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Programme, Financial and Administrative Section

PFA

MINUTES

Programme, Financial and Administrative Section

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Programme, Financial and Administrative Segment

First item on the agenda

ILO programme implementation 2016–17 ([GB.332/PFA/1](#))

General comments pertaining to the overall report

1. *The Worker spokesperson* said that the structure of the implementation report had improved since the previous report. Her group particularly welcomed the online dashboard, the section on lessons learned, challenges and future prospects, and the aggregated analysis of achievements per strategic objective. While the ILO was to be commended on having mainstreamed decent work into the 2030 Agenda for Sustainable Development, it was important to harness its tripartite and normative foundations in order to influence international policy debates and country-level work in pursuit of social justice and decent work, especially in the context of United Nations reform.
2. Despite positive outcomes, important challenges remained in promoting international policy coherence based on ILO values and standards. The report rightly acknowledged the challenges related to the austerity measures promoted by the International Monetary Fund in the area of social protection.
3. In respect of migration and the role of the International Organization for Migration, the information in paragraph 18 underestimated the challenges to ensuring that the ILO was recognized as the lead organization in labour migration in the implementation of the United Nations global compact for safe, orderly and regular migration.
4. Regarding cross-cutting policy drivers, more should be done to enshrine the normative function in all the outcomes given that a mere 9 per cent of results had international labour standards as a principal objective. The fact that the ILO had received 98 new ratifications was good news. In future, a list of ratified Conventions should be provided and information on ratifications should systematically be included in each strategic objective section of the implementation report. The results showed that greater efforts were needed to strengthen social dialogue and the social partners' engagement at country level in order to optimize the ILO's value added at country level, particularly in light of United Nations reform. The situation on gender equality and non-discrimination also merited improvement, given that only 39 per cent of results made a significant contribution to that cross-cutting policy driver. She asked why there had been no gender-specific extra-budgetary approvals during the biennium, as indicated in document GB.332/INS/6, and what remedial action would be taken. As the results most often focused on gender, greater attention should be paid in future to non-discrimination. The report contained little information on how discrimination based on health, especially HIV/AIDS, was addressed in ILO programmes.
5. As the ILO derived its strength from its comparative advantage as the only organization that developed and supervised international labour standards, more resources should be allocated to outcome 2, especially if the ILO wished to face the challenges related to strengthening its normative functions through technical cooperation. She wondered why regular budget expenditure for the formalization of the informal economy, unacceptable forms of work and labour migration was less than planned. Her group would appreciate clarification on the

reasons for the decline in extra-budgetary funding for outcome 10 on employers' and workers' organizations, and what remedial action was envisaged.

6. Figures 6 to 15 in Appendix II illustrated which outcomes were working on a collaborative basis, drawing on resources from across the Office. Figure 11 on outcome 6 showed a good example of several departments and regions working collaboratively. However, for many other outcomes, it was of concern that only one or a few technical departments were contributing.
7. *The Employer spokesperson* expressed disappointment that his group's repeated call for the Office to produce an implementation report providing an in-depth comparative analysis of results against what was planned in the programme and budget, and strong narratives on results and impacts achieved, had not been heeded. During the programme and budget discussion at the 326th Session of the Governing Body in March 2016, the Employers' group had specifically requested that the implementation report should include extensive information on resource expenditure for each policy outcome, comparing the strategic budget with actual expenditure, and on results and impacts achieved for each policy outcome per region in comparison with what was planned.
8. The Employers' group had also emphasized during the 331st Session of the Governing Body in November 2017 that an integrated policy outcome reporting within the framework of four strategic objectives was an unnecessary burden on the Office, and that the report on ILO programme implementation 2016–17 should capture lessons learned as well as Office responsiveness to the constituents. The Office had not taken those comments into account. On that occasion, the group had once again appealed for a financial report that provided a comprehensive overview of how resources were spent and how different ILO departments were contributing to the ten policy outcomes. Similarly, the Office had not taken into consideration a formal letter from the Employer's group emphasizing the need to pay specific attention to how the implementation report was presented and notably to include an ex-post facto financial report.
9. It was difficult to interpret the figures in table 1 on ILO strategic expenditure by outcome, 2016–17. Despite being requested to do so, the Office had not provided an analysis comparing the figures in table 1 with the budgeted amounts in table 2 of the Programme and Budget for 2016–17, nor had it detailed and justified large differentials. Members of the Employer's group had therefore undertaken the analysis themselves and made several observations.
10. For several policy outcomes, the Office had offered no insights on discrepancies between the strategic budget and expenditures. Differences in the actual and planned expenditures for all ten outcomes collectively were as high as US\$93.5 million: the Employers' group requested the Office to explain its decision to spend more on some outcomes and underspend on others.
11. The report included no explanation as to why the Office had not fully delivered on its regular budget, with an unspent amount of \$8.9 million. The Office had also failed to clarify why some outcomes received more extra-budgetary contributions than estimated while others received less. While the Office had indicated that outcome 10 was below target due to a sharp decline in extra-budgetary funds, the justification contradicted the information provided in the report that voluntary funding in 2017 had reached a record level of over \$603 million. Given that the Office's projections for extra-budgetary contributions had been exceeded, more resources could have been provided to strengthen employers' organizations as part of outcome 10, so that related targets could be achieved. The Office should also clarify how extra-budgetary funding was allocated and whether express demands and constituents' needs were considered.

12. The expenditure summaries in the report did not distinguish between funds allocated under outcome 10 to workers and employers, respectively, which hindered understanding of where and how ILO resources had been channelled to the social partners. Members of the Governing Body should not have to undertake the analysis themselves. The Employers' group had found a stark imbalance in the allocation of extra-budgetary resources to employers' and workers' organizations, which could not be justified.
13. The analysis in Appendix II, Additional financial data, fell short of what the Governing Body required to assess budgetary spending. For example, figures 6 to 15 indicated the contributions of ILO departments and regional programmes to each policy outcome in percentage terms only. The Office should indicate the precise contribution made by ILO departments and regional programmes and specify the type of resources used to formulate the percentages. Despite shortcomings in the analysis, the group thanked the Office for stressing that support from member States and donors was critical to properly fund the development of strong and representative employers' and workers' organizations.
14. The Office should evaluate whether changes in process management had brought positive results. There was insufficient clarity on what the improvements of the Business Process Review were and whether new processes had delivered efficiency gains. The Office should also clarify how underutilized resources had been redeployed to priority activities in a timely and efficient manner. It should also undertake a cost-benefit analysis of the review, particularly on how much had been invested so far and how much the ILO had recovered through improved processes.
15. While the structure of the implementation report was based on four strategic objectives, the structure of the programme and budget was based on ten policy outcomes. It was therefore difficult to read the two documents in parallel, assess results and impact and draw lessons, particularly because contrary to the outcomes the strategic objectives did not have defined targets and criteria of achievement. In the context of an improved results-based management framework, the Office should find a better way to collectively report on a policy outcome, possibly by reverting to outcome-based reporting.
16. Although the Web-based Decent Work Results Dashboard was an innovative development, it had a number of problems. There was no added value to the results shown globally and per region, since the figures were not compared to the programme and budget and offered no insights into country-level achievements and lessons learned in an integrated manner. In addition, it was confusing that the Dashboard was structured to correspond with policy outcomes and not the strategic objectives outlined in the implementation report. Such innovative projects must be simple and transparent in order to be of use to the Organization and must be based on a consultative process. The Decent Work Results Dashboard should be linked to the Development Cooperation Dashboard and the Evaluation Dashboard for a more comprehensive view of projects, activities and achievements at country level and to avoid having three siloed dashboards that were not interconnected. The hyperlinks currently in place were not helpful.
17. The results for each strategic objective were unclear. Rather than providing an overview of achievements, challenges and lessons learned, the report offered descriptions of end products and a quantification of results. More attention should be paid to the application and utility of specific products, projects and processes as well as their impact on the constituents. The Office should clarify how all policy outcomes, and not outcome 10 alone, had built the capacity of the constituents.
18. It was difficult to understand how and to what extent the policy outcomes supported the mainstreaming of the three cross-cutting policy drivers, and the marker system was not useful in that regard.

19. The Employers' perspectives had not been adequately reflected in the joint research publication of the ILO, the OECD and the Global Deal, entitled *Achieving Decent Work and Inclusive Growth: The Business Case for Social Dialogue*. That document had numerous deficiencies, leading to the conclusion that it was not evidence-based. The Employers' group had already objected to the continuous engagement of the Office with the Global Deal, since it duplicated the ILO's mandate and efforts; the ILO should be the only channel of social dialogue. The publication should therefore not be referenced in the report. The publication *Non-standard employment around the world: Understanding challenges, shaping prospects* should not be referenced either, since the group had already expressed reservations to its content due to the lack of good governance and the unbalanced approach followed in its elaboration. The Office should also explain how it measured the relevance and quality of ILO research.
20. Regarding capacity building through the International Training Centre of the ILO in Turin, the Strategic Plan for 2018–21 represented a positive step, placing the Centre at the core of ILO efforts to adapt to a complex world. The Centre should continue to adapt its training programmes for ILO constituents on the policy outcomes.
21. With respect to the analytical and statistical work of the Office, the wording in paragraph 213 was ambiguous; it was important to clarify that the constituents should determine how rights at work were to be measured in the Sustainable Development Goals (SDGs) framework and that the Office's role would be to implement their decision.
22. Information about the Centenary Initiatives was spread throughout the report, rendering it hard to understand. Considering the importance of the initiatives, a separate section of the report should be dedicated to them, including more comprehensive information on the contributions of policy departments and regional offices to the initiatives.
23. While an Office-wide approach to lessons learned was useful, maintaining outcome-based information so that concrete improvements could be made within policy outcomes and regions was important; however, that was not reflected in the report. The wide scope of work and the limits to what could be achieved within a zero real growth budget environment should not have prevented the Office from providing a more in-depth comparative and qualitative analysis supported by financial information. Much work remained to be done regarding the move from the measurement of activities and spending to the measurement of substantive results and lasting impact.
24. The Employers' group fully acknowledged and genuinely appreciated the efforts made by ILO staff at headquarters and in the field. However, the report failed to meet the group's expectations. It called upon the Office to present a new document for a second discussion in November 2018, including: improved comparative analysis of the results against the programme and budget for the policy outcomes; improved analysis, giving meaning to quantitative measurements through stronger narratives on trends, changes and impact; improved financial analysis and clarity on how approved budgets were moved around; concrete substantiation of subjective and unmeasurable expressions; and the removal of analytical narratives that articulated policy directions not endorsed by the tripartite constituents.
25. *Speaking on behalf of the Africa group*, a Government representative of Swaziland thanked the Office for the comprehensive report, which was of considerable length in view of the limited time available for its consideration and debate. The successful work of the ILO relied on the availability of financial resources, which were hardly ever sufficient. The integration of the different budgetary resources was central to the ILO successfully delivering on priorities and programmes. His group therefore urged the Office to strengthen and maintain development cooperation with all of its partners because it helped support the technical,

organizational and institutional capacities of ILO constituents, enabling them to implement meaningful and coherent social policies and ensure sustainable development.

26. Decent work had been recognized as a global goal and universal commitment following its incorporation into the United Nations SDGs. As part of international development efforts aligned with the SDGs, the ILO must continue to focus on the promotion of the Decent Work Agenda as a basis for enhancing political governance and stability in its member States.
27. Increasing levels of unemployment, and particularly youth unemployment, called for a focus on employment-creation programmes. Strategies to combat unemployment could include: national programmes to strengthen small and medium-sized enterprises (SMEs) with a view to promoting entrepreneurship and self-employment; support to the constituents focused on the development of employment policies and youth employment strategies; the promotion of enterprise development; and the strengthening of labour market institutions. In that regard, the achievements highlighted in paragraphs 30–42 of the report were commendable. Development cooperation and the private sector played important roles in employment creation. More support was needed for programmes relating to the promotion of SMEs. His group commended the work conducted by the ILO in addressing requests for the review of cooperative laws and strategies and strengthening SMEs in various countries and expressed the hope that African countries would benefit from similar ILO support.
28. Social protection remained a major challenge. More concerted efforts were needed to achieve policy outcome 3 on creating and extending social protection floors, with due regard to the regular budget allocation for that outcome when preparing the Programme and Budget proposals for 2020–21. There was a need for close scrutiny of whether the policy outcome could be achieved mainly through extra-budgetary expenditure.
29. His group was encouraged that ILO cooperation with the BRICS countries (Brazil, Russian Federation, India, China and South Africa) had focused on social protection, formalization of the informal economy and the future of work. Retaining the ILO’s relationships with strategic development partners, including international financial institutions, remained key for the effective delivery of its mandate and programmes. The Future of Work Initiative had reshaped the profile of the ILO within the multilateral system and beyond, with 110 countries participating in tripartite national dialogues in that respect. His group anticipated that the global dialogue on “The Future of Work We Want”, which had taken place in April 2017, would be factored into the ten ILO policy outcomes in the Programme and Budget proposals for 2020–21.
30. The need to strengthen African workers’ organizations had become increasingly apparent. In that regard, the work accomplished by the ILO was commendable but more remained to be done. During the biennium, there had been protracted and sometimes violent industrial actions in his region. That situation, coupled with competition between workers’ organizations, had weakened and fragmented the trade union movement. There was a need to build the capacity of union officials at all levels, with a view to providing core guidance on trade unionism, collective bargaining and joint negotiation. While the ILO had realized significant achievements in that regard through the programmes and courses offered at its International Training Centre in Turin, such activities could be decentralized to regional labour administration centres, such as the African Regional Labour Administration Centre, which would reduce costs and improve access to training. The progress achieved in respect of ILO policy outcome 2 on the ratification and application of international labour standards was commendable. However, there remained a need for the ILO to ensure full compliance with those standards, including by assisting member States in strengthening their national labour inspection systems and policies. His group was pleased to note the performance results achieved during the biennium and further noted the detailed performance information on the Decent Work Results Dashboard. He encouraged the Office to be guided by his

group's statement when implementing the Programme and Budget for 2018–19 and preparing the Programme and Budget proposals for 2020–21.

