

MINISTRY OF FOREIGN AFFAIRS OF DENMARK
DANIDA | INTERNATIONAL
DEVELOPMENT COOPERATION



Danish Organization Strategy

for

**International Labour Organization
(ILO)**

2014-2017

September 2014

1. Objective

The aim of the organization strategy for the cooperation between Denmark¹ and the International Labour Organization (ILO) is to form the basis for the management of Denmark's voluntary contribution to ILO and to serve as the central platform for the Ministry of Foreign Affairs' dialogue and partnership with the organization.

The Organization strategy sets out Danish priorities 2014-17 for ILO's performance within the overall framework established by ILO's own strategies and targets. Denmark will work closely with likeminded members of ILO – and social partners – in pursuing these priorities.

ILO was founded on April 11, 1919 as an affiliated agency of the League of Nations, and in 1946 it became the first specialized agency of the United Nations. Approaching its 100th anniversary in 2019, it is the oldest organization within the UN System. Since 1920 it has been headquartered in Geneva.

As part of the Treaty of Versailles after World War I (1914-18), the establishment of ILO in 1919 was closely related to the notion of social justice as the basis for universal and lasting peace. From the very beginning, cooperation on the improvement of working conditions and workers' rights was seen as necessary to eradicate poverty and injustice, and to prevent social unrest. A global approach was necessary as individual nations would be at a competitive disadvantage if they imposed higher standards unilaterally. The advancement of global labour standards is thus an inherent part of ILO's organizational identity.

More specifically, ILO focuses on the promotion of social justice and decent working conditions internationally through the monitoring of compliance with internationally recognized human rights and labour rights standards ("the international labour code"), and through the provision of technical assistance within the fields of social protection and labour conditions, including workers' right to organize and to collective bargaining.

As the guardian of some of the basic international human rights instruments – not least the ILO eight core conventions, such as conventions 87 and 98, on freedom of association and collective bargaining, respectively – ILO plays an important role within the international human rights framework. Country reporting, assessments of reports and the organization's complaints procedures supplement other important UN human rights instruments in areas pertaining to labour standards, workers' rights and social security, thus emphasizing ILO's role in respect of civil and political rights as well as economic, social and cultural rights.

¹ Danish support to and cooperation with ILO is shared between the Ministry of Employment (assessed contributions) and the Ministry of Foreign Affairs (voluntary contributions). This strategy only covers the MFA voluntary contribution under FL §06/Development Cooperation.

2. Organization

2.1 Key data and governance structure

ILO is a specialized agency within the UN system – but differs from other specialized or subsidiary UN agencies, funds and programmes in its **tripartite structure of governance**. Member states are thus represented at ILO meetings by governments, as well as by representatives of workers and of employers. The governance structure consists of a general conference – the International Labour Conference (ILC), a board – the Governing Body (GB), and a Secretariat – the International Labour Office.

The ILC meets once a year in June to adopt relevant international labour standards (usually conventions or recommendations), adopt the organization’s budget, elect the Governing Body and discuss key social and labour related questions. In recent years the discussion has focused on topics like forced labour (revisiting the 1930-Convention), transition from informal to formal economy, sustainable development and green jobs, and social protection minimum floors.

The GB meets three times a year in March, June and November. The GB is the executive body of ILO and takes decisions on ILO policy, decides the agenda of the ILC, adopts the draft programme and budget of the organization for submission to the Conference, and elects the Director-General. The GB is composed of 56 members (28 Governments, 14 Employers and 14 Workers). The work of the Governing Body and of the Office is aided by tripartite committees and committees of experts on different labour related topics.

The **international labour code** currently consists of 189 conventions and 202 non-binding recommendations. Ensuring that countries implement the international conventions on labour rights and standards which they ratify, and monitoring the application of these standards “aimed at promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity” is the core function of the ILO. Eight of the conventions are binding for member states even without the states having ratified them. These are the so-called **core conventions**: # 29 on forced labour (1930); #87 on freedom of association (1948); #98 on the right to collective bargaining (1949); # 100 on equal pay for men and women (1951); # 105 on abolition of forced labour (1957); #111 on discrimination in employment and occupation (1958); # 138 on minimum age (1973); # 182 on worst forms of child labour (1999).

Hence, one the most important of the ILO committees is the Committee on the Application of Standards (CAS), and its advisory body, the Committee of Experts on the Application of Conventions and Recommendations (CEARC). The CAS examines reports submitted by member states on the measures they have taken to implement the provisions of the ratified conventions. Once a country has ratified an ILO convention, it is obliged to report regularly on measures it has taken to implement it. Every two years governments must submit reports detailing the steps they have taken in law and practice to apply any of the eight fundamental and four priority conventions they may have ratified; for all other conventions, reports must be submitted every five years.

Another key part of the labour standards supervisory system is the complaint procedure. A complaint may be filed against a member state for not complying with a ratified convention by another member state which has ratified the same convention; by a delegate to the ILC; or by the GB in its own capacity. The investigative procedure will often involve a contact mission to the country and may end up in the formation of a Commission of Inquiry, ILO's highest-level investigative procedure. COI's are set up when

Established	1919
HQ	Geneva
Director-General	Guy Ryder
Budget for 2014-2015	USD 1.274 million (assessed and voluntary funding)
Danish voluntary contribution in 2014	DKK 25 million (approx. USD 4,7 million)
Human Resources	Approx. 3000
Member states	185
Denmark member of Governing Board	2011 – 2014
International Labour Conference Governing Body	June March, June and November

a member state is accused of committing persistent and serious violations, including infringement of core workers' rights, and has repeatedly refused to address them. To date, 11 such Commissions of Inquiry have been established; most recently Zimbabwe (2010); Belarus (2003); Myanmar (2000); and Haiti (1983). In cases where a member fails to carry out the recommendations of the Commission of Inquiry the GB has a certain authority to impose sanctions according to Article 33 of the ILO constitution. This authority has only been employed once, against Myanmar in 2000.

