



FIRST ITEM ON THE AGENDA

Programme and Budget for 2006–07**Use of resources in the
Special Programme Account**

1. The provisional (to be audited) financial results ¹ under the ILO Programme and Budget for 2006–07 are before the Committee under the first item on its agenda at the present session of the Governing Body. ² As indicated in that document, the biennium ended with a surplus of US\$32,218,359 at the 2006–07 closing rate of exchange of 1.14 Swiss francs (CHF) to the US dollar. The surplus is due largely to the receipt of significant amounts of arrears, resulting in income in excess of the level of the Programme and Budget for 2006–07, but also includes a small under-spending of the approved budget of US\$785,263. Although contributions received exceeded total assessments for 2006–07, this surplus did not increase the Director-General's spending authority, as article 13 of the Financial Regulations only authorizes the Director-General to incur expenditure up to, but not exceeding, the amount appropriated by the Conference.
2. Arrears arise owing to the non-payment of assessed contributions in the financial period in which they are due. Pending receipt of such contributions, under article 21 of the Financial Regulations the Director-General is authorized to withdraw sums from the Working Capital Fund or to contract loans. Such withdrawals or debts, if not reimbursed in the same financial period, are reimbursed from arrears of contributions received in following financial periods. ³
3. The Financial Regulations were amended by the Conference in June 2003 to ensure that surpluses were dealt with in an appropriate manner. ⁴ Article 18 of the Financial Regulations now provides that when contributions received, including arrears, during a financial period exceed the level of the budget, any such surplus shall be transferred to the

¹ 2006–07 income and expenditure figures are still subject to audit.

² GB.301/PFA/1/1.

³ Article 21.2(a) of the ILO Financial Regulations.

⁴ ILC *Provisional Record* No. 17, 91st Session (June 2003).

Special Programme Account.⁵ Article 11.9 further provides that subject to the authorization of the Governing Body, amounts available in the Special Programme Account shall be used to finance high-priority activities of limited duration that were not otherwise provided for under the budget.⁶

4. The Director-General proposes that the resources available in the Special Programme Account be authorized for use on priorities identified during the programme and budget debate in March 2007 for which funding was inadequate, as well as other priorities that have emerged since.
5. It is proposed that approximately 50 per cent (US\$15.8 million) of the resources would be retained for programme priorities as identified below, and approximately 50 per cent (US\$15.8 million) be transferred to the Building and Accommodation Fund (BAF) to provide partial funding for the proposed renovation of the headquarters building. The transfer of these resources to the BAF together with the proposal relating to the treatment of the net premium⁷ would be an important contribution by the member States towards this urgent need.
6. The treatment of the programme priorities arising from the 2006–07 surplus would apply a similar methodology to that used for the 2000–01 and earlier surpluses.⁸ The proposed expenditures would be one-time investments that would neither create ongoing obligations for the Organization nor inflate the resource base in order to justify future regular budget increases. Each proposal would be accompanied by a statement of intended outcomes in keeping with results-based management principles. No expenditure would be incurred without the prior approval of the Director-General based on detailed proposals. Expenditure would be accounted for separately and reported regularly to the Committee, mainly through the Programme Implementation Report.
7. The following allocations are proposed for use of the 2006–07 surplus:
 - (i) *Renovation of the headquarters building.* It is proposed to allocate approximately one half (US\$15.8 million) of the 2006–07 income surplus to the BAF for the renovation of the headquarters building. The Governing Body has on various occasions expressed its support for this extraordinary investment for which the next step is the preparation of the master plan.
 - (ii) *A programme of action to support the transition to green jobs.* At the 96th Session of the International Labour Conference in 2007, the plenary discussion based on the Director-General’s Report identified a socially just transition to green jobs as one of the eight key issues for sustainable development.⁹ In November 2007, the Working Party on the Social Dimension of Globalization discussed a report on the “ILO’s Green Job Initiatives”¹⁰ which highlighted the decent work dimensions within the

⁵ Article 18.3 of the ILO Financial Regulations.

⁶ Article 11.9 of the ILO Financial Regulations.

⁷ GB.301/PFA/1/2.

⁸ See GB.283/PFA/2/2 (March 2002) and GB.285/PFA/9 (November 2002) on the treatment of the 2000–01 surplus.