- 31.** *Speaking on behalf of the Asia and Pacific group (ASPAG)*, a Government representative of Australia thanked the Office for its efforts in producing the report, noting that it was well set out and included useful boxes and case studies. Given the importance of making the information accessible, the ILO should consider in the future providing guidance to the Governing Body to facilitate a targeted and constructive discussion; some information could have been presented in a table, in a shortened form. The online dashboard was a useful tool that could be further improved by attaching budget figures to each item and including hyperlinks to other relevant work.
- 32.** *Speaking on behalf of the group of industrialized market economy countries (IMEC)*, a Government representative of Turkey thanked the Office for the timely publication of the report and for the dashboard. The implementation of the Programme and Budget for 2016–17 and for 2018–19 would help the Governing Body draw lessons for the ILO centenary so as to be better prepared to address future challenges. The report was the last phase of a process started in 2014, to which IMEC had contributed. He thanked the Office for considering his group's proposals and expressed appreciation for the work done to date. His group attached equal importance to the implementation report and to the preparation of the programme and budget. Results-based management had played a key role in the planning and implementation of ILO work. However, concerns raised by IMEC during the 329th Session of the Governing Body regarding results-based management and accountability at the Office remained. In order to determine the effectiveness of an intervention, performance assessments should compare the outcomes of the implementation of a certain action to a hypothetical situation in which no action had been taken. The document had not provided information on the concrete impact of ILO work on the populations served; implementation reports should provide such information in future. IMEC welcomed the detailed information on strategic objectives, regional highlights and cross-cutting policy drivers, but duplication and overlap should be avoided. The implementation report should be concise and identify key points only, with details provided in annexes or web pages; the dashboard provided a good example of the successful use of new technologies to present information. Although the size of the data set would make the task of correcting errors and updating information a demanding job, the Office should ensure that data were current, and the dates of content updates clearly indicated, in order to eliminate confusion. Qualitative analysis of the programme's achievements could prove more important than quantitative analysis; the Office should therefore focus more on qualitative assessment methods in future programme implementation reports. IMEC attached great importance to the lessons learned and strategic pointers and urged the Office to take them into account in future programmes and, in particular, during the current biennium.
- 33.** *A Government representative of Nepal* aligned himself with the ASPAG statement. He expressed concern at the situation depicted in the report, noting in particular rising unemployment levels and obstacles to social protection and decent work. He expressed appreciation for the ILO's efforts to advance the Decent Work Agenda, the achievement of which remained of critical importance to efforts towards shared prosperity and the end of poverty and of central importance to the 2030 Agenda for Sustainable Development. The SDG targets would only be met through sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. There would be no inclusive economic growth without solutions to issues such as discrimination, wage inequality and poor living standards among working people. His Government had taken steps to embrace international labour standards, paying particular attention to strengthening national legislation and investment in skills, infrastructure and job creation. Constructive cooperation with the ILO had also been instrumental to improvements in his country's employment policy. He expressed appreciation for an ILO initiative bringing together trade

union organizations in Asia with a view to promoting the rights of migrant workers; the ILO's contribution to the process of the UN global compact for safe, orderly and regular migration; and the designation of international labour standards, social dialogue, gender equality and non-discrimination as key cross-cutting policy drivers in the Programme and Budget for 2016–17. He thanked the Office for extra-budgetary support received and called on development partners to continue providing funding to implement the Programme and Budget for 2018–19. He underscored the importance of the ILO's role in the achievement of the 2030 Agenda through its leadership on the Decent Work Agenda and inclusive development. Sustained success would depend on continued dialogue and collaboration between the Office and the constituents.

34. *A representative of the Director-General* (Treasurer and Financial Comptroller) said that implementation reports had historically focused on the delivery of outcomes, indicators and targets and provided limited financial data since they were produced early in the biennium before the financial closure was complete. Reports submitted subsequently to the International Labour Conference had provided more detailed financial data. In response to the Governing Body's request for improved results reporting, in March 2017 the Director-General had advised of new approaches being trialled based on an attribution of staff costs, the Office's largest single input, to policy outcomes, enabling outcomes, country programme outcomes and cross-cutting policy drivers. The Director-General had also announced that a new approach would be introduced later in the 2016–17 biennium. The product of that work would enable an improved level of reporting on activities and costs in the implementation report produced at the end of the 2018–19 biennium. The improved results-based reporting contained in Appendix II of the 2016–17 programme implementation report resulted from that pilot system, and had been delivered one biennium earlier than had been foreseen. The revised approach was introduced at the end of 2017 and would facilitate enhanced multidimensional reporting, including on cross-cutting policy drivers, ensuring that future reports would feature more complete information for 2018–19. Reporting would be useful for Governing Body purposes and for managers. Requests for further comparative information had been noted and reporting would be further enhanced in the next biennium to include such information. Responding to specific questions from the Employers, he recalled that the allocation of extra-budgetary technical cooperation funds between outcomes was dependent on donor priorities and its distribution was therefore not completely determined by the Office. He clarified that the figure cited in paragraph 171 of the document relating to voluntary funding (\$603 million) referred to new voluntary contributions received or pledged in 2016–17, whereas the \$413 million figure quoted by the Employers referred to planned expenditure in that biennium; the two figures were not directly comparable, since new contributions could relate to future and multi-year projects. With respect to the variations between the estimates provided in the Programme and Budget for 2016–17 and the results reported in the programme implementation report, he recalled that the programme and budget was prepared some three years before its implementation. It was possible that some national priorities might change in that time. Moreover, some issues might prove more complex than initially thought, which could lead to discrepancies between resources initially allocated and those eventually required. In addition, a number of favourable financial factors, including gains incurred through foreign exchange movements and the failure of forecasted inflation to materialize, had resulted in lower spending levels across the Office. The significant progress achieved in financial reporting on a results basis for 2016–17 would continue to evolve on the basis of both the new tools available to the Office and the guidance of the Governing Body.
35. *A representative of the Director-General* (Director of the Strategic Programming and Management Department (PROGRAM)) thanked members of the Governing Body for their feedback. The timing of the discussion was important, as the comments of speakers would help guide the implementation of the Programme and Budget for 2018–19 and the development of the Programme and Budget proposals for 2020–21. He noted with particular

interest the appreciation by members of the Governing Body of the Office's efforts to innovate in respect of the reporting process and invited them to view the report and the dashboard as a single entity. Although some members had expressed concerns about structuring the report around the four strategic objectives, he explained that that decision had been based on: previous guidance and feedback from Governing Body members; article 15.3 of the resolution on Advancing Social Justice through Decent Work, adopted by the International Labour Conference in 2016; and recommendations made by the Multilateral Organisation Performance Assessment Network (MOPAN) and the External Auditors, endorsed by the Governing Body. Paragraphs 5 and 39 of the Programme and Budget for 2016–17 also confirmed that the 2008 ILO Declaration on Social Justice for a Fair Globalization provided the overarching framework for the programme in the biennium. Previous implementation reports had also focused on aggregates rather than specific outcomes, and the Office was now using innovative tools such as the dashboard to provide more information on policy and enabling outcomes and indicators, in addition to strategic objectives. The Office shared constituents' concerns about the impact of ILO work and acknowledged that the Governing Body had requested a focus on impact assessments. It was important to note, however, that the implementation report was not intended to include a systematic assessment of impact, which in turn was the subject of evaluation reports. He emphasized that that would be examined at the current session of the Governing Body in the context of the discussion on the ILO's results-based Evaluation Strategy for 2018–21. The implementation report 2016–17 did provide, however, indications that outcomes achieved had great potential to yield mid- to long-term impact on the populations served by the ILO.

Discussion of biennial results

36. *The Worker spokesperson* expressed support for the Office's commitment to take on board the Governing Body's guidance rather than write an entirely new report. Unlike the Employers, her group was not disappointed with the report. Indeed, a number of commendable achievements had been made during the biennium, despite the ongoing impact of the economic crisis. Numerous results were presented in the report and in the dashboard but many appeared small and fragmented; future reports should focus on larger, more integrated results. All four strategic objectives should be integrated in Decent Work Country Programmes (DWCPs), and efforts must continue to ensure tripartite ownership of DWCPs and better performance in terms of gender mainstreaming, in order to allow the ILO to make a distinctive contribution to the UN Development Assistance Frameworks in support of the 2030 Agenda. Conditional funding could be considered as a mechanism to ensure that all DWCPs include a balanced approach to decent work.
37. In respect of the strategic objective of employment, she welcomed the shift towards more holistic employment policies and asked whether the nine countries that had conducted a diagnostic analysis of the informal economy had taken the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) into account. Information on the type and quality of jobs created, in addition to their total number, would have been useful. She also asked how the five-part strategy on youth employment recommended in the 2012 Conference conclusions was being implemented, as the report did not seem to address all of its elements, specifically rights. Although the report mentioned improved working conditions under the Sustaining Competitive and Responsible Enterprises (SCORE) programme, the real situation remained to be established in view of concerns raised in its Steering Committee. In 2015, her group had requested that the Enabling Environment for Sustainable Enterprises (EASE) programme review should involve the groups' secretariats in addition to ACTRAV and ACT/EMP; that had not been done, and the social pillar had not been sufficiently addressed. On social protection, her group agreed that the strategic allocation of limited resources was key and should go hand-in-hand with continued advocacy work and strengthening of the ILO's knowledge and statistical base. She noted with regret,

however, that social dialogue and tripartism was the only strategic objective not to include an analysis of the challenges facing the world of work and asked why such analysis had been omitted. In respect of fundamental principles and rights at work, denial of the right to freedom of association and collective bargaining was treated lightly in comparison with other fundamental principles and rights at work. Further work was needed to increase the ratification rates 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), and of the governance Conventions.

38. The regional highlights showed results to be in line with priorities. She asked the Office to clarify why there was so little analysis of rights at work and social dialogue in the Africa region. The fact that progress on strengthening employers' and workers' organizations and improving regional social dialogue deficits in the Arab States was below target called for a greater focus on rights in that region, specifically on the ratification of Conventions Nos 87 and 98. Rising inequality and persistent vulnerability in the Asia and the Pacific region would also require a rights-based approach. Regions should follow the example of the Europe and Central Asia region, where all countries had ratified all eight core Conventions.
39. Her group attached great importance to the use of ILO evidence-based research to guide policy and welcomed the fact that the Turin Centre linked its activities to the ten policy outcomes. However, greater efforts were needed to address standards in its training activities and increase the participation of workers' and employers' organizations in its open courses. Ongoing Office efforts to engage in UN-wide processes were welcome. Public-private partnerships should be used to engage private stakeholders in the areas of labour relations and social dialogue, with a focus on company-union dialogue, for which the ILO could provide support and technical assistance. Because global partnerships for meeting SDG targets carried the risk of diluting tripartism and international labour standards, the ILO should ensure that social partners were adequately involved, and those partnerships should be used to promote the ratification and implementation of international labour standards. The International Conference of Labour Statisticians must also agree on how best to measure SDG indicator 8.8.2 on national compliance with labour rights. Her group supported the strengthening of the ILO's normative function, which should focus on ratification of Conventions in addition to their application. Furthermore, it agreed that restrictions in law and practice of the right to freedom of association and collective bargaining needed to be addressed in order to achieve decent work, and that the ILO should continue to focus on the development of strong and representative employers' and workers' organizations. Sufficient resources should be allocated to that work, as well as to incorporating gender issues across all policy outcomes in 2018-19. In future, the ILO should give clearer indications as to how workers' and employers' organizations were involved in delivering outcomes; how regional work had advanced the ratification of international labour standards; and which countries had achieved the most and the least progress towards an integrated approach to decent work, and why. It made sense to group results by strategic objective, which could be considered as an option to present outcomes in the Programme and Budget proposals for 2020-21.
40. *Speaking on behalf of ASPAG*, a Government representative of Australia said that the ILO should continue forging partnerships outside the Organization as described in the report. It was encouraging that social protection targets had been exceeded, but new targets were perhaps needed to address outstanding challenges. Work should also continue on the Occupational Safety and Health Global Action for Prevention (OSH-GAP) flagship programme, with a focus on improving conditions for the most vulnerable. Although gender had been introduced as a cross-cutting driver in 2016-17, there were no gender-based outcomes or indicators in the report, an omission that should be addressed in the next programme and budget. The Office should consider ways in which mobile technology could be used to reach workers and employers and help implement policies and programmes. More regular information was needed on the Centenary Initiatives in terms of how information

from national dialogues was used and what was expected from members of the Global Commission on the Future of Work. Progress on the Initiatives should be reflected in the ILO's programme going forward. His group supported investing in skills, promoting the business case for social dialogue and focusing on lessons learned, which would require increased teamwork across the ILO. In the next biennium, the ILO should continue to explore online reporting and communication methods, promote e-learning, push its staff to work across subject areas by sharing experience, and redeploy staff in the field. Input from external experts and non-governmental organizations should also be sought where appropriate.

41. *Speaking on behalf of IMEC*, a Government representative of Turkey said that the efforts to influence international policy processes should not be the ultimate objective, as the ILO should concentrate on its strategic objectives and the promotion of social justice through decent work. Cooperation with other UN agencies and international and regional entities – such as the OECD, the G20 and the BRICS countries – provided important opportunities to advance the Decent Work Agenda and create synergies at the global and regional levels; such cooperation should be continued in so far as it fell within the ILO's mandate, as should work on fair and effective labour migration policies. Although employment targets had been met in a quantitative sense, the figures on vulnerable forms of employment and youth unemployment showed that greater effort was needed to effect real progress. The Office should continue to work with constituents to update the knowledge base on the informal economy and reduce informal employment rates. Social protection and occupational safety and health were priority areas. His group therefore supported the Vision Zero Fund and the Occupational Safety and Health Global Action for Prevention (OSH–GAP) flagship programme and requested additional information concerning the global coalition on safety and health at work proposed during the November 2017 Governing Body session. Databases on industrial relations, labour inspection, undeclared work and the informal economy should include more countries and be integrated into one centralized source of information. Although the ILO's research activities were important, IMEC supported reducing reporting burdens and avoiding the proliferation of unnecessary printed documents; proposals to use digital technology to publish and share statistical data were therefore welcome. The Office should take the necessary measures to ensure that the biennial targets relating to the timely publication of documents and the reduction of total volume of words were achieved. The lessons learned contained in the report must be taken into consideration, together with the results of independent evaluations. Regarding budget and finance matters, results should be measured not only in terms of expenditures, but also in terms of improvements in working lives. The Office should analyse the reasons for which some targets had not been met and take action accordingly.
42. *A Government representative of Sweden* explained that the objective of the Global Deal initiative was to enable all sectors of society to benefit from globalization. It focused on the potential of sound industrial relations and social dialogue to contribute to decent work, quality jobs and increased productivity. The Global Deal was not intended to compete with the activities of the ILO but to amplify them, benefiting from the commitment and cooperation of the ILO, trade unions, employers and governments. He stated his Government's willingness to discuss with the Employers' group how their concerns about the Global Deal could be met.
43. *A representative of the Director-General* (Director, Strategic Programming and Management Department (PROGRAM)) responding to ASPAG, said that the Office had introduced a system of markers, adapted from the UN gender markers system, to track progress in the implementation of the cross-cutting policy drivers set in the Programme and Budget for 2016–17. The Office had been increasing efforts to ensure that the markers reflected the actual contribution to the advancement of the cross-cutting policy drivers,

including quality checks involving the Regional Offices, the outcome coordinating teams and the units in charge of those drivers.