The International Labour Office comprises the Director-General's Cabinet and three portfolios (management & reform; policy; partnerships & field operations), each headed by a Deputy-Director General, with a number of departments, offices, bureaus, branches, units, programmes and projects covering administration, budget, outreach, research and other functions. The main entities are: International Labour Standards Department (NORMES), Employment Policy Department (EMPLOYMENT), Enterprises Department (ENTERPRISES), Governance and Tripartism Department (GOVERNANCE), Conditions of Work and Equality Department (WORKQUALITY), Partnerships and Field Support (PARDEV), and the newly founded Research Centre and the International Training Center in Turin (TURIN).

In cooperation with other UN agencies, NGO's and governments, ILO conducts technical cooperation projects in 110 countries facilitated by its Partnerships and Field Support Department (PARDEV). Much of ILO's development assistance takes as its starting point the so-called "Decent Work Agenda". This agenda has four strategic pillars: job creation, rights at work, social protection and social dialogue, and gender equality as a crosscutting objective. Thus, the main vehicle for ILO's technical support to countries is the Decent Work Country Programmes promoting decent work as a key component of national development strategies. The country programme priorities and outcomes reflect the strategic results framework of the ILO, adapted to national situations and priorities.

ILO has five regional offices: Addis Ababa (Africa), Lima (Americas), Beirut (Arab States), Bangkok (Asia and the Pacific), Geneva (Europe). Besides its Headquarters in Geneva, ILO has a UN office in New York, a US office in Washington, and country offices in 58 of its member countries – 13 in Africa, 12 in Asia, 8 in Latin America, 4 in the Arab region, 12 national coordinators in Eastern Europe and Central Asia and 9 country offices in Europe. In addition, the Office has established 12 Decent Work Teams providing technical support to constituents, field offices and projects. The structure of field offices is at present subject to a review within the organization.

2.2 Mandate and mission

ILO promotes social justice and internationally recognized human and labour rights, pursuing its founding mission that labour peace is essential to prosperity. ILO helps advance the creation of decent work and the economic and working conditions that give employees and employers a stake in lasting stability, prosperity and progress. Its main aims are to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen social dialogue on work-related issues.

ILO has **four strategic objectives**:

- Create greater opportunities for women and men to decent employment and income;
- Enhance the coverage and effectiveness of social protection for all;
- Strengthen tripartism and social dialogue, and
- Promote and realize standards and fundamental principles and rights at work.

As stated above, a **core mission** of ILO is the advancement of the Decent Work Agenda. This agenda has its base in the recognition by all constituents – governments as well as employers and workers – of work as central to people's well-being, paving "the way for broader social and economic advancement, strengthening individuals, their families and communities." The Decent Work Agenda is put into practice through promotion of and support for governments and social partners' initiatives of creating jobs, guaranteeing rights at work, including rights of workers, extending social protection and promoting social

dialogue.

The present **Strategic Policy Framework 2010-15** (adopted in 2009, doc. GB.304/PFA/2(rev.)) focuses on ensuring effective partnerships within the UN and the multilateral system to promote ILO's objectives (Decent Work) and to strengthen ILO's operational programmes. The strategy is grounded in the ILO Declaration on Social Justice for a Fair Globalisation and emphasizes the need for policy coherence within the multilateral system, ensuring that labour conditions and employment issues are priorities of the agendas also of the G20, IMF and the World Bank. Further, building on the Global Jobs Pact the ILO strategy foresees collaboration with partners in order to promote social dialogue in national-level policy discussions on response to the aftermath of the financial crisis.

Besides its Decent Work agenda - and within its goal of promoting social justice and internationally recognized human rights - the ILO is one of the most active international bodies **in promoting and protecting the rights of indigenous peoples**. In 1989, the ILO adopted the Indigenous and Tribal Peoples Convention (ILO Convention No. 169), which is a cornerstone of the international framework seeking to ensure that indigenous peoples enjoy their fundamental human rights, exercise control over their own development and participate in national development of the States they live in.

ILO's mission and work is finally guided by the **Programme and Budget** of the organization – the latest being the Programme and Budget for 2014-15 (doc. GB.317/PFA/1) – which sets out the strategic objectives and expected outcomes, and which is approved every two years by the International Labour Conference. The Programme and Budget carries forward the strategic orientation and the results framework set out in the Strategic Policy Framework. Centred on the essential priorities of the Decent Work Agenda, it specifies the strategies which ILO will implement to achieve results over the biennium, alongside the capacities and the resources required in delivering these results. ILO's biennial programme of work is delivered in member states mainly through Decent Work Country Programmes (DWCP).

The ILO Programme and Budget for 2014-15 amounts to approx. 1.274 million USD, of which 864 million USD is funded by the regular budget and an estimated 410 million USD raised as extra-budgetary resources, including 25 million USD from the Regular Budget Supplementary Account (RBSA). Denmark's combined assessed and voluntary contributions amount to around 1.3 per cent of the total budget in 2014/15.

ILO wants to align its planning cycles to fit with the timing and format of other UN agencies, funds and programmes, starting a four-year Strategic Policy Framework 2018-21 to be adopted in 2017, together with the Programme and Budget for 2018-19. This means that the organization will adopt an interim (bridging) Policy Framework for 2016-17, together from the Programme and Budget for 2016-17, the last period to be covered by this Organization Strategy.

As stated above, ILO is currently (2014) undergoing a field structure reform guided by the following principles: Transparency and inclusiveness, cost neutrality, understanding and responding to constituent needs and priorities. The reform review has identified four areas in which change is needed: Strategic management and programming; service delivery; HR; presence and partnerships. This reform is not yet completed.

2.3 Effectiveness of the organization

Over recent years, a number of key donors have evaluated or reviewed the efficiency and effectiveness of the ILO.

