



NINTH ITEM ON THE AGENDA

**Reports of the Programme, Financial
and Administrative Committee****First report: Financial questions****Contents**

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1. The Programme, Financial and Administrative Committee of the Governing Body met on 12 and 13 November 2003, chaired by Mr. E Chung (Government, Republic of Korea). Mr. Les Kettledas (Government, South Africa) was the Reporter.
2. The Committee was briefed by the Director-General on safety and security of ILO staff and premises (see Appendix I).
3. Mr. Botha, speaking on behalf of the Employer members, acknowledged that safety and security issues were a major concern.
4. Mr. Blondel, speaking on behalf of the Workers' group acknowledged to his regret that the statement made by the Director-General was well-founded. He too welcomed the openness of the ILO, while emphasizing that, being concerned with workers' safety, the ILO could not neglect that of its own staff. However, a balance had to be achieved and the building should not be turned into a fortress. In any case, the Staff Union should be consulted before any decision was taken. The Workers' group was prepared to examine a document on the subject in the PFA Committee.
5. The representative of the Government of the United Kingdom agreed that the international security situation had created a need to urgently focus on the issue and welcomed the timing of the Director-General's intervention. There had been concerns about security within the headquarters building and the car park for some time. She asked if all available funding for security had already been allocated to priority issues and where the additional funds for the measures proposed by the Director-General would come from.
6. The representative of the Government of the Russian Federation, referring to the Director-General's statement, asked if the figure of US\$780,000 included the administrative post mentioned in the first point of the proposals.
7. The Director-General recalled the need for a balance between accessing the headquarters building and the safety of all the staff. An image of the ILO surrounded by barbed wire was not wanted. On the question of the currency of the estimates, he pointed out that the Swiss francs represented an estimate of the amounts to be spent in the local currency while the total resources required, in the ILO's reporting currency, amounted to \$780,000 including the additional post. These expenditures would be incurred in the next biennium, funded out of savings in Part I of the budget and, if this did not prove possible, from Part II.
8. Mr. Botha recognized the need for the proposed measures and felt that some of these changes should already have taken place. He supported all the points for decision.
9. Mr. Blondel again emphasized the importance of ensuring the security of the staff and supported the point for decision.
10. The representative of the Government of the United States agreed with the point for decision and stressed that the strategy should not be limited to Geneva, but should also apply to facilities in the field, including the proposed new facilities. She suggested an addition to point (c) in the decision paragraph, which would read: "this document should specifically include an analysis of the security issues connected with field operations, including the proposed new construction of offices in Santiago and Dar es Salaam".
11. The representative of the Government of the United Kingdom agreed with the points for decision but asked if there was a way of including such recommendations into an accommodation strategy and decisions on the priorities taken at that time.

12. The representative of the Government of the Russian Federation endorsed the proposal and the amendment submitted by the United States with the comments made by Mr. Blondel and believed that due consideration should be given to the comments made by the United Kingdom.
13. The representative of the Government of France suggested that, in order to meet the various concerns that had been raised, subparagraph (c) of the point for decision be amended to read: “a proposed strategy on security of the staff and premises of the Organization”, leaving the rest of the text as it stood.
14. The representative of the Government of the United States agreed with the suggestion made by France.
15. *The Committee recommends to the Governing Body –*
 - (a) *that the Office be authorized to implement measures to improve security at the headquarters building, including restricted access to the building and the parking facilities through the use of identification badges, guards, electronic monitoring and fencing, and that the estimated cost of \$780,000 be financed in the first instance from savings in Part I of the Programme and Budget for 2004-05 or, failing that, through the use of Part II;*
 - (b) *that the Director-General be required to consult the Officers of the Governing Body on the implementation of the security measures; and*
 - (c) *that the Director-General be requested to submit to the 289th (March 2004) Session of the Governing Body a document setting out a proposed strategy on security of all the staff and the existing and future premises of the Organization.*

Programme and Budget for 2002-03: Regular budget account and Working Capital Fund

(First item on the agenda)

16. The Committee had before it two papers¹ on the regular budget account and Working Capital Fund.
17. The representative of the Director-General (Executive Director and acting Treasurer and Financial Comptroller) reported that contributions received since 1 November 2003 were as follows:

Member State	Swiss francs
Singapore	1 422 962
Ireland	211 627
Republic of Korea	6 715 932
Syrian Arab Republic	285 981

¹ GB.288/PFA/1 and GB.288/PFA/1(Add.).

All four member States made payments against their 2003 assessed contributions, in full settlement of their outstanding balances.

18. Mr. Botha thanked the countries which had paid their contributions and particularly those which had already paid their 2004 contributions. He was pleased to see a decrease of the number of countries which had lost the right to vote, but expressed his concern about the number of countries which had not made any contributions at all. The Organization could not operate without contributions and he hoped that more effort could be made to encourage those countries to pay their contributions. He supported the point for decision.
19. Mr. Blondel stressed the importance of this document, which presented the income and expenditure during the period from 1 January 2002 to 30 September 2003. It showed a cash deficit which, even if it were temporary, raised questions on the way the ILO budget was evolving over the years in comparison with that of other international organizations. The situation with regard to the payment of contributions had improved over the previous year, contributions received having risen from 45.3 to 49 per cent of the contributions assessed. The Workers welcomed this, while regretting the virtually chronic lateness of certain countries in paying their contributions. In general, failure of certain States to pay their contributions at all was a matter of concern for the Workers, as well as for the Employers, as had just been pointed out by Mr. Botha. Lastly, the Workers supported the point for decision contained in paragraph 11 of the document.
20. The representative of the Government of Canada was pleased that there had been a modest improvement in terms of contributions received. He shared the Employers' concern at the continued level of unpaid contributions and asked if the late payment or the non-payment of contributions impeded the Office's ability to implement its programmes.
21. Mr. Blondel stated that he had examined the list of States which were more than two years behind with their contributions or which had lost the right to vote and was surprised to see that Paraguay's debt dated back to 1937. He wondered if this were an error, or if the Office could provide information on this point.
22. The representative of the Director-General (Executive Director and acting Treasurer and Financial Comptroller) said that contributions received to the end of October 2003 amounted to 616 million Swiss francs, which was equivalent to 80 per cent of the current biennium's assessments. The comparable figure in October 2001 was only 65 per cent. The total income, or contributions received, up to 31 October 2003 was almost \$10 million in excess of expenditure as of that date. He could therefore confirm that the cash situation was not having any adverse effect on the implementation of the 2002-03 budget, and based on expenditure incurred to date the ILO's 2002-03 budget would be fully implemented.
23. In response to other questions raised, the number of member States that had not made any payments towards their current assessments had declined, and all the 13 member States that had financial arrangements during the current biennium had respected the terms of their arrangements and had thus retained their right to vote. However, nearly half of the 36 member States that paid only 0.001 per cent of the ILO budget were currently in arrears by more than one year. The member States that had made their payments against their 2004 contributions embraced a variety of situations, including some which had partly or fully paid their 2004 assessments and others which had financial arrangements with respect to their arrears, but had nevertheless prepaid their 2004 assessments. Regarding Paraguay, the contribution due for 1937 was correct and represented an amount due for prior periods of membership in the ILO.

24. *The Committee recommends that the Governing Body authorize the Director-General to submit proposals for any necessary transfers within the 2002-03 expenditure budget to the Chairperson for his approval, prior to the closing of the biennial accounts, subject to confirmation of such approval by the Governing Body at its 289th Session (March 2004).*

Voluntary contributions and gifts (Second item on the agenda)

25. The Committee had before it a paper² on gifts made in aid of ILO operational programmes.
26. Mr. Blondel, recalling that this document did not call for a decision, thanked the different donors, both institutions and individuals, that had supported the ILO's activities through their financial contributions.
27. Mr. Botha also expressed thanks to the donors and requested an explanation of the difference between voluntary contributions and gifts and technical cooperation and whether reporting requirements were also different.
28. The representative of the Director-General (Executive Director and acting Treasurer and Financial Comptroller) explained that the contributions and gifts shown in the document had been made in direct support of a regular budget activity. They constituted direct subsidies to such activities and did not create any additional obligations with regard to reporting. Technical cooperation activities were normally distinct operational activities that were supported by one or more donors and were subject to specific external reporting and internal record-keeping requirements.
29. The Committee took note of the Office paper.

Financial questions relating to the International Institute of Labour Studies (Third item on the agenda)

Programme and Budget for 2004-05

Authorization to accept contributions and gifts

30. The Committee had before it two papers³ which outlined the programme and budget proposals of the International Institute for Labour Studies for 2004-05, and described the contributions and gifts received by the Institute.

² GB.288/PFA/2.

³ GB.288/PFA/3/1 and GB.288/PFA/3/2.

31. The Chairperson stated that these papers were for the information of the Committee, and would be discussed once a paper was available from the Board of the Institute containing its recommendations on these matters.
32. Mr. Blondel pointed out that it was very difficult to deal with this subject when the Board of the International Institute of Labour Studies had not met yet and asked whether it would be possible in future for it to meet before the Programme, Financial and Administrative Committee. Moreover, the Workers were concerned about the fact that the Institute still did not have a director, that its managerial staff was being assigned to external activities and that the budget showed a reduction, albeit slight, compared to previous years. The Institute should be given back the importance it deserved, while ensuring better integration and coordination with ILO activities.
33. The representative of the Government of France regretted that the research carried out by the Institute was only very rarely published in the ILO's three official languages. Since the Institute's Board had not yet met, this opportunity should be taken to draw its attention to the situation and to the need to take the necessary measures to remedy it.
34. The representative of the Government of Canada welcomed the reference to the "closer cooperation" of the Institute with the Organization and supported the suggestion made by Mr. Blondel with regard to the integration into the programme and budget document of the other semi-independent institutes such as CIS, CINTERFOR and the Turin Centre. Referring to the Institute's proposed programme and budget, he observed that there was an increased allocation from the regular budget of almost \$450,000 when compared to the previous biennium and asked what the implications of this increase were for the 2004-05 programme and budget.
35. The Director-General explained that questions raised in connection with the Institute's budget would be addressed once the Board's recommendations had been received. Referring to the comments of Mr. Blondel, he agreed that the Institute played an important role and that its activities were closely connected with those of the Organization's four strategic objectives. A more detailed response to points raised would be possible following the Institute's Board meeting.
36. The representative of the Director-General (Executive Director and acting Treasurer and Financial Comptroller) explained that the ILO Programme and Budget for 2004-05 showed a real reduction in resources to be allocated to the Institute of 10.5 per cent from \$4,499,000 to \$4,024,000. The increase in budget referred to by the representative of the Government of Canada was due to the 2004-05 exchange rate adjustment for Swiss franc denominated costs which had been applied to the ILO budget, and had brought the US dollar denominated value of the contribution up from \$4,024,000 to \$4,942,000.
37. The Committee agreed to defer further discussion until the Institute's Board had issued its recommendations.