44. Responding to a question from the Workers' group, he confirmed that the diagnostics of the informal economy in the nine countries had informed the development of national roadmaps during the biennium and that the guiding principles of Recommendation No. 204 had been taken into account. That Recommendation indicated that member States should carry out diagnostic analyses of their informal economy.
45. With respect to the EESE methodology, while the 17 assessments carried out by the Office had involved the participation of ACT/EMP and ACTRAV representatives at the country level, greater efforts were needed to include group secretariats.
46. *The Employer spokesperson* noted that his remarks referred to the Global Deal, not to the Government of Sweden. He reaffirmed that the Employers' group wished to distance themselves from the Global Deal and requested that the paragraph be removed from the document.
47. *The Director-General* said that the document, being an implementation report, was a record of work that had been done. It was therefore difficult to remove a paragraph, but divergent views would be reflected in the minutes.

Outcome

48. ***The Office took note of the observations and guidance provided by the Governing Body.***

(GB.332/PFA/1.)

Second item on the agenda

Delegation of authority under article 18 of the Standing Orders of the International Labour Conference ([GB.332/PFA/2](#))

49. *The Employer spokesperson* expressed concern at the late publication of many of the Programme, Financial and Administrative (PFA) Section documents. The explanations provided on the website were appreciated, but the Office should improve its delivery of PFA documents. His group supported the draft decision.
50. *The Worker spokesperson* supported the draft decision.
51. *Speaking on behalf of the Africa group*, a Government representative of Côte d'Ivoire was confident that the Chairperson of the Governing Body would ensure that consultations took place with the Government group, as outlined in article 18.3 of the Standing Orders of the Conference. He supported the draft decision.

Decision

52. *The Governing Body delegated to its Officers, for the period of the 107th Session (June 2018) of the Conference, the authority to carry out its responsibilities under article 18 of the Conference Standing Orders in relation to proposals involving expenditure in the 76th financial period ending 31 December 2019.*

(GB.332/PFA/2, paragraph 3.)

Third item on the agenda

Update on the headquarters building renovation project ([GB.332/PFA/3](#))

- 53. *The Worker spokesperson*** noted the developments in the building renovation that had taken place since the previous session of the Governing Body. She was satisfied that site safety was high but requested details of the incident that had occurred in 2017.
- 54.** Phase 2 of the renovation should start as soon as possible after the completion of phase 1 so as to minimize costs and benefit from the experience and expertise of the existing project team. With regard to financing, her group could support the option for a supplementary provision in the programme and budget. The option of a commercial loan was problematic, given that some member States had restrictions on contributing towards interest payments. She would like to hear the views of the Governments. Her group could also support the option of land development, with a preference for option (d) to pre-finance phase 2 with a special budgetary assessment to later be deducted from member States' regular budgetary assessment, thus avoiding additional financial costs.
- 55. *The Employer spokesperson*** was satisfied that the renovation works were on schedule and that the total budget for the initial works remained within the limits of the financial plan endorsed by the Governing Body. With regard to the financing of phase 2, the Employers' group preferred the options that would avoid interest charges or additional costs; in other words, including a supplementary provision in the programme and budget or approving land development. However, if the cost for phase 2 were to be included in the programme and budget, clarification of how that would be achieved was required from the Office. If the option of land development was chosen, the Employers' group was in favour of options (a) to (d), which would incur fewer costs.
- 56. *Speaking on behalf of the Government group***, a Government representative of the Republic of Korea requested that the decision be deferred to the 334th Session of the Governing Body, to allow for coordinated consultation with constituents, and proposed a corresponding amendment to the draft decision.
- 57. *Speaking on behalf of the Africa group***, a Government representative of Cameroon noted that the financial costs and timing of phase 1 were running according to plan. Regarding the financing of phase 2, she wished to see further information on other options, including leasing the land. Consequently, she supported the Government group's proposal to defer the decision to the 334th Session of the Governing Body.

58. *Speaking on behalf of IMEC*, a Government representative of the United States noted the progress made on the renovation of the building since the previous session of the Governing Body but regretted the late publication of the document. He commended the Office for keeping to schedule, ensuring continuity of business and remaining within budget. He appreciated the Office's efforts to find tenants so as to generate income to support the renovations and requested a status report at the next session of the Governing Body.
59. Turning to the financing of phase 2, he inquired about the status of a Governing Body request to scale-back that phase of the renovations and whether the Office had identified and prioritized essential elements of the project, should full funding not be available. He requested the Office to share details of the discussions with local and national authorities, including an analysis of the advantages of either leasing or selling the land. He asked whether the Office had explored the option of interest-free loans for bridging finance and requested a risk assessment of the impact of the various options on the ILO's budget. Information was still missing regarding perimeter security and a cost analysis comparing unfunded requirements to projected revenue had not yet been provided. Given the complexity of the issue and the importance of the funding considerations, IMEC supported deferring the decision to the 334th Session to allow for further inter-sessional consultations and, also, supported the Government group's proposed amendment to the draft decision.
60. *A Government representative of Switzerland* expressed support for the proposed amendment to the draft decision. Speaking as the host country of the International Labour Office, he recalled that the privileges and immunities afforded by the host country agreement were set out to ensure the free operation of the Organization. If the Organization was not using its land for its own purposes, it could be sold, or leased to other international organizations. It was suggested in the document that the development of the land could involve profit-making activities, which was not compatible with the aims of the host country agreement. The host country and the Organization were bound by the agreement to observe the law and police regulations of the host country; and the Organization was not exempt from urban planning and development regulations. Once the land was sold or relinquished to a third party, it would no longer be occupied by the Organization for its own purposes and would no longer constitute ILO land under the host country agreement. Furthermore, he commented that Switzerland took no responsibility for the figures provided for the value of the land. The presentation of such figures was premature since the cantonal authorities were still considering the conditions applicable to development of the site.
61. *A representative of the Director-General* (Deputy Director-General for Management and Reform) encouraged member States to consider making voluntary contributions linked to the renovation of specific rooms and areas of the building as had been proposed by members during previous sessions. He announced that an open day would be held on 16 March 2017 for interested parties to view the renovated floors.
62. The Workers' comments regarding an accident referred to an incident in November 2017 in which a plasterer had injured the tip of his finger while using a handheld mobile circular saw. The ensuing investigation had concluded that there was no issue with the equipment or the site installation, and it was understood that the worker concerned had completely recovered.
63. In relation to the comments made by Switzerland, he stressed that the ILO was fully compliant with Swiss building regulations and laws. In 2012–13, the Office's recommendations to the Governing Body had led to a major review of the renovation proposals and cost estimates for that very purpose. He advised that with respect to the current development study there had been at least nine separate meetings with representatives of the different levels of the host and local government.

64. With regard to the issues raised by IMEC, the Office had informed the screening group immediately following the November 2017 Governing Body session that the document would be late because it was dependant on a report that would not be available until February. Late documents were always regrettable but sometimes unavoidable owing to the short interval between the November and March sessions.
65. The Office had not yet received confirmation of incoming tenants but was conducting serious discussions, with the option of a single tenant to take the available space in the building and a fall-back option of a number of smaller tenants. Priority was being given to finding tenants within the United Nations system. By the next session of the Governing Body, the Office should have more clarity on that matter.
66. In relation to the priorities and description of phase 2 of the renovation, he referred the Governing Body back to document GB.326/PFA/3, which gave full details of the proposal for phase 2, and also document GB.328/PFA/3, which referred to the prioritization exercise. It would not be advisable to engage in expensive re-costing exercises until it was known whether there would be funding available to do the work.
67. Extensive discussions had been conducted with a range of Swiss federal, cantonal and communal authorities by the consultants engaged by the ILO. The pros and cons of leasehold versus sale were being assessed. Depending on the results of that assessment, the final solution could be part-sale or part-leasehold, achieved by dividing the land into three zones.
68. The Office was not aware of the availability of interest-free loans but would pursue that possibility with IMEC.
69. There were no updates on the perimeter fence because discussions with the authorities had not yet produced a response.
70. In relation to the amendment to the draft decision proposed by the Government group, the Office would be very willing to engage in detailed consultations on all the matters raised. However, the Governing Body was strongly encouraged to consider paragraph 42(b) of the document, which would approve the use of resources in the Building and Accommodation Fund up to an amount of 600,000 Swiss francs (CHF), for the purposes of obtaining a local development plan for the property. Once the local development plan was obtained, it could be transferred to an eventual leaseholder or purchaser and the potential value of the land would be known with more certainty. However, if the next steps could not commence until after November 2018, further delays in obtaining finance and additional costs would arise. It was consequently important to progress with the local development plan as soon as possible. If the Governing Body wished to defer decision-making on the financing options, the Office could accommodate that and would engage in consultations over the intervening period.
71. Taking into consideration the Office responses and the subsequent deliberations, the Government group proposed a final amendment to the draft point for decision and the Governing Body was called upon to consider that proposed amendment.
72. *The Worker spokesperson* reiterated her group's support for points 42(a), (b) and (c) of the original draft decision. A decision on the continuation of the renovation project should be taken in a timely manner, as delaying the process would involve further expenditure. Nevertheless, her group supported the proposed amended draft decision.
73. *The Employer spokesperson* said that his group supported the proposed amended draft decision. It was important to prevent breaks between the phases of the renovation works, to avoid additional expenditure.

Decision

74. *The Governing Body:*

- (a) *without prejudice to future decisions on the financing of further renovations, approved the use of resources in the Building and Accommodation Fund up to an amount of 600,000 Swiss francs, to finance further studies of land development of lot 4057;*
- (b) *requested further inter-sessional consultations on phase 2 of the building renovation project; and*
- (c) *deferred further decisions to the 334th Session (October–November 2018) of the Governing Body.*

(GB.332/PFA/3, paragraph 40, as amended by the Governing Body.)

Fourth item on the agenda

Report of the Government members of the Governing Body for allocation of expenses ([GB.332/PFA/4](#))

Decision

75. *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 base the ILO scale of assessment for 2019 on the UN scale for 2016–18, and to accordingly propose to the Conference the adoption of the draft scale of assessment for 2019 as set out in the appendix to GB.332/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.*

(GB.332/PFA/4, paragraph 7.)

Fifth item on the agenda

Other financial questions

Programme and Budget for 2016–17: Regular budget account and Working Capital Fund as at 31 December 2017 ([GB.332/PFA/5](#))

76. *The Employer spokesperson* said that payment of assessed contributions could be very challenging for some countries and hoped that the Office would pursue its efforts and

incentives to minimize contribution arrears. The Employers were open to supporting the draft decision but would align themselves with the member States.

77. *The Worker spokesperson* said that she would like more detailed information from the Office on which Business Process Review activities could not be absorbed by the current budget. She thanked the governments that had already settled their statutory contributions and hoped that others would follow in due course. She supported the draft decisions in paragraphs 8 and 18.
78. *Speaking on behalf of the Africa group*, a Government representative of Swaziland supported the draft decision in paragraph 8 as the transfers were in accordance with article 16 of the Financial Regulations of the ILO and involved the same part of the budget (Part I). The financial challenges of executing phase 2 of the renovation project warranted transferring the net premium funds into the Building and Accommodation Fund. Nevertheless, she emphasized that the derogation of article 11.5 of the Financial Regulations should not be permanent but rather an exception due to the current circumstances. The Africa group hoped that the contribution to the Building and Accommodation Fund would avoid the need for the Office to propose the sale of Plot No. 4057 in the future. It supported the draft decisions in paragraphs 8 and 18.
79. *Speaking on behalf of IMEC*, a Government representative of Finland said that her group did not support the derogation of article 11.5 of the Financial Regulations as: (a) derogation was meant to be used only in exceptional circumstances; (b) the Governing Body had not yet taken a decision on phase 2 of the building renovation and IMEC still had questions regarding the scope and timeline of phase 2; and (c) IMEC supported the redistribution and incentive scheme and too many derogations would be counterproductive. The maintenance and renovation of the Office required long-term planning and allocation of resources within the ILO budget. IMEC therefore wanted more detailed information about the financial status of the Building and Accommodation Fund and the allocations that were being made into that Fund. It did not support the draft decision.
80. *A representative of the Director-General* (Treasurer and Financial Comptroller), replying to the Workers' question on the Business Process Review, said that there was no particular activity represented by the transfer. It was the amount that remained after all other reform costs had been absorbed.
81. In response to IMEC's request for further details on the Building and Accommodation Fund, he explained that the Building and Accommodation Fund consisted of three components. The first component was for the long-term financing needs of all ILO-owned properties and was financed from Part IV of the budget. At the end of 2017, the balance of that account had been US\$5.4 million and the biennial provision for that part of the Fund in the 2018–19 budget was \$3.4 million. The second component was for the current headquarters renovation project. At the end of 2017, that component had a balance of CHF21 million, which was fully committed for phase 1 of the renovation project. The third component of the Fund was used for major maintenance activities, repairs and renewals of ILO-owned properties which could not be absorbed within the regular budget. It was funded through a biennial regular budget contribution of CHF397,000 and any net rental income receipts. At the end of 2017, that component of the Fund contained CHF7.5 million of uncommitted resources.
82. *The Chairperson* said that while there was agreement about the draft decision in paragraph 8, that was not yet the case for the draft decision in paragraph 18.

Decision

83. *In accordance with article 16 of the Financial Regulations, the Governing Body approved the transfers between budget items listed in table 4 of Appendix I of document GB.332/PFA/5.*

(GB.332/PFA/5, paragraph 8.)

Audit and Oversight Segment

Sixth item on the agenda

Report of the Independent Oversight Advisory Committee ([GB.332/PFA/6](#))

- 84.** *The Chairperson of the Independent Oversight Advisory Committee (IOAC), recalling the main responsibilities of the Committee as outlined in its terms of reference, said that during the period from May 2017 to January 2018, the Committee had met three times. The Committee had continued to engage with the Governing Body, the Director-General and the management of the ILO – including at the regional level – to ensure the communication and understanding that were essential to its oversight responsibilities. It appreciated the support and the tools that had been provided by the Office to assist it in effectively discharging its duties.*
- 85.** *The Employer spokesperson asked the Office to prepare a short document for the next session of the Governing Body providing an overview of the ILO’s auditing and oversight system and of the human resources and financial support available to it. With regard to recommendation 1, he asked how high priority audits were defined and for information on the average times for processing the referrals of allegations to the investigation unit; such information would help to find a solution towards clearing the backlog created in the investigation of allegations. Timely investigation was critical to avoid any additional risks that the Office might encounter as a result of a delayed audit. In order to develop the futurist skill sets mentioned in recommendation 4, the ILO management should map out constituents’ evolving needs and provide adequate staff learning opportunities based on those needs. Although the Employee Profile provided useful information in that regard, more proactive engagement from the Human Resources Development Department would be required.*
- 86.** *The Worker spokesperson noted with satisfaction that the IOAC had confirmed the independence of the External Auditor and welcomed the findings that the 2016 financial statements had been based on sound accounting principles and that the accounting policies and standards and the scope, plan and approach of external audits had been satisfactory. In general, her group supported the recommendations made in the report. With regard to recommendation 2, however, she requested clarification on what was meant by the need to develop metrics and additional approaches to accelerate the implementation process of the Enterprise Risk Management Framework. With regard to recommendation 3, she asked why there was a need for an additional external assessment of the Information and Technology Management Department (INFOTEC), given that the department had already undergone the business process review. With regard to recommendation 1, consideration should be given to whether more internal capacity should be allocated to efforts to clear the backlog created in the investigation of allegations before resorting to additional outsourcing. With regard to recommendation 4, the Human Resources Development Department should consult with the*

ILO Staff Union on the implementation of workforce planning approaches. It was crucial that managers should support their staff in developing new skills and adjusting to change. Her group welcomed the Office's follow-up to previous IOAC recommendations, which had resulted in the closure of ten of those.