The Department for International Development of the United Kingdom (DFID) undertook a large review of UK's multilateral aid² in 2011 – i.e. before the election of Guy Ryder as new Director General and the initiation of the reform process. Regarding ILO it concluded that the organization used its "valuable

² DFID 2011: *Multilateral Aid Review: Ensuring maximum value for money for UK aid through multilateral organizations* normally referred to as MAR.

research and analytical capacity" in the area of employment to ensure the integration of employment issues within the Millennium Development Goals.

Also on the positive side, the review noted that ILO appears to have "an increasing grip on gender issues", and has a "credible process in place to insure further improvements." It was also found that a "clear mandate and good line of sight to strategy and implementation plans" come with the organization's tripartite structure supporting "good partnership behaviour."

However, the review also stated that ILO needs to "increase its technical capacity and expand its activities at the country level to fully implement its policy objectives." Thus restructuring and improvement of internal processes is necessary in order to deliver more effectively. Likewise, DFID found ILO's cost control to be weak, and though the organization seemed to be "striving to improve its strategic and performance management" DFID found that at the time it was too early to assess the "impact of recent improvements." Moreover, insufficient data available in the public domain made it hard to assess expenditure and results. ILO thus scored "weak" on "contribution to UK development objectives" and "unsatisfactory" on "organizational strength" leading to UK withdrawing its core aid funding (in 2006-09 the UK was the largest donor to the RBSA) from the organization.

Sweden undertook a mid-term review of its partnership programme 2009-11 with ILO in May 2011. The review found that considerable progress had been made across a broad range of areas: strategic programming, reporting on results, introducing outcome-based work plans to link resources to outcomes, improved guidance and monitoring of technical cooperation activities, strengthened evaluation functions, improved programming at the field level and increased coordination with UN system-wide frameworks. The specific issues concerning ILO development priorities, outcome-based work plans, assessing performance on results and coordinating the priority-setting in the office that were specifically requested in the partnership agreement were also addressed. While the findings were on the whole positive, the review pointed to a few areas where continued action was needed, notably on focusing priorities at the field level in Decent Work country programmes, on providing additional guidance to staff on measuring outcomes and preparing monitoring plans for their work, on costing outcomes, on establishing unit level work planning and on finding more agile ways to disburse voluntary funding so that it could be allocated for substantial work items. The review also recommended that Sweden adopt a modality for funding that would allow it to earmark outcomes at a high level than previously, with more discretionary decisions on specific indicators, project design, country selection, operations and reporting left to the ILO.

In July 2012 the Netherlands carried out the same exercise, looking at its partnership programme 2010-13. It found that ILO had made significant progress with the intensified roll-out of the results-based management throughout the organization in the biennium 2010-11. Outcome-based workplans provided a systematic account of inputs, activities, outputs and outcomes related to a country programme outcome or a global product. Overall performance seemed to have improved with increased importance attached to monitoring and evaluation following streamlining of procedures. The review concluded, however, that it was too early to give a full account of their applications for the ILO's performance. In addition, further attention still needed to be paid to organizational reform, management of the Office by the Governing Body, and the facilitation of organizational learning throughout the ILO.

In September 2013 ILO presented its own independent evaluation of the organization's "strategy to promote sustainable enterprises and decent work."³ Based on field missions to three countries and a desk review of projects in three other countries the ILO-evaluation concludes that with regard to ILO's technical assistance promoting sustainable enterprises innovation has been introduced in support of improved workplace practices. However, "the short duration of projects, restrictions on the use of mobilized resources, and the wide geographical and sectorial spread of the interventions, have meant that their intended use is only partially being realized." According to the evaluation report, the work done to address women entrepreneurship stands out, however, although a more concentrated effort and more

³ ILO: *Independent evaluation of the ILO's strategy to promote sustainable enterprises and decent work*. ILO, September 2013.

targeting through sectors, communities and vulnerable groups would add focus, increase visibility and, potentially, have a higher impact.”

The overall scoring of the performance of the strategy to promote enterprises and decent work based on the evaluation criteria showed that, while the relevance and coherence of the strategy was “satisfactory”, effectiveness, efficiency and impact were rated as “somewhat satisfactory”, and sustainability was edging towards “somewhat unsatisfactory.”

2.4 Danish assessments of ILO programmes

The Africa Commission established in 2008 by the Danish Government launched five initiatives aimed at promoting private sector-led growth and employment in Africa. Two of these, one targeting young entrepreneurs, and another focusing on technical and vocational skills, have been implemented by the ILO.

The *Young Entrepreneurship Facility* (YEF – 89 million DKK) offers assistance to young existing and would-be entrepreneurs, complementing training with advisory services, mentorship, and access to finance for both rural and urban entrepreneurs.

The *Skills programme* (55 million DKK) equips young women and men in the informal economy with skills that will improve their employability in more productive and decent work by a combination of training in business skills or livelihood skills and literacy training.

A **Joint (ILO-Danida) Review Report of the Skills Programme**⁴, reviewing activities in Zimbabwe, Benin and Burkina Faso, found that the progress in all three countries had been satisfactory, and in Zimbabwe even impressive.

The programme focuses broadly on two main areas of action to promote enhanced employment and income generating opportunities through skills development initiatives:

- 1) Introducing the ILO’s Training for Rural Economic Empowerment (TREE) methodology in a number of rural communities to support local economic development, and
- 2) Upgrading delivery of training through systems of informal apprenticeship.

In Zimbabwe training was largely undertaken by existing government agricultural training centres lasting 1½-3 months followed by subsequent business mentorship until the first produce was sold. Additional training in small business management was also provided. In Benin and in Burkina Faso, NGO’s and public institutions were contracted to do the initial training of shorter duration and with subsequent six months follow-up directly to the beneficiaries. The approach was clearly more business oriented in Zimbabwe, with business models and detailed calculations been prepared for participants (in poultry, fish ponds, beekeeping and horticulture), and with a perspective of participants remaining together afterwards in producer cooperatives.