International Training Centre of the ILO, Turin (Fourth item on the agenda)

(a) Documents submitted to the 65th Session of the Board of the Centre (Turin, 6-7 November 2003)

(b) Report of the 65th Session of the Board of the Centre

38. The Committee had before it two papers⁴ on the International Training Centre of the ILO, Turin.

39. Mr. Rampak (Worker member) recognized that the importance of the Turin Centre was acknowledged by the Organization, and wished to express his concern about the amount of regular budget funds allocated to the Centre. The Centre was very much dependent on funding received from the Government of Italy, but he believed that the regular budget allocation should be increased. There was still no programme manager for Africa (a situation which had existed for at least a year), nor had a programme manager been recruited for the DELTA programme which was very important in terms of long-distance learning programmes. Obtaining visas to attend courses at the Centre was also a problem, particularly for participants from African States. He called on the Office to take up this problem with the Italian Government. He also believed that more should be done by the task force, established by the Office, to improve the integration of the Turin Centre into the ILO. Finally, he observed that participation in the Centre's courses was not evenly distributed amongst the regions. The number of attendees from the Asia/Pacific region had fallen and he called for ways of achieving more equal participation rates.

40. Ms. Sasso-Mazzufferi (Employer member) welcomed the very positive atmosphere in which the Board of the Turin Centre had met and the quality of the working documents submitted to it. The numerous interventions by Employer members during these discussions bore witness to their commitment to the Centre and their interest in its programmes for employers, which they wished to see on a par with the activities for workers.

41. The speaker recalled that her group would like the IOE and the ICFTU to collaborate on subjects of mutual interest selected by the organizations themselves and not by the Centre. The Employers thanked the Italian Government, the Piedmont Region and the City of Turin for their support not only to the Centre's budget but to the modernization of its premises with a view to the 2006 Olympic Games. They were glad that a solution had been found to the problem of retirement pensions of certain officials of the Centre. Many employer and worker participants had difficulties in obtaining a visa for Italy, and the Centre should look into this problem and ensure that it is promptly solved. Lastly, the Employers were surprised to see a certain imbalance in the way the interventions had been reproduced in the report: most of the interventions by Governments and Employers were summarized, whereas others were reproduced in full. A better balance should be ensured in future between the different parts of the report, possibly by publishing an appendix reproducing the interventions in full, in line with the wishes of all those who would like to see detailed interventions reflected. On behalf of the Employers, the speaker took note of the report.

⁴ GB.288/PFA/4/1 and GB.288/PFA/4/2.

42. The representative of the Government of South Africa stressed the need to fill the post of manager for the African Regional Programme. This was particularly important given the increase in the number of course participants from African member States.
43. The representative of the Government of France recalled that, during the debate on programme and budget proposals, he had already advocated a greater degree of integration of the Centre's activities in the ILO's strategy. The Director-General had set up a task force to examine ways of ensuring greater convergence between ILO programmes and those of the Centre and increasing the share of projects assigned by the ILO to the Centre; this work was particularly important in view of the Centre's budget proposals, and it was necessary at this stage to achieve a significant increase in the activities delegated to the Turin Centre.
44. The representative of the Government of Italy recalled that the Italian Government had always supported the Centre and would continue to do so; the Office should take measures to ensure that the Centre was systematically used for the Organization's training activities and should provide the Centre with financing at least equal to that supplied by the Italian Government, as the latter had requested it to do.
45. Mr. Blondel explained that his recent visit to the Turin Centre had only strengthened his conviction that the Centre was a campus which deserved a higher level of commitment on the part of the ILO; in fact, the ILO's contribution, which should be equal to that of the Italian Government, was lower, and relying on donors inevitably placed constraints on the ILO's room to manoeuvre, entailing the risk that activities would not always be in line with the Organization's strategies. The Office should therefore renew its commitment to the Centre to guarantee that the training provided was universal; it should also use it to train its own staff, which would help ensure that its activities were more integrated with those of the ILO, as had been requested on a number of occasions. On the question of parity between employer and worker training, the speaker recalled that training programmes for the latter were much more numerous. He also pointed out that while the IOE was the interlocutor on the employers' side, the workers' group was not limited to the ICFTU. Lastly, he noted with satisfaction that the issue of the retirement pensions of certain staff members of the Centre had been solved; he once again thanked the Italian Government for its support to the Centre and welcomed its decision to renovate its premises, despite the difficulties this work would entail.
46. The representative of the Government of the Islamic Republic of Iran stressed the importance of the Turin Centre in the development and promotion of human resources and as part of the infrastructure necessary to the Organization's strategic objectives. If the Centre were to become more involved with the Organization's training and vocational courses, then this should be reflected by an increase in the regular budget allocation. He called on the Office to encourage donor countries to give financial support to the Centre and thanked the Government of Italy for its invaluable and long-standing support.
47. The representative of the Government of the Libyan Arab Jamahiriya fully supported the report of the 65th Session of the Board of the Centre and wished to see the Centre restore technical cooperation with his country. The Libyan delegation had been unable to attend the 65th Session as they had been unable to obtain visas in time. Visas were usually granted for only a month and visas with a longer duration would be helpful. He hoped that both the Centre and the Organization would take up this problem of visas with the Government of Italy.
48. The representative of the Government of the United Kingdom wished to address the concerns of the External Auditor with regard to the Centre, as expressed in paragraph 7 of the report. She observed that several of the participants at the Board meeting had also

made reference to these concerns but that the report editing process had produced very short reported responses to some serious matters. As an example, she cited the comment made to the members of the Board by the Director in paragraph 32 that the recommendations of the External Auditor “were always taken systematically into consideration”. She wished to have some assurance that these recommendations would be addressed as a matter of urgency so that they did not reappear in the next Board meeting report.

49. The representative of the Government of Canada gave his support to the views expressed by the representative of the Government of the United Kingdom and hoped that the concerns of the External Auditor would not be repeated in future documents. He observed that, as part of the funding package offered by the ILO to the Centre, the Director-General had undertaken to establish a task force. He requested details of its current status, together with the likely timing of the publication of its findings and of the decisions to be taken thereon.
50. Mr. Trémeaud, the representative of the Director-General and Director of the International Training Centre of the ILO, in reply to the question concerning the failure to recruit programme managers for Africa and Arab States, explained that in addition to financial considerations, the Centre had changed its approach and strengthened the technical teams, thus reducing the workload of the regional teams.
51. The External Auditor had commented on the delay in closing the accounts of the Centre. This situation was due, on the one hand, to the difficulties involved in introducing the new integrated accounting system and, on the other, to the fact that many of the Centre’s activities took place in the second half of the year. Nonetheless, a commitment had been made to closing the accounts in May, which was an improvement. Secondly, the question of computer security systems had been raised; steps had been taken but the financial difficulties faced by the Centre prevented it from going beyond measures which were absolutely necessary.
52. Concerning the third point raised by the auditors, while it was true that the renovation work on the Centre with a view to the 2006 Olympic Games was likely to entail certain difficulties in managing the Centre’s activities, the City of Turin had offered temporary use of other premises, which should solve part of the problem. The situation was being very closely monitored and every effort was being made to mitigate the inconvenience as far as possible.
53. Lastly, the speaker explained that the task force set up by the Director-General, of which he was the Chairperson, had held a number of meetings with a view to improving the utilization of the Centre for ILO activities. A report would be drawn up in which a number of proposals and recommendations would be presented. It was already clear from the many meetings held that the ILO devoted a large share of its activities to skills development, which accounted for 25-30 per cent of technical cooperation projects. A policy needed to be developed in this area, since activities were currently carried out on an ad hoc basis and lacked uniformity. The Turin Centre could make a valuable contribution to this work.
54. The speaker also pointed out that the Centre had been in charge of the ILO’s fellowships and training activities when technical cooperation had been financed almost entirely by the UNDP. This was no longer the case, and no similar arrangement seemed to have been reached for the multi-bilateral programmes which now formed the bulk of technical cooperation. All of these comments should be taken into account in the proposals to be submitted with a view to ensuring that the Turin Centre truly performed its role as the ILO’s training centre.

55. On the subject of visas, the Centre had drawn the attention of the Italian Government to this problem. Instructions had been given to embassies and consulates, but Italy was a member of the Schengen system, in which there had been an overall increase in the amount of time required for obtaining visas. As regards the distribution of activities among the regions, the decline with regard to Asia and the Pacific which had been regretted by a number of speakers was due to the fact that a number of major programmes had ended, but others would be launched in 2004 and this would bring up the figures. Activities for Africa were on the increase, which was to be welcomed.
56. The Director-General explained that his first response with regard to the Turin Centre was always to thank the Government of Italy for its long-standing generosity. Following an internal reorganization of the Centre, considerable progress had been made with regard to strengthening the relationship between the Organization and the Centre, which reflected the four strategic objectives of the Decent Work Agenda. However, the main problem was that of financing the Centre and a possible solution, as suggested by Mr. Blondel, would be to encourage direct government contributions in addition to the funding received from the Government of Italy. A second possible solution would be to further increase the Organization's contribution, but this would obviously have a detrimental impact elsewhere. The transfer of funds from another area of the Organization's activity to the Centre was essentially a decision for the Governing Body. The task force referred to by Canada would establish the best use of resources with regard to the Centre and an important step had been to place the head of the Centre, Mr. Trémeaud, in charge of the task force in order to ensure that the interests of the Centre were fully considered. The Director-General therefore invited governments to consider making direct contributions to the Centre and suggested that the question of allocating additional resources to the Centre could be considered for the 2006-07 budget. Referring to the question raised about pensions, he explained that the Office would make a contribution in order to ease the problem.
57. The Committee took note of the Office papers.

**Proposed 2004-05 budgets for
extra-budgetary accounts**
(Fifth item on the agenda)

- (a) **International Occupational Safety and
Health Information Centre (CIS)**
- (b) **Inter-American Research and Documentation
Centre on Vocational Training (CINTERFOR)**

58. The Committee had before it two papers⁵ on CIS and CINTERFOR, which were discussed together.
59. Mr. Botha noted that CIS was an important tool of the ILO. He asked why a large amount of funding was brought forward from the previous period and, in view of the low levels of extra-budgetary income, requested clarification on income from sales, royalties, whether

⁵ GB.288/PFA/5/1 and GB.288/PFA/5/2.

governments financially supported CIS, and if there was a policy to attract donors. CINTERFOR was a good example of an organization that might be appropriate in other parts of the world. He however recalled that the lack of tripartism in CINTERFOR had been pointed out to the Employers, and that the notion of training as a right was still under discussion.