- 87.** *Speaking on behalf of IMEC*, a Government representative of the United States said that IMEC fully endorsed the benefits, value and mission of the Committee and appreciated the work that it had undertaken since December 2016 with only four members, in particular its visit to one of the regional offices. IMEC supported all of the Committee's recommendations, in particular recommendations 1, 2 and 3. With regard to recommendation 1, IMEC welcomed the allocation of additional funding to the Office of Internal Audit and Oversight (IAO), but noted that the continued increase in the number of allegations had affected the IAO's resources. More information should be provided as to what additional steps would be taken to reduce the investigation backlog. Failure to resolve cases in a timely manner might prevent staff from reporting cases. With regard to recommendation 2, IMEC appreciated the progress made by the Office in implementing the Enterprise Risk Management Framework and would welcome examples of metrics that could be developed to improve accountability and responsibility. The Organization's use of information technology (IT) systems was also appreciated and the Office should pay further attention to digital transformation, including the use of big data and analytical tools, as indicated under recommendation 3. IMEC noted the Committee's general satisfaction with the implementation status of its previous recommendations and trusted that it would continue to monitor any outstanding issues. The timely implementation of the recommendations by the Office was appreciated.
- 88.** *The Chairperson of the IOAC* recalled, with regard to recommendation 2, that the implementation of the Enterprise Risk Management Framework in the ILO had produced results, including the new IT-based risk management module, which, together with other initiatives such as training, had helped managers to make risk management a daily decision-making tool. The adoption of certain metrics and approaches, such as risk management maturity assessment and risk dashboards, could now be considered as they would further assist managers in achieving objectives on a priority basis.
- 89.** With respect to recommendation 3 and in view of the fact that the list of the top five global risks by perceived likelihood included IT-related risks, implementing an effective IT function was key to the achievement of any organization's strategy. Given the technological changes that had occurred since the last external assessment of the ILO's IT function, the issue should be included in management's discussions to identify areas for improvement in INFOTEC. An external quality assessment would build on the results of the business process review, which had identified certain internal IT policies and practices, and accordingly had developed initiatives to improve process efficiency and team management. An external quality assessment would identify the current maturity level of IT function, examine its development since the last assessment and compare it with the Organization's targets. The assessment and the business process review were thus complementary and did not constitute a duplication of efforts.
- 90.** Regarding recommendation 1, the Committee had been discussing with the IAO the possible allocation of internal capacity to clear the backlog created in the investigation of allegations. It had advised the IAO to hold a discussion on that matter with the Human Resources Development Department and to report on the outcome.
- 91.** *A representative of the Director-General (Chief Internal Auditor)* said that the five factors used to prioritize investigations were: potential financial impact; environment of allegation; seriousness; risk of tampering of evidence; and eventual impact on operations if substantiated. The time required to consider a referral varied in each case, as some referrals

could be closed quickly after preliminary assessment and those that led to full investigations took longer, depending on their nature and complexity. There had to be a balance between using internal capacity where it existed, and outsourcing investigations where specialized skills would not be cost effective to have in house, such as IT forensic skills or forensic accounting that required knowledge of local language and environment. He noted that the backlog in the investigation of allegations had been reduced to 39 cases, which included seven referrals since the beginning of 2018, and said that the Office would continue to work to reduce that backlog, including by outsourcing investigations where appropriate.

Outcome

- 92. *The Office took note of the observations and guidance provided by the Governing Body on the Report of the Independent Oversight Advisory Committee (IOAC) and its recommendations as set out in document GB.332/PFA/6.***

(GB.332/PFA/6.)

Seventh item on the agenda

Report of the Chief Internal Auditor for the year ended 31 December 2017

([GB.332/PFA/7](#))

- 93. *The Worker spokesperson*** noted with satisfaction that no major weaknesses had been identified in the ILO's system of internal control in those areas subject to an internal audit in 2017, and that the audit of the headquarters building renovation project had concluded that the project was progressing well. Greater efforts were needed to address the issues relating to banking and tax exemption noted in the field audits, which had also been highlighted in previous internal audit reports. She agreed with the recommendation that the Gender, Equality and Diversity Branch should be given the opportunity to consider relevant gender and diversity issues before a Decent Work Country Programme (DWCP) agreement was finalized.
- 94. *The Employer spokesperson***, noting the finding that continued attention was required to further improve and reinforce the ILO's internal control environment, said that the increasing number of referrals was of concern. The Office might need to conduct more rigorous background checks of ILO officials, offer more training on fraud and the abuse of ILO resources, and introduce stronger checks and balances in reoccurring cases. The Office should provide an analysis of the types of cases that had been substantiated in recent years. In respect of human resources issues, further improvements should be made by regional and country offices to minimize vacancy periods, ensure the coordination of project activities, and clarify roles and responsibilities. There was a need to work with regional and country directors and partners to ensure that the Office was able to respond in a timely manner to constituents' needs. Noting the lessons learned from investigations, he said the Office should also reflect on lessons learned from previous investigations and report on their implementation.
- 95. *Speaking on behalf of the Africa group***, a Government representative of Mauritania took note of the information provided on the activities of the Office of Internal Audit and Oversight (IAO). He recognized the importance of creating a knowledge-sharing infrastructure across the Organization and noted that the renovation of the ILO headquarters building was progressing well in terms of time, cost and risk management, despite delays

during stage one. He expressed support for the main observations that had resulted from the field audits. The work of the Chief Internal Auditor was of a high quality and very useful when evaluating the strengths and weaknesses of the Office, and its procedures.

96. *Speaking on behalf of IMEC*, a Government representative of the United States, emphasized the value IMEC attached to the mandate of the IAO and encouraged the Office to implement the 2017 audit recommendations as quickly as possible, especially those assessed to be of high importance. She asked what steps the Office was taking to address the recurring financial issues relating to banking and tax exemptions. Noting the high rate of implementation of the recommendations contained in audit reports issued in 2016, she asked whether all of the recommendations issued in years prior to 2016 had also been implemented. She requested more information on how the Office was addressing the issues identified during investigations. Future reports should include information on the amount of money lost by the Office as a result of substantiated claims of fraud, and on efforts being undertaken to recover those funds.
97. *A Government representative of Mexico* noted with satisfaction that so many of the recommendations had been accepted by the Office. Regarding the increase in the number of allegations of fraud, he noted the number of pending and active cases and asked what financial impact or other repercussions those cases could have for the ILO.
98. *A representative of the Director-General (Chief Internal Auditor)* said that the IAO carried out at least two follow-up audits in each biennium in order to verify the status of recommendations that had previously been accepted, and the results were submitted to the Governing Body in its annual report. As it was not cost effective to verify the implementation of every recommendation, a risk-based approach was taken when identifying follow-up audits. The Office did indeed take action on the issues identified during investigations. Many of the issues had been reflected in the current report because fraud was one of the risk factors considered in internal audits. For example, the IAO made recommendations in its internal audit reports on how to improve the monitoring and selection of implementing partners, in order to reduce the risk of fraud and ensure the effective delivery of projects. He agreed that the amount of money lost from fraud cases could be included in future reports, provided that there were no legal constraints.
99. *A representative of the Director-General (Treasurer and Financial Comptroller)* said that, with regard to the recurring financial issues raised in the report, the Office had been surprised to learn that the banks in two of the offices visited had not acted upon instructions to update the signatory. Thus, the Office would be seeking confirmation on an annual basis from each of its banks that those lists were correctly maintained. The Office was using e-banking facilities in 51 ILO locations; however, the appropriate banking infrastructure did not exist in a limited number of other countries and, in some cases, legal issues with local banks relating to the ILO's status as an international organization were still to be resolved. The Office would continue to work with United Nations Resident Coordinators and relevant national ministries to find appropriate solutions to the recurring challenges surrounding the payment of value added tax, particularly in countries where the ILO was a non-resident agency.
100. *The Chairperson* said that in accordance with established practice, the Office would submit to the Governing Body at its 335th Session a report on follow-up to the recommendations of the Chief Internal Auditor.

Outcome

- 101.** *The Office took note of the observations and guidance provided by the Governing Body with regard to the report of the Chief Internal Auditor and its recommendations.*

(GB.332/PFA/7.)

Eighth item on the agenda

ILO results-based Evaluation Strategy 2018–21 ([GB.332/PFA/8](#))

- 102.** *The Worker spokesperson supported the ILO results-based Evaluation Strategy 2018–21 and its three Organization-wide outcomes, which were aligned with the Evaluation Policy approved during the Governing Body’s session in November 2017. She encouraged the Evaluation Office (EVAL) to continue supporting the role of evaluation in the context of the Sustainable Development Goals, particularly strengthening the capacity of workers’ organizations to monitor and evaluate progress at the country level, as reflected in outcome 1.3 Mainstreaming evaluation training was a sound approach, provided that training was adapted to the needs of the tripartite constituents. Referring to indicator 1.2.2 on the ILO evaluation network, she asked whether the Office had foreseen additional resources to establish evaluation staff in the regions and each department. Tailoring evaluations to the ILO’s normative mandate and tripartite structure was important to the Workers’ group, and the added value of the ILO mandate could be more precisely captured under indicators 2.2.1 and 2.2.3. She agreed that the use of strategic cluster evaluations would allow coverage of broader performance issues; the four strategic objectives of the ILO would provide a useful structure for larger and more integrated cluster evaluations. The discussion on the Programme Implementation Report and the issue of cluster evaluations should be linked to the discussion on the Programme and Budget for 2020–21. It would be useful to make reference to the six core principles of the Evaluation Policy, including gender equality and non-discrimination, in the Evaluation Strategy’s indicators. Her group supported the draft decision.*
- 103.** *The Employer spokesperson reiterated the importance of the ILO Evaluation Policy, and thanked the Office for the quality of its work. He stated that the benefit of evaluation was clear and agreed that evaluation findings should play a more significant role in influencing decision-making. He emphasized the need to strengthen the evaluation culture within the Organization and base it on the achievement of results to improve global performance and organizational learning, and thereby enable the ILO to better fulfil its mandate. Significant progress had been made in results-based evaluation, but further progress was possible based on the theory of change to operationalize the Strategy. The results framework would improve the Organization’s capacity to measure its results and impact, and thereby improve its credibility. Although presented somewhat differently, the main indicators and targets covered the five points considered essential by the Employers’ group: capacity development for staff and constituents to establish a stronger evaluation culture, with incorporation of the SDGs; the clustering of evaluations as part of a more rational approach; a reduced overall number of evaluations but increased use of impact evaluations; an appraisal function from project design to implementation, with systematic use in post-evaluation follow-up; and improved management responses to recommendations alongside improved use of evaluations in strategic guidance. In particular, the Office should use evaluation findings to respond more effectively to its constituents’ needs, and should develop a more systematic method for assessing those needs. The automated system to track the management responses*

to recommendations, with an emphasis on quality, was a sound proposal. The Employers agreed that the evaluation function would depend on the enabling environment provided within the Organization and by constituents, particularly the Partnerships and Field Support Department (PARDEV), the Strategic Programming and Management Department (PROGRAM) and technical departments, and would closely monitor the development of such an environment. The Employers' group endorsed the draft decision.

- 104.** *Speaking on behalf of the Africa group*, a Government representative of Cameroon commented on the high level of maturity of the Office's evaluation function. The group welcomed the Strategy, which would improve the effectiveness of the evaluation function, develop an evaluation culture among constituents and staff, strengthen capacity and ensure the application of ILO standards. She encouraged the Office to continue building the capacity of its constituents to allow them to evaluate their projects and programmes objectively. The Africa group supported the draft decision.
- 105.** *Speaking on behalf of IMEC*, a Government representative of the United Kingdom noted the significant progress in the evaluation function since the introduction of results-based management. She acknowledged the role evaluation played in conducting more concrete results-based assessments. However, the Strategy failed to address the shortcomings in capturing gender concerns highlighted in the Multilateral Organization Performance Assessment Network's independent evaluation of the evaluation function, and the review of the Action Plan for Gender Equality 2016–17; she therefore strongly recommended that the Strategy should include a separate outcome and indicator on quality in relation to gender equality.
- 106.** It was important for evaluations increasingly to inform ILO decision-making, but it was not clear from the theory of change diagram what would motivate decision-makers to use evaluation findings and recommendations in their planning, organizational learning and decision-making. She therefore suggested including the enhanced evaluation culture and incentives for using evaluations at the bottom level.
- 107.** Regarding outcome 1.1, she welcomed the emphasis on quality assurance and timeliness of independent and internal evaluations, and requested clarification of the criteria for timeliness. On outcome 1.2, certifications were useful for building capacity, and including evaluation responsibilities in job descriptions would ensure that certifications were put to good use. In relation to outcome 1.3, she asked who the intended constituents would be, what criteria would be used to ensure long-term benefit and value for money when conducting capacity-development initiatives with constituents on monitoring and evaluation, and whether that training would take place in countries with Decent Work Country Programmes (DWCPs) or other development cooperation activities.
- 108.** The implementation of fewer, more strategic evaluations could be an effective approach, but evaluations should be done thoughtfully – not simply to reduce costs. She requested the Office to provide examples of when cluster evaluations would be the best approach, and details of its vision of the trust fund for pooling resources mentioned in outcome 2.1. She also requested further information regarding the new evaluation models, frameworks and guidelines specific to the ILO's mandate as outlined in outcome 2.2. Regarding indicator 2.2.1, she noted that, since 1992, the ILO had used the evaluation criteria of the OECD Development Assistance Committee. She remarked that there was little guidance with regard to sustainability. She suggested that that might be a useful addition to the next Strategy. The introduction of an ex-post quality analysis as described in outcome 2.3 was welcome; however, it was unclear how giving the technical departments oversight responsibility with improved technical support from EVAL would improve quality, as additional funding and highly specialized expertise were required. Given increased donor

interest in funding impact evaluations, she encouraged the Office to seek collaboration to avoid duplicating efforts and ensure findings were widely shared.