With regard to the informal apprenticeship activities, the review also noted most results in Zimbabwe, but noted that it was still too early to form an assessment of the activities in place. It appreciated that the ILO country teams were closely monitoring the implementation and were ready to make the necessary adjustments to the approaches if need be. An issue of some concern was the low number of girls in the apprenticeship programme.

A **Joint (ILO-Danida) Review Report of the YEF**⁵ found that the objectives as well as the scope and direction of the interventions of YEF “continue to be relevant and in line with national policy priorities.”

⁴ Danida/ILO 2011: *Skills for Youth Employment and Rural Development in Western and Southern Africa: Review Aide Memoire*. Copenhagen, October 2011.

⁵ Danida/ILO 2013: *Joint Review of the Young Entrepreneurship Facility. Final Report*. Copenhagen, October 2013.

Further, the team found that the YEF is on track to reach the overall targets of 11,500 businesses and 23,000 jobs created. The YEF components are “hitting the numbers” in terms of youth reached with media campaigns, youth entrepreneurship curricula introduced and number of young entrepreneurs benefitting from access to training.

YEF faces challenges, however, measuring and documenting the expected change in behaviour e.g. the extent to which the media campaigns have led to an increased share of youth who consider starting a business. Secondly, the design of the YEF as in essence a programme with two projects – respectively managed from ILO’s Country Office in Dar es Salaam and from ILO’s HQ in Geneva – continues to hamper the realisation of synergies as well as cost-efficient project implementation.

On the assessment of the outcomes, it is mentioned that the review is weakened by the inability to assess spending per outcome and value for money due to the inherent features of ILO’s present field finance system. Therefore, the review welcomes the further roll out of ILO’s Integrated Resource Information System (IRIS) which allows for results-based budgeting and reporting.

From a donor harmonization and alignment point of view, the review finds that “Danida requirements could have better reflected ILO policies, regulations and procedures”:

“Ideally, Danida should avoid providing classical project based multi-bi funding in the future and should rather concentrate funding through non or lightly ear-marked modalities such as RBSA or thematic/outcome-based funding,” it states.

Finally, the review expresses concerns over weak linkages between the Danish UN Mission in Geneva and Denmark’s Embassies in the three countries targeted by the programme. In the general work streams of the Embassies, this programme has not featured prominently. “This is a lost opportunity for synergies between Danish bilateral programmes and the YEF”, the review concludes.

Overall, the review concludes that the YEF programme has succeeded in getting strong buy-in from stakeholders, social partners and beneficiaries in government, the non-profit sector and to some extent in the finance and private sector.

All in all the two Danish review teams thus provided a fairly positive assessment of the two Danida-funded programmes.

3. Key Strategic Challenges and Opportunities

3.1 Relevance and Justification of Future Danish Support

Even with the global economy in (slow) recovery from the financial and economic crisis of 2008-09, according to ILO’s *World of Work Report 2014 (May 2014)*, global unemployment is predicted to rise from the current 200 million to 215 million by 2018, primarily as a consequence of demographic change. Further, the gap between rich and poor in most low and middle-income countries remains wide, and in advanced economies income inequalities have increased. The global economic and financial crisis has left an employment ‘gap’ of 30 million jobs, compared to an extrapolation of pre-crisis patterns – half of these missing jobs in the developed world, including the US and the EU. ⁶

Thus, job creation and social justice remain core challenges to developing, emerging as well as more advanced economies. Meeting these challenges in a structurally fast changing global labour market will require focused and long-term efforts to secure employment on decent terms, including respect of workers’ rights to organize and to pursue collective bargaining, and to maintain social progress.

⁶ *World of Work report 2014: “Developing with Jobs”, ILO 2014*

ILO is well positioned to monitor developments on the global labour market, to provide advice, recommendations and assistance to countries and the international community at large, and to facilitate tripartite dialogue on key issues. The ongoing reform and strengthening of ILO's analytical and research functions will further enhance the organization's capacities in this area. The international labour code and the way it is interpreted and implemented further provide ILO with significant leverage in this regard.

Contributing to the alleviation of poverty through monitoring and advising on the design of labour markets, protective investment and social protection in developing countries and emerging economies, as well as promoting universal values of freedom, human dignity, security and non-discrimination in the world of work, ILO is fully in line with the thematic priority area "social progress" of **The Right to a Better Life**, which forms the basis for Denmark's Development Cooperation.

ILO's Decent Work Agenda as a rights-based development strategy is duly reflected in the organization's strategic policy framework, programme of work and budget (Programme and Budget). This framework has a clear and overarching focus on equity, social justice and gender equality.

The issue of indigenous peoples' rights has been a long-standing policy priority for Denmark at both multilateral and bilateral levels. For decades, Denmark has in cooperation with Greenland, actively supported the development of international standards and mechanisms for the protection of indigenous peoples' rights, including through the implementation of ILO Convention 169 and its promotion in respect of wider ratification among Member States.

3.2 Major Challenges and Risks

Many of the challenges and opportunities that the world faces have direct implications for the scope of work of the ILO. In its Programme and Budget for 2014-15 ILO points to the likelihood of continued uncertainty and uneven recovery from the crisis, creating major challenges to expanding and sustained employment, rights at work and social protection. At the same time workplace practices are changing rapidly as technological advances and the global economy continue to reshape the division of production and jobs within and across industries and countries.

Within the current MDGs, eradication of poverty and hunger figures prominently in goal one, exemplified by a number of employment-related indicators. The emphasis on employment, including the decent work agenda, is likely to be further amplified with the introduction of Sustainable Development Goals, to be adopted by 2015, and most likely covering the timespan from 2015-2030. The discussions between member states of the United Nations have, inter alia, also indicated an interest in exploring SDG's on 'strong, inclusive and sustainable economic growth and decent work for all', which together with a focus on gender equality, also in the labour market, rights of workers, and the issue of inequality, as well as migration and migratory workers, will bring the ILO agenda into the very centre of the sustainable development discourse.