60. Mr. Blondel considered that the publications of the CIS were an excellent monitoring and prevention tool. The CIS helped to ensure protection of occupational safety and health, and the Workers supported the request for free access to information on occupational safety and health placed on the Internet by the International Labour Office, on the understanding that such information could be put on sale in the form of hard-copy publications. The Workers welcomed the fact that the *Encyclopaedia of Occupational Health and Safety* had been published in three languages, since specialists in occupational medicine considered it as the world's best reference work.
61. Concerning the Inter-American Research and Documentation Centre on Vocational Training (CINTERFOR), the Workers welcomed the fact that its work was aimed at realizing the ILO's four strategic objectives, but wondered about the relationship between CINTERFOR, training activities and trade union organizations. The Workers noted the reduction in the budget for 2005 due to the more favourable dollar exchange rate, and the fact that the crisis which had affected the region had prevented part of the contributions for 2003 from being paid.
62. Concerning paragraph 7, under the heading "Subprogramme 1. Promotion of standards and fundamental principles and rights at work", the Workers emphasized that, contrary to what was said in that paragraph, education and training were not essential requirements for effectively enjoying fundamental rights at work, but only positive factors which facilitated access to them.
63. The representative of the Government of South Africa, on behalf of the African group, indicated that the African group welcomed the CIS proposed income and expenditure budget and emphasized that its role had been clearly defined in the global strategy on occupational safety and health. In view of the developments in the occupational safety and health discussion, the African group believed that the CIS should be fully supported in a sustainable manner and that the relationship with national and collaborating agencies in the developing world be strengthened in order for them to benefit from the knowledge base of the Centre.
64. The representative of the Government of India endorsed the CIS 2004-05 budget. He understood that the extra-budgetary shortfall was a result of the discussion on the free dissemination of information at the 91st Session of the International Labour Conference. While endorsing the point for decision on CINTERFOR, he regretted that the proposed income and expenditure for the extra-budgetary account had not shown the detailed breakdown of extra-budgetary income and expenditure.
65. The representative of the Government of Canada presumed that the 36 per cent increase in the contribution of the regular budget was all attributed to the exchange rate and was the case for both CINTERFOR and CIS. He asked if the anticipated CIS staff and non-staff resources of \$2.8 million to be contributed from the SafeWork programme also showed up in the programme and budget and, if so, was this a double entry.
66. The representative of the Government of the United States shared the concerns expressed by both the Employers and the Workers on the matter of training as a right, as well as the Workers' concern that vocational training is not necessarily a prerequisite for decent work in employment.

67. In response to some of the questions, Mr. Clevestine, Head, CIS, said that the amount brought forward from the previous financial period was due to two components: first, the need for a reserve to be maintained because some income was earned and therefore unpredictable; and because of the low level of extra-budgetary income, since constituents wanted as much as possible made available free of charge, which would lead to no subscriptions being sought for printed products starting with publication year 2004. No assumptions had been made on additional income from normal database activities, which attracted royalty payments. CIS wanted to see if vendors of its information retained interest despite free distribution. He was inclined to think so because in the publishing world, value was added by aggregating documents from widely separate sources. On the other hand, for materials which were sold directly by CIS, no commitments were being made. Document delivery was of particular interest because CIS wanted to facilitate access to the documents cited in its bibliographic database.
68. With respect to government financial support, the only cash came from the European Commission. Several national institutions made contributions in kind. As for the policy of attracting more funding, the business model needed changing. The last volume of the French version of the Encyclopaedia was at the printers for publication by year-end. The question of the 36 per cent increase was only partly attributable to exchange rate factors. He paid tribute to SafeWork for having responded by providing a slightly larger slice of the SafeWork allocation.
69. Mr. Muñoz, Director of the Regional Office for Latin America and the Caribbean, said that he appreciated enormously the positive perception of CINTERFOR's work, which was certainly a source of pride for the Centre's staff and provided additional motivation to pursue their efforts. He also took note of the concerns expressed on the need for more dynamic tripartite action. However, it was clear from the report under discussion that the great majority of activities had been carried out in centres with active tripartite bodies, and many of them in consultation with governments and employers' and workers' organizations. Lastly, he took note of the comments made by the Employer members, the Worker members and some Government members with regard to paragraph 7 of document GB.288/5/1, which would be the subject of further discussion at a later date.
70. The representative of the Director-General (Executive Director and acting Treasurer and Financial Comptroller) speaking on the CINTERFOR budget, explained that a very small increase in the dollar budget had resulted in a real increase in the programme of two work-years on General Service staff and a substantial increase for non-staff costs. This was because the weakening of the Uruguayan currency against the dollar meant that the same amount of dollars bought considerable extra resources.
71. *The Committee recommends that the Governing Body approve –*
- (a) *the proposed 2004-05 income and expenditure budget for the International Occupational Safety and Health Information Centre extra-budgetary account, as set out in the appendix to document GB.288/PFA/5/1; and*
 - (b) *the income and expenditure estimates for 2004-05 of the Inter-American Research and Documentation Centre on Vocational Training (CINTERFOR) extra-budgetary account, as set out in the appendix to document GB.288/PFA/5/2.*

Information Technology Systems Fund (Sixth item on the agenda)

72. The Committee had before it a paper⁶ giving details of the Information Technology Systems Fund.
73. Mr. Blondel, speaking on behalf of the Worker members, stated that a request for additional funds was inevitable in regard to the introduction of the planned new information technology systems, and that the Workers were not surprised, since the initial ceiling of \$25 million would soon be reached. They welcomed the progress that had been made and the fact that the new voting system would be operational as of June 2004. Since the cost of installing a wide area network (WAN) had been reduced to \$500,000, \$2.5 million would be made available for other purposes. Moreover, the Workers considered that the additional \$3.4 million for project IRIS were necessary to continue as planned and they therefore supported paragraphs 15 and 28 of the document. However, they noted that the pace of technological change was very rapid and could give rise to certain problems for the staff. They requested that the human factor not be overlooked when implementing project IRIS in particular and urged that care be taken to provide sufficient training and information to the staff concerned.
74. Mr. Botha said that the Employers' group strongly supported modernization and updating of the ILO's information technology systems within normal budgetary constraints. However, the electronic voting system took up the entire \$600,000 allocated to it, and an electronic document management system would cost \$500,000. He understood that for the wide area network the \$3 million originally approved would not be necessary at this stage and that one-time start-up costs of \$500,000 were all that was necessary at present. There was a suggestion that a full global-wide area network might be necessary at a later stage and he asked whether a new proposal would be developed and its likely cost. He supported the decision points, and asked if further budgetary shortfalls were likely for IRIS. He was concerned at the risk of cost cutting important items. He sought clarification on whether the funding requested covered the required training and strongly supported the need for comprehensive training, particularly in the field, as well as the need for general communication to staff.
75. The representative of the Government of the United Kingdom, speaking on behalf of the IMEC group, emphasized that the group supported the overall objectives of IRIS and expected the new system to provide the Governing Body and constituents with more timely and accurate information, facilitate oversight, decision-making and cost efficiencies. IRIS was a high risk and costly project, and it was important that it received adequate funding at this crucial phase of its development. Its funding requirements should remain a priority within existing ILO resources. She was concerned that there should be sufficient funding to cover the vital change management and training costs and noted that over \$4 million remained unallocated within the funding for management challenges for the 2000-01 surplus. She supported the points for decision and asked for a financial update report to the March 2004 Governing Body meeting on the use of the funds. She encouraged the Office to explore opportunities for outsourcing this type of technical activity, and to make greater efforts with the rest of the UN system to study possible synergies in their IT systems which could lead to substantial cost savings. Finally, she encouraged the Office to consider internal cost-recovery mechanisms which might help finance the ongoing costs of the information technology systems.

⁶ GB.288/PFA/6.

76. The representative of the Government of the Russian Federation proposed that work be started in the next budget on specific indicators on the results obtained and the effectiveness of investments in information technology systems. For example, some organizations used for each computer a total cost of ownership indicator to assess the efficiency of such investments. He requested more detailed information on which additional programme results would arise from the investments to be made in telecommunications. He asked the Office to consider keeping costs to a minimum by attempting to synchronize purchasing cycles with other international organizations and the search for more savings on bulk purchases with other organizations in addition to the use of the capabilities of the International Computer Centre of Geneva. He urged that consideration be given to how IRIS could be used to provide constituents with regular access to information on programme and budget implementation.
77. In responding to the various questions raised on IRIS, the representative of the Director-General (Executive Director and acting Treasurer and Financial Comptroller) said that IRIS would guarantee continuity of key administrative tasks, enforce standard best practices and streamline administrative processes, for example, reducing the types of separate ILO procurement forms from 12 to one, automating funds checking, and replacing paper documents with electronic documents. It would provide up-to-date information to all users worldwide in real time and improve the capacity for decentralized decision-making. Based on such expected benefits, the Office would endeavour to provide both qualitative and quantitative indicators of results and effectiveness of IRIS in the Programme and Budget for 2006-07.
78. The extra \$3.4 million was needed because of significant conceptual developments since the original IRIS budget was established in strategic budgeting, results-based management and HR strategy. The scope of the project had therefore changed and necessitated a different configuration of the standard Oracle software. It also required a new strategic management module to be developed, to address the Office's unique planning and programme management processes such as the preparation of the programme and budget in a single worldwide system, implementation planning with capacity for effective joint programming of activities between headquarters and decentralized offices, and implementation monitoring that would allow entry of financial forecasts and update of qualitative information on indicators and outputs, and reporting. Even the extra \$3.4 million still made for a project with a very tight budget, which presumed that the Office would improve considerably on the experience of others. The project was subject to rigorous cost control and oversight by project management and top management, particularly to avoid scope-creep and sustain a sense of urgency in delivering results on time, and a financial update would be provided at the next session. The technology on which IRIS is built could allow constituents direct access to the ILO's programme and budget implementation. However, this entailed the development of new functionalities and reports and consideration of Internet security issues which were not foreseen in the present budget.
79. Regarding the possibility of collaboration with others, IRIS was most closely aligned with the FAO and the Turin Centre, since both had already adopted Oracle. The Turin Centre might avoid significant development costs by using the ILO's HR and payroll solution, but this was dependent on the Centre's capacity to upgrade its own system. The Office had not yet identified concrete opportunities for joint system development projects on a cost-sharing basis with FAO, but attempts would continue. On its part, the ILO had invested in developing Oracle customizations that would be of value to other UN agencies, particularly in the human resource management systems and the travel areas, and several Oracle workshops had been organized to exchange ideas and to specifically provide ILO experience to other organizations.

80. On the question of user involvement and training, the representative of the Director-General (Executive Director and acting Treasurer and Financial Comptroller) said that the IRIS team would be shortly sharing training plans with users to ensure that the correct users are trained with appropriate skills at a suitable time. A recently developed comprehensive training plan foresaw the recruitment of 15 additional trainers. To date, the focus had been on key system users, but active communications events with the whole Organization would soon begin. The Office envisaged spending around \$2.5 million from the project budget for the cost of training headquarters and field staff which would cover the preparation of training material, guidance notes and user manuals, the delivery of training courses, and a wide range of communication events. This amount demonstrated the importance attached by the project to this activity and it was recognized that a lower level of investment in this area could result in serious implementation problems with the new system.
81. Regarding the Wide Area Network (WAN) proposals, the expected results were improved collaborative working between all ILO offices, with higher reliability and performance. There might also be cost savings, for example, where travel is substituted by worldwide video communications through the new technology. Joint procurement of WAN solutions was difficult because of different timing, dissimilar budgetary provisions and the unique existing infrastructure of the various UN agencies, but some suppliers had umbrella agreements for the whole of the UN system, which provided standard terms and economies of scale in this area of technology. The possibility of internal charge-back of recurring costs of the IT initiatives, as proposed by the IMEC group, was a valuable proposal that would be studied by the Office and could be considered, for example, for the WAN for charge-back on the basis of the number of workstations throughout the Office. The original preliminary and tentative cost estimate of \$3 million for the WAN reflected a complex situation which had resulted in that estimate being a combination of one-time and recurring costs. The one-time cost for a global-wide area network could be comfortably limited to \$500,000 without changing the original scope and expected results. The challenge was that the recurring costs, which had to be found within future budgets, were very significant, and the Office needs to reconsider the extent and speed at which the technological proposal previously put to the PFAC in March 2003 could realistically be implemented.

