ensure adequate protection of all workers

Advancing social justice, promoting decent work

Programme and Budget for 2022-23

Policy outcomes

1. Strong tripartite constituents and influential and inclusive social dialogue (4 outputs)

2. International labour standards and authoritative and effective supervision (4 outputs)

3. Economic, social and environmental transitions for full, productive and freely chosen employment and decent work for all (5 outputs)

4. Sustainable enterprises as generators of employment and promoters of innovation and decent work (4 outputs)

5. Skills and lifelong learning to facilitate access to and transitions in the labour market (4 outputs)

6. Gender equality and equal opportunities and treatment for all in the world of work (4 outputs)

7. Adequate and effective protection at work for all (5 outputs)

8. Comprehensive and sustainable social protection for all (3 outputs)

A. Improved knowledge and influence for promoting decent work (4 outputs)

B. Improved leadership and governance (3 outputs)

C. Optimized use of resources (4 outputs)
## RBM – Integrated budgeting for results for 2022-23

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Description</th>
<th>Revised regular budget 2020-21</th>
<th>Estimated extra-budgetary expenditure 2020-21</th>
<th>Estimated RBSA 2020-21</th>
<th>Regular budget 2022-23</th>
<th>Estimated extra-budgetary expenditure 2022-23</th>
<th>Estimated RBSA 2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome 1:</strong></td>
<td>Strong tripartite constituents and influential, inclusive social dialogue</td>
<td>102.1</td>
<td>11.0</td>
<td></td>
<td>102.7</td>
<td>20.8</td>
<td></td>
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<tr>
<td><strong>Outcome 2:</strong></td>
<td>International labour standards and authoritative and effective supervision</td>
<td>56.8</td>
<td>11.0</td>
<td></td>
<td>57.2</td>
<td>15.6</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome 3:</strong></td>
<td>Economic, social and environmental transitions for full, productive and freely chosen employment and decent work</td>
<td>69.7</td>
<td>127.0</td>
<td></td>
<td>70.1</td>
<td>109.2</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome 4:</strong></td>
<td>Sustainable enterprises as generators of employment and promoters of innovation and decent work</td>
<td>48.9</td>
<td>56.0</td>
<td></td>
<td>49.2</td>
<td>55.0</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome 5:</strong></td>
<td>Skills and lifelong learning to facilitate access to and transitions in the labour market</td>
<td>41.8</td>
<td>45.0</td>
<td></td>
<td>42.1</td>
<td>64.6</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome 6:</strong></td>
<td>Gender equality and equal opportunities and treatment for all in the world of work</td>
<td>40.8</td>
<td>35.0</td>
<td></td>
<td>41.0</td>
<td>30.0</td>
<td></td>
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<tr>
<td><strong>Outcome 7:</strong></td>
<td>Adequate and effective protection at work for all</td>
<td>94.9</td>
<td>147.0</td>
<td></td>
<td>95.5</td>
<td>172.8</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome 8:</strong></td>
<td>Comprehensive and sustainable social protection for all</td>
<td>42.8</td>
<td>38.0</td>
<td></td>
<td>43.1</td>
<td>52.0</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Policy Outcomes</strong></td>
<td></td>
<td><strong>497.9</strong></td>
<td><strong>470.0</strong></td>
<td><strong>30.0</strong></td>
<td><strong>500.8</strong></td>
<td><strong>520.0</strong></td>
<td><strong>30.0</strong></td>
</tr>
<tr>
<td><strong>Support Services</strong></td>
<td></td>
<td>128.5</td>
<td></td>
<td></td>
<td>130.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>626.4</strong></td>
<td><strong>470.0</strong></td>
<td><strong>30.0</strong></td>
<td><strong>631.2</strong></td>
<td><strong>520.0</strong></td>
<td><strong>30.0</strong></td>
</tr>
</tbody>
</table>
**RBM - Monitoring and reporting of expenditure during implementation**

**Continued monitoring of expenditure** of regular budget and extra-budgetary resources by policy outcome and output, as a basis for internal reallocation during the biennium

- **Monthly financial status reports** for all funding sources
- **Quarterly expenditure review of the regular budget** to identify and re-programme savings in staff costs
- **Semi-annual reviews of outcome-based workplans**
- Aggregated information presented in **dashboards**, updated daily.

**Budgetary reporting to governing organs**

- **Annual financial report** and audited consolidated financial statements
- **Biennial Programme Implementation Report** comparing budget with final expenditure by outcome, and explaining divergences.
**RBM - The ongoing journey to improve results-based budgeting**

Continued improvements to ensure **priorities drive resource allocation**, not the other way around

- Some **US$ 58 million redeployed** from administrative tasks from 2016 to 2018, with the equivalent of an **additional 66 posts** assigned to frontline technical services

- **US$ 3.25 million redeployed** in P&B 2022-23 to create **8 new technical positions** in key areas identified in the Strategic Plan for 2022-25

**Enhanced predictability of extra-budgetary resources** available for the achievement of results

- **Structured funding dialogues** at the global and regional levels to pledge funding for P&B outcomes and un-earmarked funding

- **Work with UNRC/CT and development partners** to leverage financing for decent work related SDGs and outcomes at country level

**Improved reporting of consolidated financial data**, including on SDGs, for transparency and accountability

- Active contribution to **global initiatives such as UN Data Cube, OECD statistics on development finance, IATI**

- Ongoing work to enhance interoperability of ILO’s ERP system with **UNINFO** for improved budgeting and reporting at country level