This renewed focus on issues pertaining to the ILO scope of work and not least the challenges faced by the demographic change over the coming decades – the world population growing from at present 7,3 billion people to at least 8 billion by 2030 and close to 10 billion by 2050 and this growth taking place almost entirely in developing countries and not least in Sub-Saharan Africa – will increase the pressure on ILO to develop and advice on job creation strategies that will increase the number of jobs, and at the same time ensure that these jobs are quality jobs, supporting an improvement in the overall standards of living and the respect of human and labour rights of all.

In the *World of Work 2014* report emphasis is especially on the enormous challenges in respect of youth unemployment, as more than 200 million young people will enter the labour market in developing countries over the next five years. Already youth unemployment rates exceed 12 per cent in developing countries – more than three times the unemployment rate for adults.

The challenge for ILO will be to produce evidence-based policy advice and technical assistance to countries looking for upgrading their productive capacity and diversifying their economic base and at the

same time to create quality jobs, in line with the Decent Work Agenda, looking to possibilities of technological 'leapfrogging' as well as to the opportunities offered by the greening of the economy. In this endeavour ILO – hopefully in close collaboration with the Bretton Woods Institutions and other partners in the international community – should be well positioned to make the case for strengthened labour market institutions, high labour standards including respect of workers' rights, and a formalization of the economy as drivers of change – rather than a path of poor working conditions, neglect of international labour standards and rights, and high rates of informality in the economy.

The main generic challenge for ILO will be to pursue a reform and strengthening of its analytical and research capacities and academic cooperation activities, and to be able to translate the evidence and policy space thus brought to fore to operational guidance and advice to countries, upon their request. This will be a major challenge for the organization: For its HQ structures and staff, for its tripartite governance – and the differing interests between governments, employers and workers – and for its field presence and delivery.

Another challenge for the organization is to focus on fewer targets and on activities closer to its core mission. Recurring criticism from governments as well as social partners has emphasized this need. A proliferation of interest areas with their corresponding programmes, projects and units add to an already heavy bureaucracy. Hopefully, a more integrated approach will improve the organization's flexibility and ability to adapt quickly and focus on core issues and clearly identified needs.

A third main challenge is to maintain the structural reform of the intergovernmental machinery initiated by the current Director-General, Guy Ryder. The institutional functioning of the organization will definitely improve from simplification of procedures, shortening of meetings, especially including the GB (where already it has been initiated) and the ILC, and by way of more focused discussions and outcome as well as more interactive formats of deliberations. Together with the other Nordic countries, Denmark has indeed been vocal arguing for the need for greater efficiency, shorter meetings and more focused discussions.

A fourth challenge is to improve the performance management, including monitoring, evaluation and reporting. Although ILO's system of reporting has been streamlined and improved in recent years more progress is wished for, and the organization still needs to be better to measure the real impact of its efforts.

Fifthly, more transparency in relation to the allocation and use of funds, institutional workings and procedures and development of strategies and programmes is needed.

4. Priority Results of Danish Support

4.1 ILO's results framework

Guided by the organization's four strategic objectives and its Decent Work Agenda, ILO has identified **19 Outcomes** to be achieved and has developed 50 indicators to monitor achievements in this respect.⁷ These outcomes include, inter alia, job creation; The enhancement of social security and decent work for all; Strengthening of tripartite cooperation; Realization of norms and standards for all kinds of work including a special focus on freedom of association; Elimination of child labour, forced labour and discrimination; Better integration of the Decent Work Agenda and gender issues in national development plans.

Detailed objectives and indicators for all 19 outcomes for 2014-15 are an integral part of the ILO Programme and Budget for 2014-15. ⁸

In order to simplify the results framework and better align it with the narrative of the organization, ILO has furthermore introduced as an innovation eight **Areas of Critical Importance (ACIs)** in its 2014-15 Programme and Budget. The Director-General has indicated that the ACIs "will enable the ILO to bring a critical mass of effort and resources to focus on issues that really matter and can play an important role in building teamwork in the Office so that it truly does deliver as 'one ILO'."

The eight ACIs are: Promoting more and better jobs for inclusive growth; Jobs and skills for youth; Creating and extending social protection floors; Productivity and working conditions for SMEs; Decent work in the rural economy; Formalization of the informal economy; Strengthening workplace compliance with labour inspection; and Protection of workers from unacceptable forms of work - see [Annex 1](#) for more details.

According to ILO's own Evaluation Unit, the creation of corporate synergies through strengthened cross-organization teamwork, and facilitated by the introduction of the ACIs, could allow ILO to achieve greater effectiveness and efficiency. The ACIs could be considered as a transition towards a new and more focused policy framework. The eight ACIs may thus be seen as the "missing middle" between the rather too broad four "strategic objectives" and the large number of detailed outcomes.

From a Danish perspective, the ILO results framework appears to be unnecessarily complicated and bureaucratic – and not always providing the kind of information we need. On the other hand, it is quite clear that the organization is moving towards a more simplified, and communicative, results framework – the eight ACIs being the first attempt to establish the basis for a new framework. The alignment of ILO's planning cycle with the overall UN four year strategic planning cycle (2018-21) will be a good occasion to further improve the results framework.

4.2 Denmark's overall institutional priorities in respect of ILO

Denmark's priorities in interaction with the ILO are defined by ***The Right to a Better Life*** – the existing strategy for Denmark's development cooperation. This strategy emphasises Denmark's overriding aim within international development cooperation as poverty reduction and the promotion of human rights.

In accordance with the strategy, Denmark will seek to place issues of poverty reduction, sustainable growth and development as well as the promotion of human rights, and not least the rights of workers, high on the agenda in multilateral fora.

⁷ Adopted in 2009, as contained in ILO document GB.304/PFA/2(rev).