82. *The Committee recommends to the Governing Body –*

- (a) *that it revise the figure of up to \$3 million approved from the Information Technology Systems Fund for improvements to the headquarters/field telecommunications infrastructure at its 286th Session in March 2003, to \$500,000, thus releasing \$2.5 million for other purposes;*
- (b) *that it approve the use of the unearmarked balance of the Information Technology Systems Fund, amounting to \$3.4 million, towards meeting the budgetary shortfall in project IRIS.*

Report of the Building Subcommittee
(Seventh item on the agenda)

83. The Chairperson of the Building Subcommittee (Ms. Gomes dos Santos) presented the four points of the document. The first point dealt with the continuation of the construction of the Regional Office in Lima and the second with the proposed gifts of land from the Governments of Chile and the United Republic of Tanzania. Then followed the question of the optimum use of space at headquarters, and finally the question of the master plan for the Jardin des Nations and the plan for the Campagne du Grand Morillon.

84. Mr. Ahmed (Worker member and Vice-Chairperson of the Building Subcommittee) felt that the offices in Lima and the gifts of land by Chile and the United Republic of Tanzania were a good asset to the Office and would serve to promote and defend the basic ideal of the ILO. The Workers supported the construction programmes. The tripartite national committees would be associated to observe conformity with labour standards.
85. Mr. Botha supported the two points for decision and thanked the Governments of Chile and of the United Republic of Tanzania for their very generous offers of land. However, he pointed to the need for a policy or strategy with respect to office accommodation, building new offices, and ownership, and requested a proper and full consideration of this issue.
86. The representative of the Government of South Africa, speaking on behalf of the African group, endorsed the points for decision and thanked the Governments of Chile and the United Republic of Tanzania for their invaluable contributions. He expressed special appreciation to the Government of the United Republic of Tanzania as the office there was responsible for a number of countries in the African region and this clearly would enhance the facility at the service of all the constituents in that region. He was pleased to note that the security measures for this office were considered within the basic design of the building and the proximity to the other UN agencies brought the UN family together. He noted that the building design also envisaged full access for people with disabilities.
87. The representative of the Government of the United Kingdom, speaking on behalf of Australia, New Zealand and the United Kingdom, continued to believe that the Governing Body should consider a comprehensive accommodation strategy before reaching agreement on further non-emergency expenditure from limited resources in the Building and Accommodation Fund. This would enable well-informed decisions on the real priorities for expenditure in line with the jointly agreed objectives and the strategic policy framework. She encouraged the Office to also ensure the appropriate and necessary linkages between a security strategy and the accommodation strategy, and recommended that the accommodation strategy be prepared for consideration in March 2004. The accommodation strategy was essential to assist the Governing Body to decide on the allocation of funds from the Building and Accommodation Fund. Criteria on undertaking expenditure on behalf of the Organization where competing priorities for limited resources existed would be particularly required. The priority must be to ensure that the ILO took all feasible measures to improve, where necessary, security precautions for staff and visitors. The paper did not suggest reasons why immediate decisions were needed on the projects set out in the document. In the light of the possible requirements for work on the headquarters building and the lack of overall accommodation and security strategies, it would be preferable to defer final decisions until the March 2004 meeting.
88. The representative of the Government of Kenya endorsed the points for decision. He believed that regarding the office in Santiago, the preferred option would be to utilize the Building and Accommodation Fund to pay for the building. As far as the Dar es Salaam office was concerned, it was located in a residential area, which was not the most suitable location for an ILO office. The office space was limited, meeting facilities, storage, archive and car-parking space was inadequate, and the premises lacked a lift and toilet facilities for the disabled.
89. The representative of the Government of Japan supported the comment made by the United Kingdom, and as regards paragraph 21(c), believed the Committee should investigate carefully the need for a loan as it would be the first case since the construction of the headquarters. He also noted that the rules and procedure concerning the use of commercial loans should be clearer because a commercial loan would be a constraining factor to the future budget which would be decided by the Conference. The Office had explained that there were no financial or legal limitations prohibiting the ILO from funding construction

projects through commercial loans but there was also no explicit rule regarding the use of commercial loans. He found it a little strange that the Governing Body could bind the future Conference without clearly stated rules. He asked the legal department to give their views on this point and the Office to provide information on the rules and practices in other international organizations concerning the use of loans at the next Governing Body meeting.

- 90.** The representative of the Government of Ecuador, speaking on behalf of the Group of Latin American and Caribbean States (GRULAC), thanked the Office for the report. Referring to paragraph 21 of the document, she expressed her support for the construction of new premises for the ILO Office in Santiago, and commended the economic viability of the project, which would enable savings to be made and an improvement in the financial planning capacity of the Organization. She recalled that the Santiago Office dealt not only with issues relating to Chile, but also those of Paraguay and Uruguay. Hence it was important to provide it with the best possible conditions to promote the ILO's four strategic objectives in these countries and bring itself into line with the new security measures to be taken by the Organization. She stated that the GRULAC countries also supported paragraph 28 of the document referring to the construction of new ILO premises in Dar es Salaam. Lastly, GRULAC expressed its thanks to the Governments of Chile and the United Republic of Tanzania for their gifts, which would further the improvement of working conditions of ILO staff and the work of the Organization.
- 91.** The representatives of the Governments of Canada and Norway (speaking on behalf of Denmark, Sweden and Norway), associated themselves with the remarks of the United Kingdom.
- 92.** The representative of the Governments of Mexico associated herself with the statement made by the GRULAC countries in support of paragraphs 21 and 28 of the document. She expressed her sincere thanks to the Governments of Chile and the United Republic of Tanzania for their generous gifts, which would make it possible to build premises that would facilitate the work of the ILO in the region. Since she belonged to the same region, the speaker was aware of the work being done by the Santiago Office and knew that the construction of new premises met a real need in response to the request made by the countries covered by that Office.
- 93.** The representative of the Government of Malawi associated himself with the intervention made by South Africa.
- 94.** The representative of the Government of the United States associated himself with the position advocated by the United Kingdom unless he could be provided with compelling reasons to proceed with the proposed resolution. He also shared the concern mentioned by Japan about the use of loans.
- 95.** The representative of the Director-General (Executive Director and acting Treasurer and Financial Comptroller) noted that several speakers had suggested that the ILO should have an accommodation strategy and some had recommended that a decision be deferred until such a comprehensive strategy was in place. He stressed that events such as the decision by a government to donate a valuable gift cannot be planned for in any accommodation strategy. This underlined the importance of being flexible, and being prepared to consider proposals on a case-by-case basis. For example, the gift of land in Santiago was valued in excess of \$1 million, and there were demonstrated financial gains in proceeding with construction and relinquishing the rented premises, which therefore rendered any delay in such a decision unnecessary. He agreed that the ILO should have a comprehensive accommodation strategy and recalled that a draft strategy was prepared in 1999, providing an overview of current properties and an assessment of the extent to which the ILO's

worldwide accommodation would support operational requirements. However, during the past four years, the ILO office infrastructure had changed and office requirements in areas such as security had also changed. In working towards developing a new accommodation strategy, the Office was first collecting comprehensive up-to-date information on all aspects of its worldwide accommodation infrastructure through an Internet-based computer application. He welcomed the request from several members to examine an accommodation strategy, and assured the Committee that the Office was committed to providing a useful product. However, this required more time. He proposed that the Office could provide a progress report on the results of the present comprehensive questionnaire on ILO worldwide accommodation infrastructure at the March 2004 session. He acknowledged the comments from the representative of the Government of Japan, supported by others, on the legal basis of, and need for, a commercial loan for the Santiago premises, and suggested that two alternative sources of funding, namely the use of the Building and Accommodation Fund and a commercial loan, could be proposed at the next session in March 2004 for decision by the Governing Body.

96. The representative of the Government of Japan requested that some minor changes be made to the draft resolution on the acceptance of the gift in Santiago in the light of the proposal from the Office to provide funding options at the March 2004 meeting.
97. The representative of the Government of United Kingdom noted that her Government had first asked for this strategy in March 2003 and in the absence of a comprehensive accommodation and security strategy, her delegation had fundamental difficulties with the ad hoc decision. On non-emergency projects of this kind, she continued to believe that security reasons for new building works should take priority over a less urgent requirement, and requested that it be noted in the record that her Government did not join consensus on these points for decision.
98. The representatives of the Governments of New Zealand and Canada also wished to have the record show that their Governments could not join the consensus on these points for decision. The Chairman confirmed that the reservations expressed by the United Kingdom, New Zealand and Canada would be noted in the record of the meeting.
99. Mr. Blondel, speaking on behalf of the Workers' group, stated that he failed to understand what investment strategy the ILO could have with regard to premises, given that it was not an enterprise. Proposals to make premises available should be examined in the light of two criteria: the security of staff and the Organization's freedom of action. The Workers suggested that a document be prepared by the month of March to provide some information on the ILO's estate and wondered whether the Office could have an accommodation strategy. They also wished to be informed by March on the advantages and disadvantages of rental versus purchase of premises. Mr. Blondel was in favour of an immediate decision on the subject, in view of the reservations that had been expressed.
100. The point for decision was amended and read as follows:

The Committee recommends to the Governing Body that –

- (a) *it give effect to the proposal to build new premises for the ILO Office in Santiago;*
- (b) *it accept the gift by the Government of Chile of a plot of land for this purpose in accordance with the authority delegated to it by the Conference at its 91st Session (June 2003);*

- (c) *the cost of the building may not exceed \$1.8 million, and that the Office be requested to provide proposals for the financing of the building in March 2004; and*
- (d) *it request that the result of the bidding evaluation process and more details on the modalities for financing the construction work be submitted to the Building Subcommittee at the Governing Body's next session in March 2004.*

101. The second point for decision was accepted.

The Committee recommends to the Governing Body that –

- (a) *it give effect to the proposal to build new premises for the ILO Office in Dar es Salaam;*
- (b) *it accept the gift by the Government of the United Republic of Tanzania of a plot of land for this purpose in accordance with the authority delegated to it by the Conference at its 91st Session (June 2003);*
- (c) *the cost of the building may not exceed \$1.7 million, which should be funded from the Building and Accommodation Fund; and*
- (d) *it request that the result of the bidding evaluation process be submitted to the Building Subcommittee at the Governing Body's next session in March 2004.*

Use of the 2000-01 surplus (Eighth item on the agenda)

102. The Committee had before it two papers⁷ on the use of the 2000-01 surplus.

103. Mr. Botha asked for clarification regarding the time frame for projects noted in the tables in Appendix III. He wished to see that the original agreements were maintained. The Employers were particularly interested in projects on tripartism and social dialogue.