- 109.** The emphasis on using evaluations to ensure linkages between DWCPs and the SDGs should take account of the fact that each country has its own national policies and priorities in working towards the achievement of the SDGs.
- 110.** The group fully supported the focus in outcome 3 on improving the accessibility of evaluation information, notably through the i-eval Discovery platform, which should include the findings of external evaluations and links to non-ILO sources covering related topics. Further information on the proposed automated system on the follow-up to evaluation recommendations would be welcome. IMEC supported the draft decision.
- 111.** *A Government representative of India* complimented the Office on its comprehensive Evaluation Strategy, which was aligned with corresponding ILO policy and documents, particularly in relation to the Organization's role as a knowledge leader and its contribution to the efficient use of resources, as that was essential to deliver effective services to member States. He endorsed the draft decision.
- 112.** *A Government representative of China* supported the Evaluation Strategy as a way of transforming the ILO into a learning organization. He noted the focus on independent evaluations and improving results-based management. The evaluation principles contained in the Strategy would help evaluations to become more decentralized. The Office should strengthen its information gathering capacities and the follow-up management system to evaluation recommendations. Evaluation indicators should be in alignment with the SDGs and DWCPs. Evaluation activities should be conducted in a timely fashion and the capacity of evaluation staff should be strengthened in all regions and departments. High-quality evaluations must go hand in hand with effective application of the findings. He encouraged all regions and departments to share information in a timely manner for effective policy interventions. He supported the draft decision.
- 113.** *A representative of the Director-General* (Director, Evaluation Office (EVAL)) welcomed the overall support for the Strategy, including the concept of clustering. He agreed that additional work was required to establish how evaluations would be clustered; a methodology and procedure would be developed and piloted under the Strategy. Clustering would be thematic, and possibly under an overall country programme evaluation. The pooling of funds in a trust fund for clustered evaluation would have to be agreed upon with donors. One example where clustering would be appropriate was where a country had five donors all supporting the same thematic topic. Clustering would also reduce the evaluation burden for constituents. The theory of change had been established at the Organization level and was based on best practices. It rested on the assumption that there would be an enabling environment to support sound monitoring and reporting, with a strong organizational learning culture as a prerequisite. Regarding ILO-specific evaluation approaches, work would be done to better incorporate the ILO's normative standards in social dialogue into evaluation methods while respecting the evaluation criteria of the OECD Development Assistance Committee. Sustainability was already included in the ILO approach and would be further strengthened.
- 114.** As to the questions on gender, the Evaluation Policy called for evaluation approaches to be more inclusive of human rights and gender issues. Although there was no specific indicator in the Evaluation Strategy, there was an indicator on evaluation in the Organization-wide Action Plan for Gender Equality, and reporting against that indicator would ensure accountability. The Evaluation Office would also endeavour to improve gender coverage in the new evaluation approaches under development.

- 115.** Training activities for measuring progress under the Decent Work Agenda and the SDGs would indeed be tailored to constituents' needs and would ensure that they are not overly burdened. The ILO would focus on the Decent Work Agenda, with training and diagnostics related to the SDGs provided only where requested. In response to the Worker spokesperson's question on staffing, he explained that the Evaluation Office was not requesting additional funding, as there were evaluation officers funded from the regular budget in every region, and focal points in every department. Rather, the Strategy called for a better recognition of the focal point role, performed on a voluntary basis in performance appraisals, and a review of reporting lines to ensure maximum independence for regional evaluation officers.
- 116.** Responding to questions on impact that had also been raised during the discussion in the Programme, Financial and Administrative Segment on the report on ILO programme implementation 2016–17, he explained that impact evaluations were performed selectively at the ILO due to the fact that performance indicators in the ILO's programme and budget and most projects were outcome and not impact indicators and the considerable expense involved in rigorous impact evaluation. Impact evaluations in the ILO were used as learning rather than accountability tools and were aimed at demonstrating that the ILO's work in supporting policies and intervention models had the desired impact. As to the i-eval Discovery platform, coverage would be improved to include more internal and external evaluations. Lastly, the automated management response system to evaluation recommendations replaced the manual system using Excel. It automatically generated a table with all the recommendations from a project evaluation, and sent reminders to managers to input data. It would also serve as a repository, with potential for donor access.

Decision

- 117.** *The Governing Body endorsed the Evaluation Strategy 2018–21 outlined in paragraphs 1–31 of document GB.332/PFA/8.*

(GB.332/PFA/8, paragraph 32.)

Personnel Segment

Ninth item on the agenda

Statement by the staff representative

- 118.** The statement by the staff representative is reproduced in Appendix III.

Tenth item on the agenda

Amendments to Staff Regulations

- 119.** There was no document under this agenda item.

Eleventh item on the agenda

Update on the decisions taken by the International Civil Service Commission (ICSC) at its 85th Session regarding the post adjustment index for Geneva (GB.332/PFA/11)

120. *The Worker spokesperson* noted that, while the post adjustment index for Geneva could be considered an in-house issue, it was not an issue of lesser importance. The decision made by the Governing Body would have an impact not just on ILO staff members and their families, but everyone linked to the United Nations system. That responsibility was keenly felt by her group.
121. When the Workers' group had approved the Governing Body's decision on the issue in November 2017, it was in the hope that the problems arising from the methodology of cost-of-living surveys would have been addressed by the ICSC, taking into account the concerns raised by staff and the Geneva-based management. That had not happened and document GB.332/PFA/11 presented a large number of concerns.
122. The statement by the Chairperson of the ILO Staff Union had borne witness to rising tension and multifaceted problems within the UN system in Geneva and around the world, concerning salary-setting methodology. Demonstrations and strikes had taken place and were likely to continue. UN staff members had started a campaign to reform how working conditions were set and were calling for an urgent review of the ICSC's governance structure, regulations and rules to create an accountable body that followed a transparent, balanced, credible, participatory and fair process and methods that included the principles of collective bargaining. Growing mistrust and anger had also been indicated and there was decreasing confidence among staff that social dialogue and fundamental rights at work were respected by management.
123. The ILO and its constituents would soon be celebrating the Organization's centenary, which was a unique opportunity to demonstrate the benefit of social dialogue and the rights-based approach on which the Organization was built. UN reform and the place of the ILO in the renewed common system should also be taken into consideration. Expectations were high that the outdated governance structure and processes of the ICSC would be reviewed.
124. Her group supported the Office position, outlined in the document, on the importance of a single, unified UN common system. A common system implied functioning dialogue between UN agencies and the ICSC on all issues relating to working conditions and wages, and the implementation of administrative decisions on a sound and legal basis. While the report of the ICSC consultant generally concurred with the earlier findings of the Geneva-based team of experts, and included 64 recommendations for improvement, the fact that it had not examined many of the specific issues and serious methodological, legal and managerial concerns raised with regard to the results of the 2016 cost-of-living survey by UN system organizations and staff federations demonstrated a severe lack of cooperation and consultation.
125. The 64 recommendations for improvement opened the door for a considerable number of legal challenges by officials at duty stations. It should be noted that the introduction of the revised post adjustment multiplier for Geneva would reduce net home pay by 5.1 per cent by the end of June 2018, despite the recommendation in the report that compensation policy

required reasonable stability in salary and avoidance of sudden major drops in value. The drop in salary and in confidence would impact staff morale.

126. The problem before the Governing Body went beyond whether to implement or delay the decision by the ICSC. The common system faced a decisive moment. Confidence needed to be re-established and tribute paid to the justified concerns of staff and experts. Dialogue between management and staff, and the review of salary-setting methodologies should not be further delayed. That review must start immediately and should be integrated in discussion on UN reform and be conducted in a transparent and well-structured manner. The outcome of discussions at the 86th Session of the ICSC, which was ongoing, would be important and she asked whether the Office was able to share any information on those discussions.
127. The decision of the Advisory Committee on Post Adjustment Questions (ACPAQ) to rectify shortcomings in the statistical aspect of the ICSC's methodology in future was a cause of concern, as was the ongoing reduction in officials' net take-home pay and the decision, contrary to expectations, not to reflect the increase in United States federal civil service salaries in the ICSC calculations and thus offset the salary reduction. Two principles at the heart of the UN – transparency and accountability – had been fully disregarded by the ICSC.
128. Given the importance of the decision made by the Governing Body for the whole UN system, the ILO should lead by example and demonstrate how to build a more accountable and better adapted UN governance structure for the future.
129. The Workers' group could not support the draft decision. Although she could support subparagraph (a) as drafted, (b) should be deleted. She suggested that (c) should be amended to read: "requests the Office to continue to actively engage with the ICSC at its 86th Session and beyond with the objective of reforming the post adjustment and other salary survey methodologies. The reform process should guarantee the full involvement of the UN workers' federations and respect the basic principles of social dialogue."
130. *The Employer spokesperson* said that he was aware of the difficulty of the topic for the Governing Body and the Director-General. The draft decision presented was most troubling. Staff should be treated as the Organization's most valuable asset and the Governing Body should be in a position to make well-informed decisions, based on quality information, when exercising its fiduciary duties in the best interests of the ILO, its constituents and staff.
131. Despite the Governing Body's request of November 2017, the ICSC had not taken the expected steps to provide the required information by addressing methodological, legal and managerial concerns, meaning that the tension between the ICSC and the Geneva-based agencies was unresolved and the potential legal risks were unmitigated and increasing. The final report by the ICSC independent consultant did not provide a cost-benefit analysis of implementing the revised post adjustment index. Furthermore, ACPAQ had agreed to implement only 50 of the 64 recommendations made in the report, all of which addressed the future not the present situation, and did not tackle the concerns raised by the Governing Body in November 2017.
132. Since the findings of the ICSC independent expert largely concurred with the earlier findings of the Geneva-based team of experts and its concerns regarding the adequacy of the methodology used, he wished to know how the Governing Body could rely on the ICSC's analysis and recommendations while exercising its fiduciary duties. The ICSC consultant had reached the conclusion that the current methodology was a long way from being fit for purpose, thereby validating the position of his group that pay should not be cut before a solid and technically unchallengeable methodology had been worked out. Taking any other position would amount to endorsing arbitrary decisions.

- 133.** It was regrettable that the independent consultant had not been in contact with the ILO or other Geneva-based organizations. That lack of transparency and communication from the ICSC did not meet the Employers' group request that a position should be agreed between the ICSC and the Geneva-based organizations, while calling into question the independence of the review.
- 134.** He commended the Office for alerting the Governing Body to the potential for legal challenges from its staff. Indeed, at the 86th Session of the ICSC, the United Nations Under-Secretary-General for Management had confirmed that recent decisions linked to cost-of-living survey outcomes had led to unusually high and growing numbers of appeals from staff. Collective action by staff could have dire consequences and reduce productivity, while pay cuts of such magnitude had a negative impact on staff morale. It was anticipated that staff action would disrupt the daily work of organizations and affect the implementation of UN reform.
- 135.** Furthermore, the ILO faced serious reputational risks if it implemented a pay cut that had scant rational basis and was contrary to the values and principles of social justice for which the Organization was known throughout the world, particularly in the light of its upcoming centenary. The Secretary-General, in his speech on UN reform in September 2017, had emphasized the need for the UN to focus on people and the staff that worked to support them. It was unconscionable to demand that staff should work under the ILO flag to improve lives while the governors of their Organization did not protect their conditions and livelihoods.
- 136.** It would be irresponsible for the Governing Body to note that a decision exposed the Organization to potentially huge legal challenges and then instruct the Office to implement it. It appeared that the ILO was being asked to uphold the principle of internal equity and consistency with the UN common system at the expense of the principle of fair treatment of staff and adherence to the Organization's core values. The selective and expedient approach taken to values and principles was shocking. Lobbying and bullying was leading the Governing Body to lose sight of its conscience.
- 137.** For nearly 100 years, governments, workers and employers had come together in dialogue around a table of shared values. The ILO's unique comparative advantage, relevance and legitimacy, based on tripartism, social dialogue and consensus building set it apart; some agencies were awaiting the decision by the Governing Body because they believed that the tripartite structure would lead to the right decision.
- 138.** As the Director-General had noted during the Governing Body's current session, the revised post adjustment index raised managerial, methodological and legal questions for the ILO and had a major impact on Professional and higher category staff at headquarters and potentially in the field. While the integrity and authority of the common system should be safeguarded, the ICSC should ensure independent and impartial functioning in the discharge of its mandate.
- 139.** The Employers' group was not in a position to instruct the Office to implement the pay cut nor to endorse the draft decision. The proposed course of action was not in line with decent work practices, the values and principles espoused by the Organization as the protector of workers' rights in the world of work. As responsible employers, fair treatment of staff was of the utmost importance. The ILO could not claim to be the UN specialized agency mandated to address the world of work when it let its own employees down with ill-conceived decisions.

140. He therefore proposed amending the draft decision to read:

The Governing Body:

- (a) takes notes of the legal issues and risks associated with the implementation of the results of the 2016 cost-of-living survey in respect of the duty station Geneva; and consequently instructs that the revised post adjustment index decided by the ICSC not be implemented;
- (b) [deleted];
- (c) requests the Office to continue to actively engage with the ICSC at its 86th Session and beyond with the objective of reforming the post adjustment and other salary survey methodologies, and ensure that the new methodology is applied for any post adjustments. The reform process should guarantee the full involvement of the UN workers' federations and respect the basic principles of social dialogue;
- (d) requests that any further proposed actions or determinations on this matter be returned to a future session of the Governing Body for consideration and determination.

141. *Speaking on behalf of the Africa group*, a Government representative of Ethiopia said that it was regrettable that Geneva-based organizations had not been consulted regarding the terms of reference for the post adjustment index review and the appointment of the external consultant. Neither the consultant's work nor the review process as a whole had been transparent or participatory, which was particularly puzzling given that the ILO was charged with upholding standards, tripartism and social dialogue. Moreover, the team of statisticians hired by the Geneva-based UN agencies had identified a number of errors that called into question the reliability of the survey's outcomes. For those reasons, the Africa group did not support the draft decision. The Director-General, in collaboration with the executive boards of other UN agencies, should continue engaging with the ICSC to negotiate an improved survey methodology.

142. *Speaking on behalf of ASPAG, the Eastern European Group, the Western European Group and IMEC*, a Government representative of Australia thanked the Office for its constructive engagement with the ICSC. He supported continued dialogue, including on the implementation of the recommendations made by ACPAQ, with a view to improving the post adjustment methodology for the future in line with the fundamental principles enshrined in the ILO Constitution.

143. He recalled that UN General Assembly resolution No. 72/255 of 24 December 2017 had been adopted unanimously by UN member States and called on all members of the UN common system to implement the ICSC's decisions regarding the results of the cost-of-living surveys without undue delay. While noting the Office's concerns surrounding the legal consequences of implementation, he also recalled that failure to fully respect the decisions taken by the ICSC could result in a loss of the benefits of the common system, including participation in the UN Joint Staff Pension Fund. He therefore fully supported the Office in applying the revised post adjustment index and endorsed the original draft decision.

144. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom said that the revised post adjustment should have been implemented automatically by the Office instead of being submitted for endorsement before the Governing Body. IMEC did not consider the post adjustment mechanism to be a cost-saving measure. Rather, it was a key tool for harmonizing compensation across the UN system and ensuring equal pay for work of equal value among UN staff. According to UN General Assembly resolution No. 72/255, non-compliance with ICSC decisions could prejudice staff's participation in the UN Joint Staff Pension Fund. IMEC therefore advocated continued cooperation and engagement with the ICSC with a view to adjusting the methodology for future post adjustments and supported the draft decision.