⁸ ILO Governing Body, The Director General's Programme and Budget Proposals for 2014-15, GB.317/PFA/1 (2013), pages 20-63. Available at: http://www.ilo.org/wcmsp5/groups/public/ed_norm/relconf/documents/meetingdocument/wcms_203480.pdf.

The Rana Plaza incident revealed the serious shortcomings of the garment industry and Bangladesh and spurred a number of international initiatives, including by the ILO. Denmark will support ILO in this regard, including through support of its Better Work-programme.

In its policy dialogue with the ILO from 2014-17 Denmark – i.e. the MFA in respect of the voluntary contributions for technical cooperation – will focus on a limited number of issues, which are perceived to be of strategic importance and which may act as proxy-issues for the broader political agenda of organizational reform and improved delivery:

- A: Increasing the focus of the organization and its technical cooperation on green growth and green jobs and on gender equality and the full integration of women in the labour market; and to do this in the context of a rights based approach with emphasis on the rights of workers;
- B: Advice countries participating in the Better Work Programme on how to further improve working conditions, including advice to enterprises on how to live up to their corporate social responsibilities
- C: Streamlining of ILO's regional and country presence, gradually reducing field presence and capacity in Europe and increasing field presence and capacity in developing countries.

In order to strengthen the dialogue with the organization, Denmark will continue to coordinate closely with the Nordic countries and other likeminded countries.

4.2. Continued Reform Process

After assuming the function of Director-General of ILO in October 2012, Guy Ryder announced a reform and change programme, including a review of work processes, methods and organizational structures to eliminate duplication, gaps and inconsistencies in order to achieve higher levels of efficiency and effectiveness in resource utilization across the Office. An Expenditure Review Committee will identify areas in which cost savings can be made and efficiency improved, and internal rules, procedures and practices will be reviewed, as will administrative services and headquarters processing functions, in order to improve service level and, at the same time, reduce costs.

Moreover, Denmark will focus its engagement on the ILO's leading role in promoting and protecting indigenous peoples' rights; a priority highly relevant for the implementation of the strategy for Denmark's development cooperation, including the Danish Strategy for the support to indigenous peoples' rights (2004).

In respect of technical cooperation, ILO will engage donors in a dialogue to encourage less earmarking and higher predictability of voluntary funding. The aim is to increase RBSA funding and decrease especially hard earmarking. Project appraisal will be strengthened as will quality assurance mechanisms. With regard to results, Ryder has announced that ILO will produce an bi-annual 'Results Report' on technical co-operation alongside the biennial implementation report.

- D: Increased voluntary funding for RBSA

4.3. Sustained Efforts to Fight Corruption and Managing Risks

ILO is committed to fight corruption and strengthen accountability internally as well as in cooperation with partners. Thus, the Director-General's ***ILO Accountability Framework*** of January 2010 underlines the standards and guidelines underpinning the ILO conduct. Strengthening accountability is a major objective of the ILO reform agenda.

Measures which have been introduced to strengthen accountability in the organization include the clarification of the **Results-Based Management** system, the introduction of an internal letter of representation, a policy on risk management, mechanisms for follow-up on recommendations of the

Office of Internal Audit and Oversight, the performance management system and the formalization of the accountability framework.

In order to fight corruption, avoid fraud and minimize risks, ILO financial rules ascribe responsibilities and accountabilities to specific officials for ensuring that financial duties and obligations are carried out efficiently and consistent with the rules. Managers at all levels are responsible for financial management of their operations. ILO has introduced an internal **Letter of Representation**, which is a written confirmation by ILO managers that they have duly exercised delegated financial authorities and responsibilities. The annual submission of this letter is in accordance with the obligation enshrined in the ILO accountability framework to "self-report" and "self-disclose."

All ILO officials to whom authority has been delegated for the use of ILO resources are responsible for ensuring compliance with established procedures and acting prudently and ethically to provide reasonable assurance for the prevention and detection of fraud and other irregularities. Day-to-day responsibility for the **prevention and detection of fraud, corruption and other inappropriate conduct** rests with line managers. The ILO is committed to preventing fraud and dishonesty and to actively promoting an anti-fraud culture and has a zero tolerance to fraud and dishonesty.

ILO has also taken specific steps to identify and manage potential or existing **conflicts of interest**, which may compromise objectivity and impartiality of ILO officials in the discharge of their duties. Financial interests of officials as a result of family and personal relationships, gifts, benefits and hospitality received from outside sources, as well as through other business interests such as partnerships and family businesses are also considered to be one of the main causes of conflict of interest in a public administration. To assist in the prevention of conflicts of interest, each official is required to complete a Disclosure of Interests Form upon initial appointment and regularly thereafter at intervals decided by the Office.

ILO has in place risk management procedures for its technical cooperation interventions. The ILO **Risk Management Policy** embeds an approach to managing risks throughout the organization. It helps managers to identify, quantify, prioritize and decide on how best to manage risks related to achieving planned results. The policy applies to all officials, with specific responsibilities set down for senior management and heads of organizational units at headquarters and directors of external offices.

Improving Risk Management is a key issue in Denmark's ongoing dialogue with multilateral institutions, and even though there is no indication that this issue should be a particular problem in the context of ILO, it could be potentially beneficial to the organization to review its policies in this area.

- E: Review of the ILO Risk Management Policy

4.5 Monitoring and reporting

In monitoring its contributions to ILO, Denmark will base its assessment on (1) the evaluation of the Africa Commission projects foreseen in the Terms of Reference of the projects, and (2) the organization's own monitoring and reporting framework.

As stated, ILO's RBM approach includes a matrix of 19 targets and 50 indicators. This matrix and its reporting framework, including the financial reporting, is part of the current Programme and Budget for 2014-15. Key in the reporting process is the Director-General's biannual reports to the Governing Body.

In 2015/16, Denmark, represented by its Mission to the UN in Geneva, will carry out a **mid-term review** of its engagement with the ILO, reflecting any major changes in the ILO strategy, budget and programmes in relation to the interim strategy and Programme and Budget for 2016-17.