104. The representative of the Government of the Russian Federation thanked the Office for allocating \$100,000 to poverty alleviation in the northwest region of the Russian Federation. He asked why the project to improve gender equality in the Caucasus region of the Russian Federation was not mentioned and what its status was.

105. Mr. Blondel stated that the Workers had given considerable thought to this subject. They noted that the total resources already allocated amounted to \$26,173,577, while budget proposals amounting to \$17,376,423 were still under development, \$2,395,400 of which came under the item "tripartism and social dialogue". The Workers wished to see this amount allocated as soon as possible to ACTRAV and ACT/EMP, which would then be able to take action on their priorities, namely the informal economy and poverty reduction. Neither should there be any delay in allocating the funds for the items "gender equality", as well as "regional services", in order to speed up the desired decentralization process.

⁷ GB.288/PFA/8 and GB.288/PFA/8(Corr.).

- 106.** The representative of the Government of the United Kingdom, speaking on behalf of the IMEC group, commented on the substantial funds earmarked in the IRIS project budget for training and recalled that over \$4 million appeared to remain unallocated within the funding allocated to management challenges within the surplus. She asked if part of this capital could be used for training for the IRIS project. On the issue of security and safety of staff, she asked for explanations on the allocation of the \$3.4 million shown in Appendix I.
- 107.** The representative of the Government of Canada welcomed the details presented. He noted that the objectives and targets and, in particular, the indicators, were appropriately cross-referenced to the original document.
- 108.** The representative of the Government of France commended the Office on the quality of its document. He recalled that following the amendment to the Financial Regulations, which had been introduced despite the reservations expressed by his Government, only 10 per cent of the surplus had been paid back to member States. At the time, the decision to keep the bulk of the surplus had been based on an urgent need for resources. In the event, as pointed out by the Worker Vice-Chairperson, the rate at which allocations were being spent, as shown in Appendix 1 to the document, did not appear to confirm the urgency of that need. As at 30 September 2003 – a year after the decision had been taken concerning the use of the surplus, a clear underspending of allocations could be seen. Moreover, these were resources that had already been allocated but not necessarily already spent. It thus appeared that the ILO was not managing to spend the allocations it had requested and that a more strict application of the Financial Regulations, as advocated by France, would have been desirable. At least it should be envisaged to reallocate funds from items under which funds were already being blatantly underspent to priority occasional programmes such as the ILO Maritime Conference. The speaker wished to see all of the resources currently pending allocation allocated by the March session, failing which he would welcome any useful proposal along the lines he had suggested.
- 109.** The representative of the Government of South Africa, speaking on behalf of the African group, welcomed the information on the use of the 2000-01 cash surplus and further requested the Office to give clarification on the proposed target as set out in Appendix III regarding international labour standards. The group asked about the inputs sought from constituents worldwide that were reflected in the report for the 2004 International Labour Conference's general discussion. There was also some concern expressed with regard to the time frame of June 2004, which would need revision in order for constituencies to have participated in this process in preparation for the Conference discussion.
- 110.** The representative of the Director-General (Director of the Bureau of Programming and Management) said that, regarding time frames, the dates given in Appendix III were the dates by which the activity was to be completed, and projects effectively started once the allocation was made. Regarding the Caucasus, the project had begun in June, and was covered in a previous report to the Committee.
- 111.** The Office had justified retention of the surplus on the basis of needs and opportunities not met by the Programme and Budget for 2002-03. Prudent and effective spending was promised covering a four-year period, not a rush to spend urgently. The Office had attained the authority to spend 2000-01 surplus funds on the priorities identified only in November 2002, with the exception of those things that were obviously immediately urgent. The Office emphasized well-designed projects, good techniques of results-based management as measured by the indicators and the targets in the programme and budget and reporting to the Governing Body and the Conference on significant achievements as a result of the expenditure under the surplus. His Bureau had been extremely tough with proposing units of the Office on these questions. While this had resulted in a certain amount of delay, there

had to be a balance between urgency and effective spending. The Office would ensure adequate reporting in the programme implementation report at the next session in March 2004.

112. In the areas of tripartism and social dialogue, there had been regular meetings with ACTRAV, ACT/EMP, and the Executive Director of the Social Dialogue Sector to ensure that the proposals were in order. Allocations would be approved by the Director-General very shortly. Preparatory work for the discussion on international labour migration in June needed to take place before June and expenditure under that item had actually already begun, both in terms of reinforcing capacity and in terms of consultations with member States.
113. The entire allocation for security and safety of staff had been allocated some time ago and expenditure was being applied to meeting the MOSS standards in the ILO's external offices, but not all MOSS standards would be met with the resources available.
114. On the question of whether or not part of the surplus devoted to improving management capacity could be applied for change management and training for IRIS, a large part of that item was already foreseen for the young professionals programme, for staff upgrading and for management development. However, a way was being sought to combine the training and capacity development funds under the surplus item with training for IRIS whilst also preserving training and resources in the IRIS project.
115. The Committee noted the papers.

Programme and Budget for 2004-05: Technical meetings reserve (Ninth item on the agenda)

116. The Committee had before it a paper,⁸ which detailed proposals from which technical meetings could be selected.
117. Mr. Blondel said that his group hoped that the number of meetings would be evenly divided among the sectors and the departments. The choice of subjects should reflect the priorities of the Organization. As two meetings were already reserved for the Employers' group and for the Workers' group, the Workers hoped that only three other meetings would be chosen in the immediate future. The objectives of the three tripartite symposia on promoting the MNE Declaration should include not only job creation but also all the other principles of the Declaration. The proposal concerning decent work and local development should be withdrawn as it duplicated the proposal for promoting integrated country strategies on decent work. The Workers proposed that the title of the symposium presented by their group be slightly modified, i.e. "The role of trade unions in the global economy and the fight against poverty". With regard to the Tripartite Meeting of Experts on Harassment and Violence at Work, sexual harassment was, of course, the area most targeted. There was nothing wrong with the title of the Meeting of Experts on Hazardous Work and Working Children in itself, and, while it was important to keep in mind that even children working, let alone in hazardous work, was not normal, the goal was simply to eliminate the most hazardous forms of work. The Workers wished to promote decent work and to fight against the exploitation of children, without establishing a list of hazards. Hazardous work should not be carried out either by adults or by children. With regard to

⁸ GB.286/PFA/9.

the meeting on Youth employment: The way forward, the proposed participation (22 Government, 11 Employer and 11 Worker participants) seemed biased in favour of governments. That should be discussed and a more balanced formula found.

- 118.** Mr. Botha stated that the priorities of the Employers' group were the two meetings already agreed upon, together with the Tripartite Symposium on Promoting the MNE Declaration in each of the three groups of countries (SADC, MERCOSUR and ASEAN) and youth employment: The way forward. He agreed with Mr. Blondel's suggestion with regard to participation for the youth employment meeting.
- 119.** The representative of the Government of India indicated his choice, in order of preference, as follows: (1) Youth employment: The way forward; (2) Decent work and local development; (3) Updating the list of occupational diseases; (4) The social dimension of globalization: From debate to action; (5) Meeting of Experts: Gaining influence in policy-making: Challenges for labour ministries.
- 120.** The representative of the Government of South Africa, speaking on behalf of the African group, explained that the group had been guided by the challenges faced by the African continent when making its choice. The group wished to see the following meetings, in order of priority: (1) Youth employment: The way forward; (2) Meeting of Experts: Gaining influence in policy-making: Challenges for labour ministries; (3) the Tripartite Symposium on Promoting the MNE Declaration in the proposed regional groups; (4) Decent work and local development; (5) Updating the list of occupational diseases; (6) Meeting of Experts on Hazardous Work and Working Children.
- 121.** The representative of the Government of Brazil speaking on behalf of Brazil and Argentina, expressed his priorities as: (1) Youth employment: The way forward; (2) Meeting of Experts on Hazardous Work and Working Children; (3) The social dimension of globalization: From debate to action; (4) the Tripartite Symposium on Promoting the MNE Declaration in MERCOSUR countries.
- 122.** The representative of the Government of the United Kingdom observed that paragraph 3 of the document referred to two of the technical meetings which were traditionally reserved for the Employers' and Workers' groups and wondered how such a tradition had arisen. He agreed with the suggestion made in paragraph 4 of the document that it would be prudent to set aside part of the reserve to accommodate unforeseen meetings, which could be required in response to a particular emergency. His preference was therefore the three tripartite symposia on promoting the MNE Declaration and promoting integrated country strategies on decent work. This would leave enough funds to cover other meetings, if needed, for urgent matters and, if the resources proved not to be required, he would support the proposal for the meeting on youth employment.
- 123.** The representative of the Government of Canada agreed that not all funds should be committed. Canada's preferences were the meeting on youth employment and the three tripartite symposia on promoting the MNE Declaration. The proposed Tripartite Meeting of Experts on Harassment and Violence at Work was also supported, provided that there was agreement on the topic and that the meeting was one of independent experts and not a tripartite sectoral meeting. The subject matter of the decent work and local development meeting needed to be better defined. She supported the meeting on updating the list of occupational diseases. The two meetings: Meeting of Experts: Gaining influence in policy-making; and Promoting integrated country strategies on decent work, were both interesting subjects but she believed that they lent themselves rather more to discussions among tripartite national delegations.