⁹ ILC 96 (2007), Report I(A), *Decent work for sustainable development*.

¹⁰ GB.300/WP/SDG/1 and GB.300/18.

UN strategy on climate change. Industrial sectors and enterprises will need to adjust to lower carbon emissions by drawing on the ILO's instruments of social dialogue, training, employment and social protection. While work is under way, the Programme and Budget for 2008–09 does not include funding for this item. The proposed resources would be used for research, development of technical cooperation, advisory services, training and capacity building in member States. An allocation of US\$3.0 million is proposed. Future resource requirements would be included within the programme and budget and through extra-budgetary technical cooperation.

- (iii) *Security of ILO staff and premises.* Additional resources are required to supplement those allocated in the Programme and Budget for 2008–09 to enable all ILO premises to comply with the UN minimum operating security standards (MOSS) and minimum operating residential security standards (MORSS) and to enhance overall ILO security capacity. In the wake of the bombing of the UN offices in Algiers, the ILO has carried out a new assessment of compliance with security standards. Additional works are required in some locations as well as additional training and equipment for staff. An allocation of US\$1.5 million is proposed.
- (iv) *Technical assistance to decent work programmes in UN country programmes.* In those countries embarking on UN reform initiatives, the ILO needs to strengthen technical support to Decent Work Country Programmes as elements of the UN country programme. This is particularly the case in countries in which the ILO has no office and where it faces high transactions costs. In addition there is strong demand to apply the *Toolkit on mainstreaming employment and decent work* in common UN country programmes. The resources would enhance the capacity of the ILO to make technical proposals within UN country programmes. An allocation of US\$2.0 million is proposed.
- (v) *ILO Century Project:* In November 2007 the Governing Body approved the report of the Board of the International Institute of Labour Studies which reported on the ILO Century Project.¹¹ The objective of the project, carried out under the auspices of the Institute, is to strengthen the ILO's knowledge base on its contributions, within its mandate, to thinking and policy development on social and economic issues since it was founded in 1919, looking forward towards its centenary in 2019. The project includes historical reviews of ILO ideas and their impact in its different fields of work, reflecting tripartite perspectives; improved archives and library collections; biographies and/or oral histories of key figures among constituents and staff; and educational programmes and capacity building for all concerned with the ILO. Consolidating the "institutional memory" in a major capacity-building exercise is essential to strengthening the role of the ILO and its constituents in current policy debates. No specific resources are available to finance the project. An allocation of US\$1.0 million is proposed.
- (vi) *National tripartite events to mark the 90th anniversary of the ILO (1919–2009).* In order to properly mark the 90th anniversary of the founding of the ILO and to prepare for the centenary in 2019 it is proposed to hold a series of high-level national tripartite dialogues around key issues in the Decent Work Agenda. One or more events could take place in every ILO member State and be partly co-funded where appropriate. Each such event would aim to establish a stronger knowledge base on the scope and impact of ILO activities in the country concerned, and identify the parameters for ILO action in the decade up to the centenary in 2019. The proposal would include costs for the preparation of such national events, the development of knowledge networks around ILO ideas and related support costs for tripartite participation, as well as

¹¹ GB.300/PFA/3/1.

resources for global, regional and national communication and media activities. An allocation of US\$1.8 million is proposed.

8. The resources remaining in the Special Programme Account (some CHF8.1 million) will be retained for new and unforeseen programming priorities. Proposals for their use will be submitted to the Committee at subsequent sessions.
9. *The Committee may wish to recommend that the Governing Body authorize the use of resources available in the Special Programme Account totalling CHF28.6 million (US\$25.1 million) as summarized in the appendix to this document.*

Geneva, 5 March 2008.

Point for decision: Paragraph 9.

Appendix

Proposed allocation of resources from the Special Programme Account

	US\$*
1. Transfer to the Building and Accommodation Fund	15 800 000
2. Programme of action to support the transition to green jobs	3 000 000
3. Security of ILO staff and premises	1 500 000
4. Technical assistance to Decent Work Country Programmes	2 000 000
5. ILO Century Project	1 000 000
6. National tripartite events to mark the 90th anniversary of the ILO	1 800 000
Total	25 100 000
Total in CHF	28 600 000

* US dollars equivalent at the US\$/CHF rate of exchange as at 31 December 2007.