This review will assess progress in pursuing the priorities defined in the present organization strategy as well as challenges, risk factor development and possible needs for adjustment of the programmes to which Denmark contributes.

The review should include input about ILO's work at country level from relevant Danish embassies. It will be distributed widely in the MFA and will be shared with the Council for Development Policy for information.

5. Preliminary budget overview

5.1. Denmark's stipulated contribution 2014-17

Due to two specific project allocations as a follow up to the work of the Africa Commission – YEF and Skills, for a total of 144 million DKK for 2011-14 – Denmark for the past few years has been the fourth largest governmental donor in voluntary funding to the ILO.

These two projects will be fully implemented this year – with the last instalments being made in respect of the YEF (DKK 23 million) and Skills (DKK 15 million), all in all 38 million DKK to be disbursed in 2014.

Denmark's regular voluntary un-earmarked contribution to the ILO has for the past years been at 20 million DKK annually, provided through the Regular Budget Supplementary Account (RBSA) ⁹

In the wake of ILO Director-General Guy Ryder's visit to Copenhagen in April 2014 the Danish Government announced a strengthened contribution by Denmark to the ILO's efforts to promote working conditions and green growth in developing countries

- an increased core contribution to the ILO/RBSA of DKK 5 million annually in 2014-15, i.e. from 20 to 25 million DKK annually both in 2014 and 2015, and with the perspective of maintaining this level of funding in 2016-17, and
- a new DKK 15 million contribution to the ILO and International Finance Corporation (IFC)¹⁰ Better Work programme.

The budget allocated for Denmark's contribution to ILO for 2014-17 is shown in the table below (to be reviewed annually in the context of the Appropriation Bill):

Table 1 Indicative budget for Denmark's engagement with ILO

Disbursements in DKK millions	2014	2015	2016	2017
Core (RBSA)	25	25	25	25
Earmarked (YEF)	23			
Earmarked (Skills)	15			
Earmarked (Better work)	15			
Totals	78	25	25	25

6.2. ILO's budget

As stated above, ILO is financed by core (assessed) and voluntary contributions provided by its member states, in the ratio of approximately 2:1. The organization operates with a single program budget for a two year period covering both assessed and expected voluntary contributions.

The ILO budget has three main funds: The regular (i.e. assessed) budget; the Regular Budget Supplementary Account (RBSA – i.e. regular voluntary resources in support of the programme and

⁹ Denmark also provides ad-hoc local funding to the ILO through the Danish Embassies in Bangladesh, Central America, Egypt and Nepal.

¹⁰ IFC is a World Bank facility.

budget); and Extra-Budgetary resources for Technical Cooperation (XBTC – i.e. earmarked contributions, usually for specific country activities).

The Programme and Budget is linked to the Strategic Policy Framework and the priorities identified by constituents through Decent Work Country Programmes and decent work decades or agendas, decisions of the Governing Body and the International Labour Conference, and various other tripartite forums such as regional meetings and meetings of experts.

The overall budgetary framework for ILO for 2014-15

Million USD	2012-13	2014-15
ILO's regular budget (assessed)	724	864
RBSA	36	25 ¹¹
XBTC	498	385 ¹²

¹¹ Estimate in 2014-15 budget, is likely to be exceeded

¹² Estimate in 2014-15 budget

6. Summary Results Matrix for 2014-15

Danish Priority Result A: Increased focus on green growth and green jobs <u>and</u> gender equality and the full integration of women in the labour market , in the context of a rights based approach with emphasis on the rights of workers;		
Indicator	Target	Remarks
1.1: Member States (MS) where ILO supports local employment policies and programmes	18 MS	Require information on the focus on green jobs in relation to employment policies and programmes
2.2: MS where ILO help making relevant training more readily accessible in rural communities	7 MS	Require information on gender equality in participation in training activities

Danish Priority Result B: Further advice Better Work Programme participants on how to improve working conditions, including advice to enterprises on how to live up to their corporate social responsibilities		
Indicator	Target	Remarks
Better Work Programme participants receive advice, training and coaching at factory level	Successful start-up of the Better Work Bangladesh project (garment industry)	

Danish Priority Result C: Streamlining of ILO's regional and country presence		
Indicator	Target	Remarks
Reduction of ILO presence in Europe in terms of number of field Offices	Not defined in advance	Part of review of field presence. Does not entail less focus on activities in Europe (especially Southern Europe), only presence

Danish Priority Result D: The ILO Reform agenda: Increased voluntary funding for RBSA		
Indicator	Target	Remarks
Amount paid into RBSA in 2014 and 2015	Reasonable increase of RBSA-funding level compared to baseline (25 million USD in 2014) and the participation of at least two new donors	One donor (Sweden) joined in 2014

Danish Priority Result E: Fighting Corruption and improved Risk Management		
Indicator	Target	Remarks
Review of the ILO Risk	Undertaken in 2014-15 in	Either through a consultancy

Management Policy	context of increased emphasis on risk management across the international system	study or in collaboration with other donors
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Annex 1

Areas of Critical Importance for priority action in 2014-15 (ILO Programme and Budget Proposal 2014-15)

A limited number of areas of critical importance are defined for priority action in 2014–15. Each of these areas combines work from across several of the 19 outcomes of the ILO strategic framework, and is linked to these outcomes through their indicators, by which results will be measured. Below a brief description of the work intended under each of these areas with an indication of the principal outcomes. Other contributing outcomes will be identified in the course of implementation. Cooperation with employers' and workers' organizations, as well as international labour standards and gender responsiveness, will be features of work pursued in all areas of critical importance.