124. The representative of the Government of the United States agreed with the suggestion made in paragraph 4 of the document. She supported the three tripartite symposia on promoting the MNE Declaration, together with Youth employment: The way forward, but could not support the meeting on hazardous work. Developing a definition of hazardous work would contravene Convention No. 182 which delegated this responsibility to ratifying States. She also agreed with the observations made by the representative of the Government of Canada with regard to the two meetings: Meeting of Experts: Gaining influence in policy-making; and Promoting integrated country strategies on decent work. These meetings would be more useful if participants were tripartite national delegations. She asked when the list of occupational diseases had last been updated.
125. The representative of the Government of Norway also supported the contents of paragraph 4 of the document. His priorities were: (1) Youth employment: The way forward; (2) Tripartite Meeting of Experts on Harassment and Violence at Work; (3) Updating the list of occupational diseases.
126. The representative of the Director-General (Director of the Bureau of Programming and Management) explained that the tradition of two meetings being reserved for the Employers' and Workers' groups had arisen from their wish to occasionally meet amongst themselves, a wish which had been broadly accepted by the Governing Body. In summary, there appeared to be only a small number of meetings which appeared to have broad support: namely, the meeting on youth employment and the three tripartite symposia on promoting the MNE. One solution would be to accept those meetings and decide in March 2004 or later upon the use of remaining resources. This would then only leave the question of representation at the meeting on youth employment. He added that the unit which had proposed this meeting had felt that it was important to include more Government representation.
127. The Chairperson suggested that the Committee accept the two meetings reserved for the Employers' and Workers' groups, together with that on youth employment and the three tripartite symposia. This would leave \$640,000 in reserve for meetings to be held on urgent topics which could arise in the future.
128. Mr. Blondel considered that consensus seemed to be a little vague. With regard to updating the list of occupational diseases, the Workers recalled that they had already insisted on that issue in March and it was, neither more nor less, a mandate of the Conference. With regard to Youth employment: The way forward, the Workers noted the case relating to proposed participation, but were very aware of the issue of numerical parity between the groups.
129. Mr. Blondel said that they were ready to accept the summary and proposal of the Chairperson, on condition that the Employers agreed to consider the inclusion of the *credo* of the ILO, i.e. the Declaration on Fundamental Principles and Rights at Work, in the Tripartite Symposia on Promoting the MNE Declaration.
130. Mr. Botha, referring to the proposal made by Mr. Blondel, suggested that this could be discussed outside the meeting.
131. ***The Committee recommends to the Governing Body that the following meetings be financed by the technical meetings reserve as contained in the 2004-05 programme and budget: The social dimension of globalization: From debate to action; International Symposium on Trade Unions and Poverty Eradication; Youth employment: The way forward; and three tripartite symposia on promoting the MNE Declaration in SADC, MERCOSUR and ASEAN countries***

with use of the remaining balance on the reserve to be decided upon at a later date.

Preliminary consultations on the Strategic Policy Framework for 2006-09 (Tenth item on the agenda)

- 132.** The Committee had before it a paper⁹ for preliminary consultation on the Strategic Policy Framework.
- 133.** Mr. Botha explained that the Employers' group had been involved in preliminary consultations on the Strategic Policy Framework since June 2002. He understood that a final document, reflecting the ongoing consultations, would be made available in November 2004. The informal consultations had been very valuable and should continue in the future. This process of consultation had identified three principal challenges: globalization, combating poverty and the provision of decent work in enterprises.
- 134.** He particularly appreciated the approach contained in paragraphs 8 and 9 of the document although some of the statements made in paragraph 9 were not necessarily correct or were unclear. The Employers' group supported the contents of paragraph 11 but believed that, rather than referring to ministries of labour and employment, it would be more appropriate to refer to governments. The last sentence of paragraph 11 did not seem to be accurate although he would welcome the objective of tripartism being a part of all ILO programmes. Paragraph 13 seemed rather fragmented and did not make the case for integration sufficiently. Paragraph 15 should have given more prominence to the Declaration in the statement of the application of fundamental principles and rights at work. Paragraph 17 discussed corporate social responsibility initiatives and he wondered why these had been stated in this particular way. It seemed more important to cover the issue of voluntary codes in the area of employment from paragraph 18 onwards. The value of these codes of conduct stemmed from the fact that they were voluntary, and ILO standards should not therefore be imposed upon them.
- 135.** The wording of paragraph 18 gave some cause for concern as the analysis seemed to be based on the precariousness of small enterprises rather than the obstacles faced when setting up a small enterprise, such as tax regulation and access to markets. The Employers' group particularly supported the last sentence of paragraph 18, which referred to the need for policies concerning the investment in skills and enhancing the employability of people, particularly young people and women.
- 136.** The Employers' group supported all four issues relating to social protection. Income security in old age should be pursued through the Global Campaign on Social Security. More funding should be allocated to activities related to the HIV/AIDS pandemic and, with regard to HIV/AIDS and migration, there should be reference to working with other institutions such as IOM and UNAIDS. He also felt that paragraph 23, which addressed the issue of ILO country programmes, should be more practically stated since it was not clear how these country programmes were supposed to work. Paragraph 25 should define decent work indicators.

⁹ GB.288/PFA/10.

- 137.** The Employers' group shared the concerns of the Office about its ability to strengthen its capacity to deliver programmes, as detailed in paragraph 29. The consecutive years of zero real growth had reduced investment to a level insufficient to maintain existing assets and keep pace with technology requirements. Additional investment would be required in the future to provide resources for such items as information technology, recruitment and training, improved security and crisis response. Paragraph 30 raised further concerns with respect to the Office's human resources policy and of those, young professionals, long vacancy periods and the need for people with business expertise were considered to be critical issues. In summary, the document illustrated the need for additional funding in the future.
- 138.** Mr. Blondel congratulated the Office on the method used. The consultations had allowed a certain number of concerns to be dealt with even if, at the end of the day, the Workers' group felt that the document reflected more the point of view of the Employers' group and the Governments than their own. More specifically, it was regrettable that the concept of decent work had been taken in such a restrictive sense as it covered not only social protection issues but also the introduction of fundamental rights at work, industrial democracy and freedom to bargain collectively. In the section on decent work in enterprises, reference was made to entrepreneurship as a foundation of a vibrant society; but if the ILO defended entrepreneurship, it had to act in a context in which the right to negotiation and the protection of wages through workers' organizations were respected. On the issue of vibrant societies, the speaker pointed out that societies with high development indicators were generally characterized by very broad regulatory frameworks, democratic elections and a vibrant civil society, including trade union organizations, and capable of counterbalancing entrepreneurship motivated by profit. With regard to poverty, the ILO undoubtedly had a role to play alongside other international organizations, but it must remain within its area of competence, i.e. international labour standards. Tripartism and social dialogue, as presented in the document, seemed to reflect an incomplete view of the issue; consultations were held with governments but all governments should be encouraged to set up a ministry of labour. Collective bargaining should occur at the enterprise level as that was essential to realizing decent work and respect for the rights of workers. Social dialogue, in order to be effective, should show genuine willingness to negotiate within enterprises that took trade union organizations seriously. In effect, social dialogue was inseparable from respect for freedom of association and there was no point in speaking about social dialogue in countries where that freedom did not exist. Those ideas should be at the heart of what the document called "decent work in enterprises". Without negating the importance of a long-term view, the speaker pointed out that given the rapid change in the world of work, the Office should show that it was capable of adapting and that the strategic framework should be flexible in order to allow it to evolve according to events so that it might better respond to the needs of the social partners. In that context, the conclusions of regional meetings should be taken into account as, while certain priorities, such as standards and employment, were universal, others varied according to the region. With regard to means of action, the Office could not make do with carrying out activities without measuring their impact; the indicators should therefore be reviewed and the effect of activities on labour conditions, the respect for standards, etc. should be evaluated. With regard to the necessary training of ILO staff, the Workers' group believed that training plans aimed at improving the skills of staff would be preferable to the current isolated activities. Finally, as indicated in the document, there should be a healthy balance between regular and extra-budgetary resources; the Office must also ensure that the new country approach did not favour certain States to the detriment of others. The speaker supported an increase in the regular budget for staff and technical cooperation expenses in the regions but he asked, above all, that there be better collaboration between headquarters and the regions. He pleaded in favour of recruitment of staff from under-represented countries. The speaker, to conclude, hoped that the above comments would be taken into consideration in

the next document, which would mean that comments made by the Workers' group could be limited.

139. The representative of the Government of the United Kingdom, speaking on behalf of the IMEC group, welcomed the early opportunity to contribute to the development of the Strategic Policy Framework for 2006-09. IMEC continued to support the Decent Work Agenda structured around the four strategic objectives and the context for ILO action as described in the paper. However, it was important to take stock of progress and refocus ILO activities where necessary. A strategic assessment of joint progress to date was required and the IMEC group wished to see more rigorous monitoring and evaluation of ILO activities, including joint UN agency evaluations and fully independent external evaluations, further development of results-based management and its full implementation in the field.
140. IMEC wishes to propose several preliminary programme priorities which included: promotion of the goal of full employment through the Global Employment Agenda; clarifying the contribution of decent work to poverty reduction; the achievement of the goals agreed on in the Millennium Declaration; strengthening the ILO's role in monitoring and helping to implement core labour standards and other ILO instruments; raising awareness in the international community regarding the importance of fundamental rights of workers and other international labour standards; raising the ILO's profile within the UN system; ensuring the linkage between standards work and development and technical cooperation work and, finally, ensuring a stronger reflection of the ILO's mandate and the Decent Work Agenda on the development agenda.
141. The document correctly focused on the need to address means of action and strengthening the ILO's capacities to deliver. The Organization's human resources would obviously play a key role within the Strategic Policy Framework. The recruitment challenges faced by the Organization in the next few years should be regarded as an opportunity to foster a merit-based system of recruitment, retention and promotion of staff, with appropriate incentives to ensure staff development and performance. IMEC looked forward to further efforts to improve the recruitment process and to correct the serious over-grading of headquarters posts and under-resourcing of some regions. There was also a need to simplify procedures, for example, with regard to reporting and funding structures. Finally, a strategic assessment of progress in achieving established goals and objectives should be submitted to the Committee in March 2004.
142. The representative of the Government of South Africa, speaking on behalf of the African group, agreed with the challenges identified in paragraphs 7, 8 and 9 of the document which were in line with the challenges faced by NEPAD. The report of the World Commission on the Social Dimension of Globalization would serve as a basis for the development of strategies to deal with the challenges of globalization. The African group endorsed the Decent Work Agenda with its four strategic objectives which were still the relevant tools with which to fight poverty. Lessons learned from the evaluation exercises of the previous biennium should be considered when planning for the 2006-09 Strategic Policy Framework. It would also be useful to assess the impact of the Decent Work Agenda in order to establish further guidance for implementation.
143. Employment creation remained the priority strategic objective for the African continent and the agenda of NEPAD should influence the choice of programmes to be implemented in Africa. He believed that there was a need for clearer decent work country programmes and enhanced collaboration between headquarters, field offices and subregional institutions. He called on the Office to ensure that priority programmes were funded by the regular budget. Paragraph 28 related to the revision of the InFocus programmes in order to achieve a critical mass for significant change, a strategy which he supported.