145. *A Government representative of Uganda* said that the expression “post adjustment” masked the fact that the matter affected livelihoods, health, mortgages and, above all, the stability of families. While he supported the idea of a unified international civil service, the methods used in the development of its standards must be fair. In other words, any post adjustment for Geneva-based UN staff must be based on unquestionably sound analysis. However, the Office document revealed quite the opposite, highlighting serious flaws in the methods applied in the proposal for the adjustment of workers’ wages. For that reason, it was not proper that the Office document concluded by requesting the Governing Body to apply the post adjustment index to Geneva-based staff.
146. The ILO was a standard-setting body that promoted the underlying principles of labour standards, including social dialogue. It was therefore unacceptable that there had been no consultations with workers. Indeed, the Office document did not even mention the ILO Staff Union, despite that body being duly recognized in the provisions of Conventions Nos 87 and 98. He questioned the value of Convention No. 98 for defending the rights of sugar-cane workers in his country and others if the ILO itself could reduce its staff members’ wages without consultation. Moreover, he recalled that the right to collective bargaining applied to all those who requested it. If other UN staff had chosen not to exercise their rights, that did not justify undermining the right to consultation of ILO staff.
147. The Annex to the Statute and Rules of Procedure of the ICSC provided that the UN and the ILO agreed to “[c]o-operate in the establishment and operation of suitable machinery for the settlement of disputes arising in connection with the employment of personnel and related matters”. The matter was not, therefore, a *fait accompli*; if it were, it would not be before the Governing Body. He sought clarification from the Legal Adviser on whether the ICSC had made recommendations to the UN General Assembly on the post adjustment for staff in Professional and higher categories, as required by article 10(b) of the Statute and Rules of Procedure of the ICSC. Finally, he expressed support for the position of the Africa group, namely that the Director-General should continue to engage with the ICSC and the UN with a view to arriving at a scientifically valid post adjustment methodology and proposal.
148. *A Government representative of Mexico* said that any further delay in the implementation of the ICSC decision would undermine its mandate, which had been approved unanimously by UN member States. While he recognized the concerns expressed by ILO staff members, he wished to stress that other organizations in the UN common system in Geneva had implemented the decision as soon as they had been in a position to do so. In fact, the implementation of the decision should be automatic, as in previous cases: there was no need to involve governing bodies. Calling for unity within the UN common system, he urged the Director-General to implement the decision without further delay.
149. *A Government representative of Brazil* said that his Government was in favour of the draft decision. As part of the UN Common System, the ILO had an obligation to implement the decisions of the ICSC, although there were still concerns on the methodology and transparency used, despite some progress already being made in that regard. His Government supported efforts to address such concerns but emphasized that any action taken should be consistent throughout the UN system as a whole.
150. *A Government representative of the Russian Federation* said that the ILO and its constituents must take into consideration UN General Assembly resolution No. 72/255, adopted by consensus in December 2017. Under the Statute of the ICSC, all UN agencies had an obligation to abide by ICSC decisions. Furthermore, the majority of UN agencies had either already started implementing those decisions or would be doing so within a month. Refusing to implement the decisions would go against the mandate of the ICSC and compromise the future of the UN common system. His Government therefore could not support the draft decision or the amendments proposed by the social partners.

- 151.** *The Director-General* said that the draft decision was a difficult but necessary one. It was important to emphasize that all groups of the Governing Body had asserted their commitment to the values of the ILO with regard to treating their staff fairly, but also to respecting the authority of the UN common system.
- 152.** As indicated at the 331st Session of the Governing Body in November 2017, the ICSC's decisions had raised serious methodological, managerial and legal challenges. The managerial challenges were obvious, as signalled by the presence of ILO staff in the GB Room for the current discussion. Concerns regarding the ICSC methodology had been raised by the non-governmental groups and the Africa group. The legal challenges had to do with whether the ILO was required to apply ICSC decisions. The ILO also had the responsibility to consider ICSC decisions in the light of rulings of its Administrative Tribunal.
- 153.** The ILO and other entities of the UN system had engaged with the ICSC during a meeting held in Vienna in July 2017, with a view to bringing their concerns to it. The ICSC then revised its decision and commissioned a review of its methodology. The ICSC would continue discussing the matter, including the recommendations emerging from the aforementioned review, at its 86th Session in New York. As indicated by the UN Under-Secretary-General for Management in her opening statement to that session, it was important to re-examine collective ways of working, which had last been reviewed more than a decade ago. The Director-General remained hopeful that while there had been no new developments, the positive movement that had resulted from the interactions of the ILO with the ICSC would be sustained.
- 154.** A number of speakers had drawn attention to UN General Assembly resolution 72/255 adopted in December 2017, which noted with serious concern that some organizations had decided not to implement the decisions of the Commission concerning cost-of-living surveys. It also indicated that failure to fully respect the decisions could prejudice claims to enjoy the benefits of participation in the common system, including organizations' participation in the United Nations Joint Staff Pension Fund (UNJSPF). Although it was not accurate with respect to the ILO, which had never decided not to implement the ICSC's decisions, the Governing Body must be cognizant of the resolution.
- 155.** With regard to the draft decision, the different groups of the Governing Body all departed on the basis of common values, common objectives and a common understanding of the process, but had reached different conclusions on what to do next. In the light of the discussion undertaken thus far, it could be appropriate to revert to subparagraph (a) as originally drafted and delete original subparagraph (b) altogether. Subparagraph (c), as amended by the Workers' group, should be kept, while the Employers' proposed new subparagraph (d) should not be retained.
- 156.** *The Employer spokesperson* said that he did not agree with the underlying assumption that would form the basis for the draft decision. It was important to re-examine that underlying assumption before looking to the draft decision itself.
- 157.** *The Worker spokesperson* said that she broadly accepted the Office's proposal. The Employers' amendment to subparagraph (a) was problematic because the Workers' group had carefully drafted their amendments in consultation with the ILO Staff Union, in the knowledge that there would be opposition from the Governments. The Workers' group did not think the Governing Body should take a decision on the implementation of the pay cut on that day, partly because the proposed timelines for implementation were unclear. Subparagraph (b) should be removed, pending a reform and revision of the methodology. It was important to consider the risks of not belonging to the common system. She could not support the Employers' amendment to subparagraph (a) and asked for clarification regarding why the Office considered new subparagraph (d) to be unnecessary.

158. *The Director-General* responded that the Governing Body would always be open to returning to issues where necessary, and as such the option in new subparagraph (d) did not need to be specified.
159. *The Employer spokesperson* said that, with respect to new subparagraph (d), it was vital that the decision was returned to a future session of the Governing Body for consideration and determination. The way in which the situation had been analysed was problematic. It was necessary to return to the fundamental question of whether or not the Governing Body was in favour of the pay cut. It was clear that the Employers' group, Workers' group and the Africa group did not support the original draft decision. He expressed concern regarding the position taken by IMEC that the decision should not have been brought before the Governing Body; moreover, it was too late to change that situation as the Governing Body had spent a considerable amount of time on the issue. Uniquely, the ILO was a tripartite organization and, as such, it was not possible for one constituency, namely the Government group, to make a unilateral decision. The ILO protected the rights of the workers of the world and it was therefore essential that the Organization respected tripartism at all times, not only when it was convenient. It was unacceptable to implement the pay cut based on a flawed methodology only to then return again to the issue in the future.
160. He questioned whether the ILO was under an obligation to comply with decisions affecting the common system, as had been stated by one of his colleagues. Regarding membership of the common system and the UNJSPF, clarification was needed from the Office; the document should have clearly outlined any risks to allow the Governing Body to make an informed decision. The Employers' group was not convinced that a decision not to implement the ICSC recommendation would affect membership of that pension fund. Article 3(b) of the Regulations, Rules and Pension Adjustment System of the UNJSPF stated that "Membership in the Fund shall be open to the specialized agencies referred to in Article 57, paragraph 2, of the Charter of the United Nations and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies." However, some organizations that were members of the UNJSPF did not appear on the ICSC list of members of the common system. The ILO should not leave the common system or cease participation in the UNJSPF. He questioned whether the pay cut would lead to a cost saving and where that money would go. He agreed with the Government representative of Uganda that the matter was not a fait accompli and that the correct process needed to be followed. A decision needed to be made and new subparagraph (d) should be included. The Employers' group needed to know whether or not the pay cut would be implemented.
161. *The Worker spokesperson* reiterated the view of her group that the process and the outcome were wrong. There had been no consultation or negotiation with unions, and the workers had been told that they had no right to strike, which violated fundamental principles and rights at work. The methodology used was also flawed. In such instances, the usual practice would be not to apply it and to negotiate with the employer to make improvements. The Workers' group at the ILO acted on three levels. First, at the level of the trade unions, who would never accept such actions in a national context. Second, they defended fundamental principles and rights at work more generally. Third, the Workers took responsibility as part of the Governing Body for the whole ILO, and took pride in being able to influence the work of the Organization. Indeed, during the discussion on reform of the UN, the three groups had all expressed their pride in the Organization, and wanted its tripartism, dialogue and consultation to be integrated in other UN processes.
162. The Workers' group wanted to support the ILO union members and call for what was right, but did not want to shirk its responsibilities to the Organization itself, which still had to function. The amendment proposed by the Workers aimed to make it clear that all parties

recognized that the methodology and process were flawed, and that another process was required. The Office could be instructed to pursue another process, as suggested by the Employers. The ILO played an important role within the UN system; the Governing Body could tell the Director-General to set an example to ensure that collective bargaining could take place not only in the ILO, but also in the rest of the UN system. Consequently, the Workers had proposed deleting subparagraph (b) of the draft decision and making subparagraph (c) stronger. The group had to take into account its three levels of responsibility.

- 163.** She asked for clarification regarding the Employers' proposed subamendment on what was meant by instructing the Office and whether there could be an instruction not to act. In relation to subparagraph (d), it was important to clarify that salaries and working conditions were a matter for negotiation by the employers and workers concerned and their trade unions, not the Governing Body. It was to be hoped that there would be greater involvement of social partners in the UN system in the future. She proposed that subparagraph (d) request the Office to report back to the Governing Body on the outcome of the situation.
- 164.** *The Employer spokesperson* again requested clarity regarding the implications for the UNJSPF. His group had understood that there would be no adverse implications. However, a threat of disconnection from the Fund had been mentioned. He also asked whether, if the Governing Body did not reach a conclusion, the Director-General would take the decision himself, and whether he would implement the pay cut, even if that went against the Governing Body.
- 165.** *The Director-General* responded that all present agreed that the ICSC process was flawed. There were also shortcomings within the processes of the common system that he and the Office were striving to correct. Furthermore, the ICSC was currently meeting in New York, and ILO colleagues were continuing work to try to overcome the recognized shortcomings in the methodologies and processes. The ILO clearly had traction in that discussion and it was incumbent upon the Office to continue to endeavour to improve the common system for all involved. Referring to the Worker spokesperson's comments on workers' rights in the common system, including the right to strike, he said that ILO management had never denied its staff the right to strike. As to the implications of adopting the original draft decision, it would mean implementing the ICSC decision without further delay, in line with the dictates of the common system. Not adopting that decision, in keeping with the Employers' proposed amendment, would very clearly mean departing from the common system and the obligations that arose from the ILO's acceptance of and participation in the common system of salaries, allowances and other conditions of service. Regarding the implications for the ILO's participation in the UNJSPF, he reiterated that that was in the resolution adopted by member States of the UN General Assembly. All Governments represented on the Governing Body were parties to that resolution and would be better placed to reply.
- 166.** He recalled that the matter had been placed on the agenda of the Governing Body in November 2017 because the ICSC decision had serious managerial, methodological and legal implications for the Organization. If the Governing Body was unwilling, unable or declined to take a decision, that decision would revert to the prerogative of the Director-General. The decision before the Governing Body was a most difficult, but necessary decision. Whatever the misgivings people had about the flawed process and the application of the decision of the ICSC, not applying it would have much greater deleterious effects on the institutional welfare of the ILO and on its staff. Consequently, he commended the original draft decision presented to the Governing Body. However, the Workers' proposed amendments would allow the Governing Body to progress in a legal way, protecting the interests of colleagues and remaining in line with the values and principles of the Organization.

167. *The Employer spokesperson* said that, because of UN General Assembly resolution 72/255, the opinion of the social partners was no longer important; indeed, IMEC was of the view that the matter should not have been put before the Governing Body. That interpretation was concerning, as there was a possibility that it would set a precedent. The Governing Body had discussed the matter at length, but the draft decision had disregarded that dialogue. It was questionable whether the principles of an institution were safeguarded if a decision was taken against staff – its most important asset – based on flawed methodology and logic, with a promise that the situation would be better in the future. The Employers' group supported workers' rights because it was a question of values and principles, and support from ILO staff showed that they were on the right track. People were relying on the Governing Body to take difficult decisions. Refusing to accept the pay cut would be the more difficult decision, but it would be consistent with the ILO's values and its unique mandate. The ILO had a responsibility to dare to be different and to practise what it preached. There were times when social dialogue did not generate immediate consensus because the imperatives of rational action and respect of dignity were not met. That was the current situation of the Governing Body. The solution was not to render social dialogue meaningless, but to continue it until widely sustainable action could be determined. The point of social dialogue was not to maintain neutrality at all times. The Governing Body might temporarily fall out of line with the UN common system but it would remain true to its values.
168. He concluded by proposing rewording to subparagraph (a), to change "be conducted" to "be put on hold until a new and sound methodology is conducted", and the addition of a revised subparagraph (d): "requests the Director-General to report to the session or sessions of the Governing Body on the progress made".
169. *The Worker spokesperson* said that it was her understanding that the ILO collective agreement did not cover wages, therefore the Organization did not have autonomy over wages and could not negotiate them. She wondered whether the proposed amendment to put on hold the proposed changes to the post adjustment index would affect the Director-General's response.
170. *Speaking on behalf of the group of Latin American and Caribbean countries (GRULAC)*, a Government representative of Paraguay said that a decision should be taken at the present meeting rather than at a later session. The decision must be consistent with UN General Assembly resolution 72/255, which was applicable system-wide. In the spirit of compromise, GRULAC could support the amendments proposed by the Director-General.
171. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom said that she could not support the most recent amendments proposed by the Employers' group since they were completely contrary to the original draft decision and demonstrated a lack of respect for the Director-General and the Office. They also risked damaging the reputation of the ILO, and gave the message that the ILO disregarded the rest of the UN system, including the UN General Assembly and its resolutions. The issue must not be postponed any further. IMEC supported the proposal of the Director-General and remained firm in the belief that it was for him to take the decision.
172. *Speaking on behalf of ASPAG*, a Government representative of Australia said that his group supported the proposal of the Director-General.
173. *A Government representative of the United States* said that UN General Assembly resolution 72/255 was binding on all Governments in the Governing Body, who must ensure that it was implemented by the ILO. To choose how and when the ILO would take direction from the General Assembly would detach the Organization from its rich legacy within the UN and remove it from a position of leadership. Should the ILO choose not to implement the post adjustment, the issue of fairness would forcefully and negatively come into play.