Area: Promoting more and better jobs for inclusive growth

The ILO will intensify its research and policy advice on the links between economic growth, employment and social inclusion under different circumstances, stages of development and endowments, and in response to crises and transitions. The ILO will address this by focusing on: the level and composition of investment; enabling conditions for enterprise development and growth; macroeconomic policy mixes with attention to their employment impact; policies and institutions for skills development, job search and job matching; the financing of social protection; laws, regulations and institutions related to employment protection, employment contracts, working time and other conditions of work; and the role and determination of wages. Evidence-based analysis and cross country comparisons will be used to inform an array of policy options available to constituents to increase the job intensity and inclusiveness of growth. The Office will offer technical cooperation on these issues to countries that request such assistance.

Principal Programme and Budget outcomes, to which the Areas of Critical Importance are to contribute:

Employment promotion
Working conditions
Social dialogue and industrial relations
Mainstreaming decent work

Area: Jobs and skills for youth

The 101st Session of the International Labour Conference in 2012 issued a call for action to tackle the global employment crisis facing young women and men by setting out a multipronged strategy of economic, labour market, skills and rights policies. The ILO will work with constituents to compile evidence on these policies and to deliver technical support and capacity building in policies and programmes for youth employment. Particular attention will be given to supportive macroeconomic policies as well as to promoting an environment conducive to sustainable enterprises, to bridging training and the world of work, especially through quality apprenticeships based on robust social dialogue, and to youth entrepreneurship. The ILO will work in partnerships with a wide array of institutions supporting youth employment.

Principal Programme and Budget outcomes, to which the Areas of Critical Importance are to contribute:

Employment promotion
 Skills development
 Sustainable enterprises
 Child labour

Area: Creating and extending social protection floors

The Social Protection Minimum Floors Recommendation, 2012 (No. 202), provides guidance to member States on establishing and maintaining social protection floors for all as a fundamental element of their national social security systems that progressively ensure higher levels of social security. The ILO will support constituents in the design and implementation of social protection floors, using social dialogue institutions, and coordinating with other social and economic policies that reduce vulnerability and enhance formal, decent employment. Expertise on social security will be combined with skills and employability, entrepreneurship and sustainable enterprises, and economic analysis to ensure sustainability of social protection within sound fiscal policies.

Principal Programme and Budget outcomes, to which the Areas of Critical Importance are to contribute:

Social security
 HIV/ AIDS
 Social dialogue and industrial relations

Area: Productivity and working conditions in SMEs

SMEs can grow by raising productivity and improve working conditions with the right supportive environments. Entrepreneurship together with a skilled workforce and decent working conditions can boost productivity and competitiveness, and form the basis of sustainable enterprises. The ILO will build a programme of policy advice and practical guidance, technical cooperation and capacity building based on evidence of good policies and practices characterized by a mutually reinforcing path of improved working conditions and higher productivity and wage growth. Policy areas include the regulatory environment, skills upgrading, safety and health and other working conditions, as well as social protection. This will also inform work on formalization of SMEs.

Principal Programme and Budget outcomes, to which the Areas of Critical Importance are to contribute:

Skills development
 Sustainable enterprises
 Working conditions
 Occupational safety and health

Area: Decent work in the rural economy

The rural economy accounts for a large share of total employment in many developing and emerging economies with significant decent work deficit challenges. The ILO will centre its programme on promoting productive employment and decent work in rural areas that enable the working poor to improve their productivity and incomes through both agricultural and non-agricultural activities. The ILO will support constituents and work with external partners to collect evidence and build capacity to facilitate more productive small farms, including cooperatives, to start and build non-agricultural businesses, carry out employment-intensive infrastructure investments, extend social protection systems to smallholders and microenterprises and support measures to address conditions of rural wage workers to secure compliance with relevant international labour standards.

Principal Programme and Budget outcomes, to which the Areas of Critical Importance are to contribute:

Employment promotion
Sustainable enterprises
Social protection
Freedom of association and collective bargaining
Child labour

Area: Formalization of the informal economy

In spite of rapid economic growth in many emerging and developing economies, large proportions of the employed are active in informal settings. The ILO will review current experience and good practice, draw lessons and promote drivers of formalization, targeting micro- and small enterprises in selected economic sectors and categories of workers in informal employment conditions. Policy advice, technical cooperation and capacity building will promote formalization through enterprise, employment, labour and social policies. The ILO will work with governments and other partners to develop and promote legislation and regulations that encourage formalization. It will work to strengthen the capacity of organizations of employers and of workers to reach out to informal businesses and workers in order to promote effective transitions to formality.

Principal Programme and Budget outcomes, to which the Areas of Critical Importance are to contribute:

Employment promotion
Skills development
Sustainable enterprises
Working conditions
HIV/AIDS
International labour standards

Area: Strengthening workplace compliance through labour inspection

This work will focus on developing the capacity of constituents to improve compliance in workplaces with national labour laws and regulation, ratified international labour standards and applicable collective agreements. This will be done by enhancing employer and worker collaboration in compliance; strengthening the enforcement and preventive functions of labour inspection and labour administration; providing technical assistance and capacity building to government inspection and enforcement institutions and to social partners; assisting in the design of labour legislation and effective dispute resolution mechanisms; and public-private partnerships. The ILO will work with constituents to design innovative and complementary approaches to workplace compliance, including in the informal economy.

Principal Programme and Budget outcomes, to which the Areas of Critical Importance are to contribute:

Labour administration and labour law
Decent work in economic sectors
International labour standards

Area: Protection of workers from unacceptable forms of work

Unacceptable forms of work comprise conditions that deny fundamental principles and rights at work, put at risk the lives, health, freedom, human dignity and security of workers or keep households in conditions of extreme poverty. Priority attention will go to the most vulnerable categories of working women and men depending on country contexts. Work will use the full scope of ILO means of action and combine empirically-based policy advice with technical cooperation, partnerships and capacity building. A primary focus will be to address gaps in protection and strengthen capacity to remedy them. This work will complement the promotion and application of international labour standards.

Principal Programme and Budget outcomes, to which the Areas of Critical Importance are to contribute:

Forced labour
Child labour
Discrimination at work
Labour migration
Occupational safety and health