- 144.** The African group were concerned by the contents of paragraph 30 with regard to the relatively high average age of ILO staff. This presented an opportunity to address nationality imbalances and it was important to develop a strategy for attracting recruits from currently under-represented nations. Succession planning for critical posts was also vital, particularly in Africa where several posts were still vacant.
- 145.** Finally, he asked that the Office, when deciding on its future work in Africa, take into account the deliberations of the African group at the Tenth ILO Regional Meeting to be held in December 2003.
- 146.** The representative of the Government of India, speaking on behalf of Bangladesh, China, India, Indonesia, Pakistan, Philippines, Sri Lanka and Thailand, believed that it was imperative to renew the commitment for full realization and application of the fundamental principles and rights at work. The campaign for ratification of the fundamental Conventions should be promotional in nature and not supervisory. Funds for this campaign should be provided from the regular budget. An ILO Convention should only be ratified when the national laws and practices were fully in conformity with its provisions but ratification should not be a prerequisite for its implementation. The improvement of labour standards and the introduction of decent work should be viewed as a follow-up measure after ensuring that there was increased financial assistance to the developing countries. It should not be a precondition for increasing such financial assistance.
- 147.** It was important that employment be available to every worker and so the employment sector should receive the largest share of the ILO's budget. Employment creation should be the core objective for the removal of poverty. The development of infrastructure, the creation of a skilled and productive workforce and the efficient provision of supplies were necessary to attract foreign investment and the ILO had an important role to play in channelling foreign direct investment into the developing countries. Employment generation required adequate resources and less developed countries required the assistance of developed countries and international bodies in this respect. There was therefore a need to set up an international development fund under the umbrella of the ILO.
- 148.** The Organization should recognize that different countries have different economic and social conditions and so there could not be a one-size-fits-all global responsibility policy. Each country should be given the freedom to develop their own social responsibilities, suited to their economic and social conditions, with a view to improving labour standards. Greater efforts should be made by the Organization in the area of the informal economy so that the unrecognized and invisible workforce could secure better working conditions. The Organization should also ensure that projects were sustainable once ILO assistance had been withdrawn.
- 149.** There was a clear need to achieve a more uniform representation of member States within the ILO's personnel. Recruitment should be merit based, transparent and priority should be given to young professionals at headquarters and field offices. He called for an effective evaluation system of the ILO human resources strategy.
- 150.** The representative of the Government of the Russian Federation could not agree with paragraph 29 which suggested that the policy of zero real growth had had a detrimental effect on the Organization. The budget had grown in absolute figures and there had been funding of additional programmes by budget surpluses. Regarding paragraph 30 on human resources, he believed that the high average age of officials was related to the high degree of social protection they enjoyed, to the system of permanent/life contracts and to the lack of exchange of staff between the ILO and national civil services, employers' and workers' organizations. He did not accept that recruiting officials would lead to an increase in

training costs, rather he envisaged a reduction in such costs if the best of the best candidates were employed. Finally, he recalled his request for information on the relationship between the cost and benefits of the human resources strategy. Until this was received, he could not agree to any additional investment in human resources apart from that which ensured the safety of staff members.

- 151.** The representative of the Government of New Zealand supported the IMEC statement on this document. The strategic assessment of progress requested by IMEC was essential. The work of the World Commission had been acknowledged in paragraph 7 and discussions in March 2004 on the Strategic Policy Framework would need to consider how best to integrate the outcome of the World Commission on the Social Dimension of Globalization into the work programme and strategic objectives of the ILO.
- 152.** The representative of the Government of Kenya commended the Office for its clear and focused document which identified the three main challenges for the ILO, namely globalization, poverty and decent work in enterprises. He believed that the ILO had a unique responsibility to make a convincing case to the donor community and the multilateral development agencies for policies and programmes to promote employment and enterprise creation as a means to work out of poverty. With regard to country programmes, it was necessary to re-enhance the assistance to constituents at national or country level. Partnership with major development agencies and donors was essential to achieving ILO objectives and this meant that the Organization must develop its capacity to mobilize development partners around the Decent Work Agenda. He agreed that the Organization needed to strengthen its analytical and statistical capacity, especially its capacity to produce authoritative analysis on major policy issues. The ILO should also increase its ability to mobilize extra-budgetary resources for technical cooperation. With regard to the contents of paragraphs 29-31, he acknowledged that the Organization had to strengthen its human resources and to invest in new technologies and infrastructure in order to enhance its capacity to deliver its programmes.
- 153.** The representative of the Government of Japan gave his support to the statement made on behalf of IMEC and agreed with the three challenges laid out in the document. He believed that it was important for the ILO to publicize persuasive factual data which would enhance its credibility. Raising the quality of human resources was of crucial importance to reducing poverty and achieving more decent work and the ILO should increase its assistance to countries engaged in this activity. In this context, those countries were developing the Asia-Pacific Skills Development Programme (APSDEP) together with the ILO. Referring to the report of the Commission on Human Security to the United Nations, published in May 2003, he believed that the idea of human security would be very important for international society in the twenty-first century. He hoped that the ILO would strengthen its efforts in the area of human security. Finally, with regard to paragraphs 29-31, he wished to stress the importance of decentralization and asked that the Office strengthen the functions and increase the resources of regional and area offices.
- 154.** The representative of the Government of France supported the statement made on behalf of IMEC. However, a certain number of comments were called for. First, it was necessary, in financing through the regular budget, to assign priority to the activities that were central to the mandate of the Organization, i.e. standards-related activities, social protection policies, safety and health, social dialogue and strengthening the tripartite actors. Second, the French delegation wished, once again, to express its concern about the increase in extra-budgetary resources. If current trends were to continue, there was a great risk that the ILO would no longer be in control of its activities, whatever the strategic frameworks it had managed to establish. The future survival of the Organization depended on the balance between regular and extra-budgetary resources. A clear policy on the issue must therefore be established and the Government of France repeated its request for a discussion to be

organized at one of the two following sessions of the Governing Body on the issue of extra-budgetary contributions. Finally, the speaker supported the idea of country programmes submitted in paragraph 23 of the document.

- 155.** *The Committee recommends to the Governing Body that it request the Director-General to take into account its deliberations when preparing the draft Strategic Policy Framework for 2006-09.*

Evaluation of the InFocus Programme on Boosting Employment through Small Enterprise Development (Eleventh item on the agenda)

- 156.** The Committee had before it a paper,¹⁰ which presented an evaluation, in keeping with the ILO evaluation strategy, of this InFocus programme.
- 157.** Mr. Blondel, speaking on behalf of the Workers' group, made a number of general remarks on the document. First, the Workers very much favoured an independent and transparent assessment of the InFocus programmes. They wished to know the role of the direction of the programme in the preparation of the evaluation. Second, they wondered if it would be possible to have the original evaluation report, accompanied by comments from the Office, rather than a summary prepared by the Office. Moving to an examination of the document, paragraph by paragraph, the speaker expressed surprise at the fact that joint action with workers' organizations was less widespread due in part to the many enterprises with few employees, as indicated in paragraph 18; in paragraph 20 he asked who the non-traditional ILO partners were; paragraph 25 suggested successes about which the Workers had some reservations. Finally, the Workers would like to know what follow-up had been made for a programme carried out by the IFP/SEED on the follow-up to the conclusions of a tripartite meeting on export processing zones. The speaker concluded by stating that he would give his opinion on paragraph 49 calling for a decision when he had received the replies to his questions.
- 158.** Mr. Botha expressed his appreciation of the approach taken by the Office in the evaluation and of the fact that there was a full report for the programme itself with a condensed version for the Committee. Like Mr. Blondel, he also had a question about the independence of the evaluation. The evaluation appeared to have been carried out by the Office and he thought that the word "independent" should only be applied to bodies outside the ILO. However, the objectivity of this evaluation was not in question. It was comprehensive, critical in a positive sense and provided recommendations which the programme had followed. This was an important programme and one which must be sustained. The document mentioned on several occasions the discrepancy between the IFP/SEED programme and the larger ILO small enterprise programme and he asked whether the inconsistencies were being addressed. The appendices to the document were rather confusing and clarification would be welcome. He supported the point for decision.
- 159.** The representative of the Government of France was pleased that the Committee had before it documents on the evaluation of ILO programmes, which gave it an opportunity for in-depth discussion. Unfortunately, the present document was very vague, did not live up to expectations and provided no concrete information. With regard to the content, the

¹⁰ GB.288/PFA/10.

programme posed the question of the contribution that the ILO could make to the development of small enterprises and job creation. Moreover, in this area, as in many others, the clarification of roles and responsibilities seemed to be a real problem as demonstrated by the fact that six paragraphs of the report were dedicated to that issue.

- 160.** The representative of the Government of South Africa, speaking on behalf of the African group, welcomed the evaluation report which had identified key challenges that required urgent attention. Collaboration between headquarters, the field, multidisciplinary teams and other strategic internal and external partners was critical to achieving the goals of the programme. As indicated in paragraph 23, it was essential to clarify the roles of each component part. He was pleased to see the recommendation that the programme should focus on the untapped potential of women entrepreneurs but suggested that the potential of young people should also be targeted. Paragraph 31 raised an important question on vertical integration for joint resource mobilization which should be supported. Referring to paragraph 46, he agreed that the issues of the overall ILO small enterprise mandate needed to be resolved urgently. He was concerned to read that unit-level performance targets and indicators had not been defined and systematically applied and stressed the need to revise the targets.
- 161.** The representative of the Government of the United States shared the concerns previously expressed about the independence of the evaluation and wondered how the Office defined independence. She also supported the request made by the representative of the Government of France for more concrete data on methodology and the results of IFP/SEED. The difficulties related to collaboration which were discussed in paragraph 23 merited serious attention. Although these were not specific to IFP/SEED, they suggested the need for changes in Office-wide practices and attitudes to support longer term strategic partnership. This evaluation raised the important question of who was responsible for the overall small enterprise mandate. This should be determined in order to avoid duplication of effort or items being missed and to increase productivity and effectiveness of the ILO's work in this area. Referring to the evaluation's findings with regard to monitoring the programme, she urged the Office to take prompt action to develop and adopt new targets and indicators.
- 162.** The representative of the Director-General (Director, Bureau of Programming and Management) thanked the Committee for its observations and suggestions. The Office was still in the process of learning just what was required from the Governing Body in terms of a programme evaluation. The evaluation of an InFocus programme had been described in the evaluation framework document submitted to the Governing Body one year earlier. The document set out the principles to be followed by the Office in carrying out evaluations. The framework made a distinction between evaluations at programme level and those at project level. Programme-level evaluations were primarily about overall programme strategy and were not intended to be evaluations of everything done by the programme and, in particular, were not an evaluation of all the field work carried out by the programme. There were simply insufficient resources to carry out such intensive evaluations.
- 163.** The framework paper submitted a year earlier had discussed the independence and credibility of evaluations within the framework of a learning perspective. This framework was built around the idea of helping people involved with the programme to improve their relevance, effectiveness and efficiency. It was therefore important that the evaluations were highly participatory, involving the people who needed to learn from the results of the evaluation process. The Office had tried to follow international best practice. He drew the Committee's attention to the OECD Development Assistance Committee which made a distinction between independent evaluations and external evaluations. The ILO, partly for financial reasons and partly to encourage learning, believed that the best way to carry out

programme-level evaluations was to have a mix of external and internal evaluators who were not in the reporting line of the unit in question.