His Government acknowledged the shortcomings of the processes, but there was no mechanism for governments to compel the ICSC to retract a mandate once it had been issued. However, it was possible to work within the Fifth Committee of the UN General Assembly to ensure that future processes, including communications and methodologies, were fit for purpose, and that trust in the Commission was restored. He empathized with staff impacted by the salary adjustment, and pledged to work together to ensure a system that was predictable and transparent and regained the trust of staff.

- 174.** *A Government representative of the Russian Federation* said that he could not support the new version of the draft decision proposed by the Director-General, and noted that it had gained no consensus. In a bid to reach consensus, he could support the original version in paragraph 13 of the Office document, but with a change in the date of introduction of the revised post adjustment. The latter should capture the decisions taken by the ICSC and UN General Assembly resolution 72/255.
- 175.** *Speaking on behalf of the Africa group*, a Government representative of Ethiopia said that his group maintained its stated position that there were shortcomings in the methodology applied by the ICSC that needed to be rectified before an informed decision could be taken. Furthermore, the ICSC had not fully consulted with stakeholders on the cost-of-living survey.
- 176.** *A Government representative of China* said that the concerns of ILO staff were understood by all civil servants. He urged the Office to maintain communication and consultation with the ICSC on the cost-of-living survey to bring about a substantial improvement. He supported the proposal by the Director-General.
- 177.** *A Government representative of France* expressed support for the Director-General's proposed amendment.
- 178.** *A Government representative of Lesotho* said that she was unable to support a decision made on the basis of an incorrect methodology, much as she understood that the ILO may not be autonomous in terms of determining the working conditions of staff.
- 179.** *The Worker spokesperson* said that the situation was most difficult for the Workers' group, as the Governing Body was looking to them, and the staff, among others, were very concerned. She appreciated the commitment by the United States to take action to bring about improvements. She proposed acknowledging at the beginning of the draft decision that there were serious shortcomings that needed to be rectified, since all parties were agreed on that. There should be monitoring and reporting back to the Governing Body, while taking into account that the Governing Body was not authorized to negotiate. Her group had proposed that that point should be taken into account in subparagraph (c), and the Director-General had indicated that he would report to the Governing Body anyway.
- 180.** It was important to look at both the short- and long-term interests of ILO staff, and at the future of the ILO. The Organization was in a difficult position, as it represented the world of work but was unable to negotiate its own pay structures. The message from ILO staff had always been that they wanted to be part of the common system. It was important for the Governing Body to ensure that future processes would take place on a tripartite basis with respect for social dialogue. It was tempting for the Workers' group to let others take responsibility for the difficult decision, but she reiterated that her group assumed its responsibilities at three levels to defend the fundamental principles and rights at work of workers at the ILO and everywhere else in the world and to protect the institution of the ILO. The group wanted to ensure that the ILO lived on for another hundred years with respect for those rights. The process was flawed and needed to be repaired, therefore the ILO should be

in the driving seat to repair it as soon as possible. Her group could support the latest version of the draft decision if adequate wording could be inserted to acknowledge the flaws.

181. *The Chairperson* suggested: “The Governing Body takes note of the legal issues, risks and serious shortcomings associated with the methodology and the implementation of the results of the 2016 cost-of-living survey in respect of the duty station Geneva”.
182. *The Worker spokesperson* said that she had reiterated that the lack of consultation and involvement were major flaws. She suggested that either a general phrase could be used that noted shortcomings associated with the ICSC system, or it should be stated more explicitly.
183. *The Chairperson* said that he believed his suggestion addressed the concerns expressed by the Workers’ group.
184. *The Worker spokesperson* said that she needed to consult with her group.
185. *The Employer spokesperson* registered his objection to the fact that he had been denied an opportunity to speak. There had been two attempts to work on text with which his group clearly disagreed. Regarding the agreement concluded between the UN and the ILO, the Annex to the Statute and Rules of Procedure of the ICSC clearly stated that the two organizations would “[c]onsult together concerning matters relating to the employment of their officers and staff, including conditions of service, duration of appointments, classification, salary scales and allowances, retirement and pension rights and staff regulations and rules with a view to securing as much uniformity in these matters as shall be found practicable”. That demonstrated that nothing currently under debate represented a desire to leave the UN common system or threatened the system. As for UN General Assembly resolution 72/255, it was unclear to his group whether paragraphs 6 and 8 of the resolution referring to potential prejudice to claims for benefits applied specifically to the post adjustment or whether the General Assembly had made an explicit decision on that point. He noted that his group had never changed its position; however, other members’ positions were indeed changing, and the initial majority had been ignored. He therefore called for a vote so that the matter could be closed.
186. *The Government representative of the United States* proposed changing the word “methodology” to “consultations” in subparagraph (a) of the draft decision.
187. *The Employer spokesperson* reiterated his group’s view that the latest text under discussion was a farce that detracted from the real matter at hand, which was that the pay cut should not be approved. He reiterated his call for a vote.
188. *The Chairperson* said that the majority of Governments supported the proposal from the Director-General, possibly with amendments, and that the Governing Body was therefore working on that text.
189. *The Employer spokesperson* asked the Chairperson whether he was declining his group the right to a vote.
190. *The Chairperson* said that his request for a vote had been noted, but clarity on the text was needed first. There was a large majority of Governments in favour of the current text, and some support from the Workers.
191. *The Worker spokesperson* repeated that it was too early to request a vote.
192. *The Chairperson* clarified that the methodology was to discuss the text currently before the Governing Body and the proposed amendments to it.

193. *The Worker spokesperson* said that it was her group that had raised concerns on the shortcomings associated with consultations, which had been echoed by the Africa group. Those shortcomings should be clearly expressed in the draft decision; the current version was acceptable to her group.

194. *The Chairperson* noted that there was a majority in favour of the following wording:

The Governing Body:

- (a) took note of the legal issues, risks and serious shortcomings associated with consultations on, and the implementation of, the results of the 2016 cost-of-living survey in respect of the duty station Geneva; and
- (b) requested the Office to continue to actively engage with the ICSC at its 86th Session and beyond, with the objective of reforming the post adjustment and other salary survey methodologies, and ensure that the new methodology is applied for any post adjustments. The reform process should guarantee the full involvement of the UN workers' federations and respect basic principles of social dialogue.

195. *The Employer spokesperson* disagreed and said that there had been a majority during the previous day's sitting. The Workers' group had changed their position to agree with the Governments and had proposed an amendment that had made it easy for the Director-General to make a decision outside of the meeting room, after the Governing Body had not made a decision. His own request to hold a vote had been refused, and he asked what had prevented the Governing Body from voting on the Employers' group's proposal.

196. *The Chairperson* said that, throughout its discussions, the Governing Body had been considering the text of the draft decision before it. It was clear that there was now a majority in favour of the current wording.

197. *The Worker spokesperson* said that she was aware of her responsibility to explain her position. There were governments taking decisions at the UN in New York, unaware of the implications outside of New York and of the unrest that created. The Workers' group had carefully considered their last amendment, which closely resembled their initial amendment. Her group had tried to take the long-term interests of the staff into account. The effects of not adopting the draft decision posed too great a risk for the staff.

Decision

198. *The Governing Body:*

- (a) took note of the legal issues, risks and serious shortcomings associated with consultations on, and the implementation of the results of, the 2016 cost-of-living survey in respect of the duty station Geneva; and*
- (b) requested the Office to continue to actively engage with the ICSC at its 86th Session and beyond, with the objective of reforming the post adjustment and other salary survey methodologies, and ensure that the new methodology is applied for any post adjustments. The reform process should guarantee the full involvement of the UN workers' federations and respect basic principles of social dialogue.*

(GB.332/PFA/11, paragraph 13, as amended by the Governing Body.)

199. *The Employer spokesperson* wished to place on record his disappointment with the way the discussion had been conducted. His group had been consistent in calling for governance, values and principles, and yet had been refused the request for a vote.

Twelfth item on the agenda

Matters relating to the Administrative Tribunal of the ILO

Withdrawal of the recognition of the Tribunal's jurisdiction by one organization and cessation of activities of another organization

([GB.332/PFA/12/1\(Rev.\)](#), [GB.332/PFA/INF/9](#))

200. *The Employer spokesperson* noted that the Agency for International Trade Information and Cooperation (AITIC) and the Intergovernmental Organisation for International Carriage by Rail (OTIF) would no longer be subject to the jurisdiction of the ILO Administrative Tribunal. He welcomed the fact that no additional costs to the ILO were involved and that the AITIC's outstanding dues would be recovered from the Tribunal's participating organizations. The Employers' group supported the draft decision.
201. *The Worker spokesperson* recognized the need to share the costs related to the outstanding dues of the AITIC among participating organizations under the exceptional circumstances at hand; however, it was important to remind participating organizations of their financial obligations in respect of the Tribunal so that such a situation would not be repeated. She requested the Office to inform the Governing Body of the outcome of the ongoing consultations on the conditions for withdrawal of recognition of the Tribunal's jurisdiction by an organization or the Governing Body. She expressed support for the suggestion to establish a formal procedure on withdrawal made by the President of the Administrative Tribunal in his letter to the Director-General, in particular the proposal to include consultation with staff representatives of the bodies of the organizations concerned, since other jurisdictions might offer less protection to workers than the ILO Administrative Tribunal. She requested the Office to submit a follow-up document on the matter for the Governing Body's consideration in November 2018. The Workers' group supported the draft decision.
202. *Speaking on behalf of the Africa group*, a Government representative of Lesotho said that, in view of the Office's inability to recover the outstanding financial dues of the AITIC, it should find other means of ensuring that participating organizations paid running and session costs on time. She expressed concern at the withdrawal of recognition of the Tribunal's jurisdiction by international organizations, and supported amending the Statute of the Tribunal to set out clear conditions for withdrawal. The Governing Body should play a role in organizations' withdrawal from the Tribunal as well as their admission. The Africa group supported the draft decision.
203. *Speaking on behalf of IMEC*, a Government representative of the United States noted with concern the decision by the OTIF to withdraw recognition of the Tribunal's jurisdiction. He requested reassurance that, alongside the withdrawal of two other participating organizations in the two previous years, was not part of a trend indicating an escalating financial burden or a loss of confidence in the Tribunal's processes and jurisprudence. With reference to the letter of the President of the Tribunal, he asked whether the Office intended to submit proposals on amending the Statute of the Tribunal to the Governing Body. As to the

functioning of the Tribunal, document GB.332/PFA/INF/9 provided a good overview of issues concerning the European Patent Office (EPO) but did not include all the information requested by IMEC at the 331st Session of the Governing Body. The document implied that the number of complaints filed against the EPO was the only impediment to the effective functioning of the Tribunal and only set out possible measures to be taken in that regard. It did not indicate any intent to review the Tribunal's working methods, nor did it provide information on the total number of pending complaints before the Tribunal or the expected processing time for those complaints. IMEC supported the draft decision.

- 204.** *A representative of the Director-General (Legal Adviser) informed the Governing Body that the Office had received information that a judgment had been rendered on one of the two pending complaints against the OTIF, and had revised the draft decision accordingly. The comments made pointed to the necessity to amend the Tribunal's Statute in order to provide for a procedure whereby on the one hand an international organization having previously recognized the Tribunal's jurisdiction could withdraw its recognition and on the other the Governing Body could withdraw its approval of the recognition of the Tribunal's jurisdiction by an international organization. Consultations among the Tribunal's participating organizations on the conditions under which the Governing Body might withdraw its approval were practically completed. Proposals were being finalized for the addition of relevant provisions in article II(5) and the Annex to the Tribunal's Statute. With regard to the withdrawal by a member organization of its declaration of acceptance of the Tribunal's jurisdiction, while that declaration was a unilateral act for an indefinite period that could be revoked at any time, it nevertheless created a network of commitments towards the ILO, the Tribunal and the other participating organizations. As such, it was subject to the principles of treaty law, in particular the core principle of good faith. In that sense, the fact that the OTIF had informed the Office of its decision to discontinue its acceptance of the Tribunal's jurisdiction only after it had entered into an agreement with the Administrative Tribunal of the Council of Europe was problematic, and one could understand the reaction of the Tribunal's President in that regard. Subject to confirmation by the Screening Group, the Office could of course prepare a document containing draft amendments to the Statute, as requested. Lastly, the Office duly noted the comments made by the representative of IMEC with regard to the information contained in document GB.332/PFA/INF/9.*

Decision

205. *The Governing Body:*

- (a) took note of the cessation of activities of the Agency for International Trade Information and Cooperation (AITIC) and accordingly confirmed that the AITIC will no longer be subject to the competence of the Tribunal with effect from the date of this decision;*
- (b) took note of the intention of the Intergovernmental Organisation for International Carriage by Rail (OTIF) to discontinue its recognition of the jurisdiction of the Administrative Tribunal, and accordingly confirmed that the OTIF would no longer be subject to the competence of the Tribunal with effect from the date of the decision except regarding complaint AT 5-4680 pending before the Tribunal; and*
- (c) requested the Director-General to follow up with the Secretary-General of the OTIF regarding the payment of any outstanding costs.*

(GB.332/PFA/12/1(Rev.), paragraph 8.)

Composition of the Tribunal (GB.332/PFA/12/2)

206. *The Worker spokesperson and the Employer spokesperson* supported the draft decision.
207. *Speaking on behalf of the Africa group*, a Government representative of Senegal said that his group also supported the draft decision.

Decision

208. *The Governing Body proposed to the Conference the renewal of the terms of office of Mr Barbagallo (Italy), Ms Diakit  (C te d'Ivoire), Ms Hansen (Canada), Mr Moore (Australia) and Sir Hugh Rawlins (Saint Kitts and Nevis) for three years each 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 appointments of Mr Giuseppe Barbagallo (Italy), Ms Fatoumata Diakit  (C te d'Ivoire), Ms Dolores Hansen (Canada), Mr Michael Moore (Australia) and Sir Hugh Rawlins (Saint Kitts and Nevis) for a term of three years.

(GB.332/PFA/12/2, paragraph 4.)

Thirteenth item on the agenda

Other personnel questions

209. There was no document under this agenda item.

Appendix I

Scale of assessments

State	Draft ILO scale of assessments 2019 (%)
1 Afghanistan	0.006
2 Albania	0.008
3 Algeria	0.161
4 Angola	0.010
5 Antigua and Barbuda	0.002
6 Argentina	0.893
7 Armenia	0.006
8 Australia	2.338
9 Austria	0.720
10 Azerbaijan	0.060
11 Bahamas	0.014
12 Bahrain	0.044
13 Bangladesh	0.010
14 Barbados	0.007
15 Belarus	0.056
16 Belgium	0.885
17 Belize	0.001
18 Benin	0.003
19 Bolivia, Plurinational State of	0.012
20 Bosnia and Herzegovina	0.013
21 Botswana	0.014
22 Brazil	3.825
23 Brunei Darussalam	0.029
24 Bulgaria	0.045
25 Burkina Faso	0.004
26 Burundi	0.001
27 Cabo Verde	0.001
28 Cambodia	0.004
29 Cameroon	0.010
30 Canada	2.922
31 Central African Republic	0.001
32 Chad	0.005
33 Chile	0.399

State	Draft ILO scale of assessments 2019 (%)
34 China	7.924
35 Colombia	0.322
36 Comoros	0.001
37 Congo	0.006
38 Cook Islands	0.001
39 Costa Rica	0.047
40 Côte d'Ivoire	0.009
41 Croatia	0.099
42 Cuba	0.065
43 Cyprus	0.043
44 Czech Republic	0.344
45 Democratic Republic of the Congo	0.008
46 Denmark	0.584
47 Djibouti	0.001
48 Dominica	0.001
49 Dominican Republic	0.046
50 Ecuador	0.067
51 Egypt	0.152
52 El Salvador	0.014
53 Equatorial Guinea	0.010
54 Eritrea	0.001
55 Estonia	0.038
56 Ethiopia	0.010
57 Fiji	0.003
58 Finland	0.456
59 France	4.861
60 Gabon	0.017
61 Gambia	0.001
62 Georgia	0.008
63 Germany	6.392
64 Ghana	0.016
65 Greece	0.471
66 Grenada	0.001
67 Guatemala	0.028
68 Guinea	0.002
69 Guinea-Bissau	0.001
70 Guyana	0.002
71 Haiti	0.003
72 Honduras	0.008
73 Hungary	0.161

State	Draft ILO scale of assessments 2019 (%)
74 Iceland	0.023
75 India	0.737
76 Indonesia	0.504
77 Iran, Islamic Republic of	0.471
78 Iraq	0.129
79 Ireland	0.335
80 Israel	0.430
81 Italy	3.750
82 Jamaica	0.009
83 Japan	9.684
84 Jordan	0.020
85 Kazakhstan	0.191
86 Kenya	0.018
87 Kiribati	0.001
88 Korea, Republic of	2.040
89 Kuwait	0.285
90 Kyrgyzstan	0.002
91 Lao People's Democratic Republic	0.003
92 Latvia	0.050
93 Lebanon	0.046
94 Lesotho	0.001
95 Liberia	0.001
96 Libya	0.125
97 Lithuania	0.072
98 Luxembourg	0.064
99 Madagascar	0.003
100 Malawi	0.002
101 Malaysia	0.322
102 Maldives, Republic of	0.002
103 Mali	0.003
104 Malta	0.016
105 Marshall Islands	0.001
106 Mauritania	0.002
107 Mauritius	0.012
108 Mexico	1.436
109 Moldova, Republic of	0.004
110 Mongolia	0.005
111 Montenegro	0.004
112 Morocco	0.054
113 Mozambique	0.004
114 Myanmar	0.010

State	Draft ILO scale of assessments 2019 (%)
115 Namibia	0.010
116 Nepal	0.006
117 Netherlands	1.483
118 New Zealand	0.268
119 Nicaragua	0.004
120 Niger	0.002
121 Nigeria	0.209
122 Norway	0.849
123 Oman	0.113
124 Pakistan	0.093
125 Palau	0.001
126 Panama	0.034
127 Papua New Guinea	0.004
128 Paraguay	0.014
129 Peru	0.136
130 Philippines	0.165
131 Poland	0.841
132 Portugal	0.392
133 Qatar	0.269
134 Romania	0.184
135 Russian Federation	3.089
136 Rwanda	0.002
137 Saint Kitts and Nevis	0.001
138 Saint Lucia	0.001
139 Saint Vincent and the Grenadines	0.001
140 Samoa	0.001
141 San Marino	0.003
142 Sao Tome and Principe	0.001
143 Saudi Arabia	1.147
144 Senegal	0.005
145 Serbia	0.032
146 Seychelles	0.001
147 Sierra Leone	0.001
148 Singapore	0.447
149 Slovakia	0.160
150 Slovenia	0.084
151 Solomon Islands	0.001
152 Somalia	0.001
153 South Africa	0.364
154 South Sudan	0.003
155 Spain	2.444

State	Draft ILO scale of assessments 2019 (%)
156 Sri Lanka	0.031
157 Sudan	0.010
158 Suriname	0.006
159 Swaziland	0.002
160 Sweden	0.957
161 Switzerland	1.141
162 Syrian Arab Republic	0.024
163 Tajikistan	0.004
164 Tanzania, United Republic of	0.010
165 Thailand	0.291
166 The former Yugoslav Republic of Macedonia	0.007
167 Timor-Leste	0.003
168 Togo	0.001
169 Tonga	0.001
170 Trinidad and Tobago	0.034
171 Tunisia	0.028
172 Turkey	1.019
173 Turkmenistan	0.026
174 Tuvalu	0.001
175 Uganda	0.009
176 Ukraine	0.103
177 United Arab Emirates	0.604
178 United Kingdom	4.465
179 United States	22.000
180 Uruguay	0.079
181 Uzbekistan	0.023
182 Vanuatu	0.001
183 Venezuela, Bolivarian Republic of	0.571
184 Viet Nam	0.058
185 Yemen	0.010
186 Zambia	0.007
187 Zimbabwe	0.004
TOTAL	100.000

Appendix II

Update of member States contributions received between 1 and 12 March 2018

Since 1 March 2018, contributions for 2018 and prior years amounting to CHF26,337,254 have been received from seven member States as follows:

Member States	Contribution received for 2018	Contribution received for arrears	Total contributions received (in CHF)
United Kingdom	16 967 047	–	16 967 047
Mexico	–	4 657 000	4 657 000
Panama	15 802	–	15 802
Norway	3 226 522	–	3 226 522
Sri Lanka	117 832	–	117 832
Malaysia	1 223 868	–	1 223 868
Trinidad and Tobago	129 183	–	129 183
Total	21 680 254	4 657 000	26 337 254

Total contributions received in 2018, therefore, amount to CHF160,304,210 [comprising CHF105,101,799 for 2018 contributions and CHF55,202,411 for arrears of contributions]. The balance due as of today is CHF385,372,957.

Appendix III

Statement by the Chairperson of the Staff Union to the Programme, Financial and Administrative Section of the Governing Body (332nd Session – 13 March 2018)

Mr Chairperson,

Mr Director-General

Ladies and gentlemen, members of the Governing Body,

Dear colleagues,

It is an honour to address you today as the elected Chairperson of the ILO Staff Union, which represents approximately 70 per cent of staff. This is a great opportunity for me to share with you some remarks on employment relations, the morale of staff and their position on items featured on the Governing Body's agenda.

As you can see, we are now at a critical juncture. ILO staff are present in large numbers and are joined by staff representatives from other Geneva-based organizations of the common system. On their screens, we are also joined by our colleagues in the field who we are proud to represent today.

The images which you can see on your screens are of the first global day of action organized by staff from across the entire United Nations and its specialized agencies, which took place on 27 February 2018 worldwide. This day of action demonstrated to the Secretary-General as well as to the whole world that confidence could no longer be entrusted in the body responsible for determining our terms of employment, namely the International Civil Service Commission (ICSC), the founding principles of which are independence, transparency and responsibility. This Commission is meant to work on the basis of reliable and recognized methods which are in the interests of the international United Nations civil service, adapted to the system and in accordance with the values that it represents.

From Abuja to Santiago, Addis Ababa to Bangkok, New York, Vienna or Geneva to the most remote corners of the earth where UN cooperation and development projects are implemented, all categories of staff, whether G-grade employees, P-grade employees or precarious workers, repeatedly referred to in unacceptable ways by the United Nations as "non-staff" and which comprise the underground army of consultants with no status and lacking decent work conditions, stood up together that day and said: enough! Extraordinary general assemblies, demonstrations and work stoppages took place on a day that will go down in the history of the United Nations. But this is just the beginning! I already mentioned in my statement last November that this mounting anger, contrary to the enduring stereotype perpetuated by certain malicious rumours, is not a tantrum of spoiled civil servants residing and working at headquarters, but a symptom of a more deep-seated malaise. And, as usual, if we do not address the cause of a disease, the chances of a cure diminish daily, as is the case, for instance, with the United Nations system. I would like to give you a specific example: that of our colleagues in Bangkok who you can see in large numbers in these photographs. They are G-grade and national officials recruited locally and who are now having a third salary scale imposed on them after a periodic survey was conducted by the ICSC. ILO salaries in Bangkok therefore do not offer equal pay for equal work, flouting all international labour Conventions.

Prior to the day of action, on 22 February the three federations representing all the staff unions and associations from across the UN, sent a letter to the UN Secretary-General as

well as to all the directors of the specialized agencies explaining the reasons for their anger and expressing their demands.

The demands are as follows:

- end all cooperation with the ICSC putting all decisions on hold, particularly those that are contested by staff from all duty stations;
- withhold all financial contributions to the ICSC until a comprehensive reform is actually launched.

Since a response to the letter is yet to be received, a number of resolutions have been adopted in various staff general assemblies to ensure that all means available to the staff unions and associations, whether social or legal, are harnessed to ensure that demands are satisfied. At the *Palais des Nations*, our UN colleagues will decide next Thursday whether to go on strike.

And it would not be the first time. Thirty years ago, in 1988, after a whole year of strikes within the whole United Nations system and after the boycott of the federations, a General Assembly resolution already instructed the ICSC to respect the Noblemaire and Flemming principles and to carry out its tasks according to its mandate.

Ladies and gentlemen, members of the Governing Body, what you should know about the decisions that you are going to have to take during this session of the Governing Body, is that within this Commission, there is no rigour, no transparency, no social dialogue and a recurrent lack of good faith. I will refer to this again later in my statement. It is extremely damaging to the reputation of the United Nations.

In fact, the many complaints made in 2017 about the new unified salary scale and the reduction in Professional staff allowances and benefits (“the compensation package”) are already laying waste. The United Nations Dispute Tribunal has ruled in favour of the complaints made in December 2017, noting, over more than two pages, the “lack of independence of the ICSC”. It also directly implicated the United Nations Secretary-General for not having adequately warned the General Assembly (the United Nations Governing Body, as it were) concerning a possible violation of contractual rights and acquired rights of staff in light of the recommendations made by the ICSC.

And, of course, the Secretary-General has appealed against rulings issued in favour of staff members!

However, further to those rulings, it has also been brought to the attention of staff representatives that the Secretary-General has given strict instructions to the Chairman of the ICSC to present proposals to the United Nations General Assembly as soon as possible so that it can review the negative financial impacts of the compensation package on staff.

I am taking the time to inform you of these events in detail, ladies and gentlemen, members of the Governing Body, so that the same fiasco does not occur at the ILO. And they are of course related to the document before you, document GB.332/PFA/11, which reviews the decisions taken by the ICSC at its 85th Session on the post-adjustment index for Geneva.

This document details the latest abuses of power perpetrated by the ICSC since last November, when the Governing Body wisely decided to defer its decision to the current session owing to a lack of convincing and substantive information.

I assure you that the ILO staff representatives have read this document, prepared by the administration, very carefully and on a number of occasions.

They can attest and corroborate all of the events outlined in this document.

- Firstly, since July 2017, the ICSC has taken several decisions unilaterally and in contravention of agreements reached with administrations or staff federations.

- Secondly, it intimated with an assurance, which was actually a bluff, that the salary reduction would be lower and that it would be subject to a methodological examination, carried out with the administrations and staff.

Instead, at the beginning of February 2018, ILO officials in the Professional and higher categories learned that the initial reduction remained unchanged at around 8 per cent and, in accordance with the application of the buffer of 3 per cent, which was arbitrarily reintroduced in July 2017, their salaries could decrease by 5.1 per cent from June onwards.

Two weeks ago, the session of the Advisory Committee on Post Adjustment Questions (ACPAQ) was held in New York. The consultant's final report confirms the larger part of the analysis carried out in May 2017 by the previous statisticians and more broadly raises the issue of coherence between the methodology and outcomes.

Nevertheless, the ICSC still does not recognize these errors and does not intend to revisit the survey carried out in September 2016, which has since been proven by two different sources to be biased from start to finish.

The ACPAQ now proposes to refer this issue once again to the 86th Session of the ICSC, which will start in New York next week on 19 March and finish on 29 March, and which intends to draw up a workplan and schedule to examine such methodologies for the future.

The staff representatives consider that this proposal does not fully respond to staff demands and will not solve the crux of the problem.

Promises bind only those who believe them, and it should be noted that the ICSC does not honour its word. When there is no collective bargaining mechanism through which all the parties present commit themselves and enter into an agreement, it has to be expected that poor practices will be repeated ad infinitum.

The ICSC must first be reformed and its decisions frozen.

As I have already said, this is not the first time that this request has been made, but the necessary measures must be taken urgently before chaos reigns supreme. Or are we to understand that, from now on, only those General Assembly resolutions that favour the richest and most powerful member States will be implemented?

So, ladies and gentlemen, members of the Governing Body, will the decision be taken to apply a decrease in salaries at the ILO that would entail a loss in salary equivalent to almost one month and has been proven on two occasions to be based on a flawed survey?

Can the Governing Body of the ILO, now aware of the truth and the risks involved, take a decision that defies common sense and rigour, only to hear in the next two years at the ILO Administrative Tribunal that the decision taken on 21 March 2018 was in full knowledge of the facts and the Organization will be fully liable to pay millions in compensation to staff at the expense of its activities and programmes?

Can the Governing Body, on behalf of a common system which is sick and in need of reform, full of shortcomings and riddled with irregularities, break with the last 100 years upon which the International Labour Organization is built?

Could the Governing Body of the International Labour Organization invoke its specific function and integrity during the coming discussions on the United Nations reform, which will take place in this very room next week on 19 March, and yet fail to consider that specific function when it comes to the conditions of employment of its own staff? Can it fail to demand a reform of internal bodies such as the ICSC while relying on international labour standards to guarantee its specific function?

It is all a question of consistency and dignity.

If the worst were to happen, I fear that the ILO could no longer be considered to be the global guardian of social justice, decent work and fundamental rights at work.

This cannot and must not happen, and we are counting on you ladies and gentlemen, members of the Governing Body.

Staff of the ILO and the other United Nations organizations will not accept this Committee being used as a Trojan horse by the richest member States to conduct a policy of austerity. They will no longer accept decisions on their conditions of work being left in the hands of a Committee which is completely disconnected from the realities on the ground and its secretariat, stubbornly attached to its own mistakes. A Committee whose members no longer have any sense of honouring their word or rigour and who work without transparency or independence. This brings shame on the fundamental values and principles of all the organizations of the United Nations system, for which this staff is proud to work. It is particularly shameful in light of the Standards of Conduct for the International Civil Service, which all our colleagues here today were obliged to sign when they were recruited. Shouldn't the rules be the same throughout the United Nations system?

This time confidence has well and truly been broken.

Ladies and gentlemen, members of the Governing Body, the staff declare:

No confidence in the ICSC, *plus aucune confiance dans la CFPI, no confidencia en la CAPI.*

Catherine Comte-Tiberghien

13 March 2018