- 164.** Referring to a question raised by Mr. Blondel, he confirmed that the results of the evaluation had been discussed with the unit being evaluated before its publication, which had facilitated the rapid implementation of the recommendations. However, he welcomed the Committee's guidance as to whether this was the best approach to take.
- 165.** The representative of the Director-General (Mr. G. Hultin, Executive Director, Employment Sector) explained that the Employment Sector and the InFocus teams had appreciated the evaluation and the improvements which had been recommended. The InFocus programme on small enterprise development had put a lot of effort into developing the quality dimension of employment creation and was committed to working with social partners in addressing the functioning of labour markets. The Decent Work Agenda, the Global Employment Agenda and Recommendation No. 189 provided the programme with a very clear framework within which policies regarding small enterprises could be developed.
- 166.** A major aspect of small enterprise development was the informal economy but this could be difficult to access. The programme was therefore seeking to build up relationships with such non-traditional partners as self-employed women's associations, associations of local governments, research institutions and youth groups. The report had indicated the way in which the programme was working with employers' and workers' organizations. As Mr. Blondel had remarked, small enterprises were often less well organized and so much more effort was required to strengthen cooperation with workers' organizations. He welcomed the guidance of the Workers' group in this respect.
- 167.** Referring to the question on the export processing zones, this was an activity funded by the Swiss Government and related to development of labour relations in export processing zones in China. A full-time expert was based in Beijing and was continuing the work of the professional who had left the Office earlier in the year. Comments had been made on both female and youth entrepreneurship and he confirmed that these were strong components within the programme. Finally, he acknowledged that improvements could be made to the level of cooperation between different units of the Office.
- 168.** The Director-General thanked the Committee for its comments and acknowledged that the evaluation process had to be further refined. A distinction had been made between programmes and projects but there was probably a need to incorporate some of the more specific project results into the programme criteria. This would enable the impact of a project to be clearly demonstrated in the perspective of a programme although he believed that it was easier to evaluate impact at the project level. Evaluating the impact of a particular programme was a complex process and not simply the sum of a number of individual project evaluations. This issue called for the Committee's guidance and experience.
- 169.** It was important to consider where the ILO's comparative advantage lay. Clearly the ILO was not a development institution such as UNDP or the World Bank. Its "product" was not development projects but policy. However, in order to test policies, it was useful to organize projects which could then provide evidence of how the policies operated in practice. The small enterprise culture of a country would only change if the ILO's policies were accepted and not because the ILO had run a particular project there. Projects which tested policy and developed policy advice were essentially complementary.
- 170.** The issue of operating as a team within the Office was one of the largest challenges facing the Organization. The senior management team had been addressing the problem and, from

the beginning of the year, there had been several internal initiatives such as defining roles more closely, establishing accountability and responsibility and determining the way in which different parts of the Organization should work together. He believed that this question of operating as a team was essential to the whole notion of the Decent Work Agenda. This would only have its maximum impact if the four strategic objectives were integrated. An integrated Decent Work Agenda would have greater force and would be better able to exert influence on the financial and economic policies of governments.

- 171.** Mr. Blondel thanked the Office for the information. While insisting on the need to know about the impact of the Organization's activities, he indicated that the information provided would allow him to approve the point calling for a decision.
- 172.** *The Committee recommends to the Governing Body that it request the Director-General to take into consideration the conclusions drawn in the document, together with the deliberations of the Committee, in the further implementation of the InFocus Programme on Boosting Employment through Small Enterprise Development.*

Evaluation of the InFocus Programme on Crisis Response and Reconstruction (Twelfth item on the agenda)

- 173.** The Committee had before it a paper¹¹ on the Evaluation of the InFocus Programme on Crisis Response and Reconstruction.
- 174.** Mr. Blondel expressed his regret at the lack of concrete facts in the document. The superficial aspect was probably linked to the fact that it was the first exercise of that type. The document distributed at the same time by the service provided more information. The delicate issue of the role of the ILO in crisis response deserved more than statements of principle. The ILO, in effect, had a very specific role to play and that should be defined by answering questions such as who, in the hierarchy, decided on intervention and what did the ideas of conflict and of crisis cover. To conclude, the speaker indicated that, subject to the replies to those questions, he would approve the point for decision.
- 175.** Mr. Botha appreciated the evaluation and could support the point for decision. The evaluation was objective although the same question about independence had arisen when the Employers' group had first looked at the paper. The programme was on a small scale and not well resourced but was performing fundamentally important work. He shared the concerns contained in paragraph 36 and thought that paragraph 42 provided a very useful list of alternative means which IFP/CRISIS could explore in order to carry out some of its activities. He particularly supported the idea of using the Turin Centre for the development of training courses.
- 176.** The representative of the Government of Italy, also taking the floor on behalf of the Government of Portugal, indicated that the InFocus Programme on Crisis Response and Reconstruction proved the effectiveness of the Office in the face of a deterioration in employment and social conditions that accompanied crises of various types. The capacity of the programme should be strengthened and the Office should provide new impetus by

¹¹ GB.288/PFA/12.

putting in place a network of regional employees responsible for coordinating response in the field.

- 177.** The representative of the Government of South Africa, speaking on behalf of the African group, welcomed the evaluation and suggested that the programme should be aligned with the Decent Work Agenda. An ILO presence in countries which were in crisis was important and would ensure that the ILO responded effectively to the crisis. A more integrated approach was required and the African group wished to emphasize the need for close cooperation with the other partners in the UN system and with national partner agencies. Training and funding were critical if the field and multidisciplinary teams were to be able to respond rapidly to crisis situations. Recommendations made in paragraphs 44-50 should be implemented as the programme continued.
- 178.** The representative of the Government of El Salvador thanked the Office for the document submitted, which contained very constructive conclusions and recommendations, and for the Newsletter that summarized the four years of crisis response. The speaker supported the proposal in paragraph 50 of the document that dialogue with donors be accelerated to improve the ILO's resource base for launching prioritized and credible crisis response, and to be able to count on a budget that would allow it to ensure a presence when and where that was required. El Salvador had benefited from a programme of that type following the two earthquakes that shook the country in January and February 2001. Experience gained with that programme was very positive, as it allowed employment to be made a priority in the reconstruction programme for the country and it succeeded in establishing coordination between the various sectors concerned, all on the basis of scant resources. The speaker thanked the InFocus programme and the team in charge of its implementation, and expressed his conviction that the useful recommendations submitted would allow the programme to be strengthened.
- 179.** The representative of the Government of the United States requested details of the crisis response cases in which the ILO was involved during the period of the evaluation. She also believed it would have been useful to know to what degree indicator 2c.3, which was included in the Programme and Budget for 2002-03, had been met. An assessment of the appropriateness of current targets and indicators and, if appropriate, proposals for improvements would be a useful component of future evaluations.
- 180.** She commended the emphasis on the need for exit strategies to ensure that crisis response would lead to sustainable long-term action and urged the development of plans which would allow a permanent exit strategy by shifting responsibility to national constituents. She strongly agreed that the ILO's crisis response activities, like all other ILO activities, should be prioritized and targeted. Finally, she referred to the claim that the Organization's effectiveness in integrating decent work principles into crisis recovery was limited by inadequate external funding. The sum of \$8 million had been approved for crisis response from the 2000-01 budget surplus and appeared to have some resources unspent. She therefore sought clarification as to the projected use of this funding.
- 181.** The representative of the Government of the United Kingdom supported the focus on inter-agency work, on planning for preparedness, and on training. He agreed that there was a need to limit the focus to a relatively small number of crisis situations which would allow the ILO to make a significant contribution. He also welcomed the importance attached to planning exit strategies. He offered two suggestions: that more be made of local cooperation and that the ILO, rather than developing its own early warning systems, should approach other agencies which had developed these already.
- 182.** The representative of the Government of Argentina thanked the Office for the valuable document that it had submitted. The InFocus programme, thanks to its rapid

implementation and its synergy with existing activities, had provided an important contribution during the most severe periods of the crisis that the country had experienced. In the context of that programme, they would shortly be signing an agreement for the implementation of the “cooperation for restoring employment” plan, which would involve participation by the ILO and the invaluable support of the Government of Italy. The speaker highlighted the importance of those interventions by the ILO during periods of serious crisis and disaster, for the consistency and coherence with which they confronted the problems, but also for the moral support that they gave the countries having difficulties.

- 183.** The representative of the Government of Canada welcomed the evaluation and the comments that recommendations of evaluations such as this would have an impact beyond the particular unit under evaluation. This was a small unit which made it all the more important that its cross-cutting nature be reflected within the Office. He also supported the suggestion made by the representative of the Government of the United Kingdom that the ILO liaise with other crisis response agencies so that the Organization could exert its comparative advantage to the maximum.
- 184.** The representative of the Director-General (Director, Bureau of Programming and Management), in response to questions raised, explained that there had been seven case studies carried out as part of the evaluation from a pool of 33 crisis interventions during the period under review. The Director-General had promised that the crisis resources from the 2000-02 surplus would be used flexibly over a four-year period and so a certain amount had been reserved for crises during 2004-05.
- 185.** The representative of the Director-General (Mr. G. Hultin) welcomed the evaluation and its recommendations. It had been decided that the programme should be on a small scale with a view to adjusting its resources in response to need. Initial resources had allowed for four to five crises per year but within just a few months the programme had responded to approximately 15 crises. This demonstrated how difficult it was to predict requirements. The programme had built good external and internal partnerships although work was still needed to ensure that the internal partnerships had the capacity to deal with sudden requests. The Office-wide networking which the programme had established also required further development work.
- 186.** Mr. Blondel indicated that, taking into account the information provided, he supported the point for decision and congratulated the team of the InFocus programme. However, two issues needed to be highlighted: on the one hand, the need to improve the connection between the InFocus programme and the decision-making bodies of the Office, and, on the other hand, the need, as emphasized in paragraph 8, to give an interdisciplinary nature to the activities implemented in the framework of the programme.
- 187.** *The Committee recommends to the Governing Body that it requests the Director-General to take into consideration the conclusions drawn in the document, together with the deliberations of the Committee, in the further implementation of the InFocus Programme on Crisis Response and Reconstruction.*

Matters relating to the Joint Inspection Unit (Thirteenth item on the agenda)

- (a) Review of the ILO's collaboration with the United Nations Joint Inspection Unit**
- (b) Report of the Joint Inspection Unit of the United Nations on its activities for the year ended 31 December 2002**
- (c) Reports of the Joint Inspection Unit**
- (d) Review of the ILO's collaboration with the United Nations: Comments by the Joint Inspection Unit on document GB.288/PFA/13/1**

188. The Committee had before it four papers¹² concerning the Joint Inspection Unit.

189. Mr. Botha believed that the issue under items (a) and (d) needed a full debate and proper consideration before any decisions were taken. He was concerned that the comments of the United Nations Joint Inspection Unit (JIU) did not appear to deal with issues of tripartism and the existing oversight processes followed by the Committee. He proposed a full discussion on the decision points in the paper in March 2004.

190. Mr. Blondel, speaking on behalf of the Workers' group, recalled the criticism with regard to the relations between the JIU and the ILO and the interest that that criticism had awoken in the other groups. The Office, from then on, proposed to give notice of withdrawal from the JIU of two years. Having made inquiries on the various reactions to that proposal, the Workers noted that the criticism was, from then on, more qualified and that the impression was that the withdrawal was precipitous. The Workers were ready to accept the proposal of the Employer Vice-Chairperson to postpone discussion of that subject until next March.

191. The representative of the Government of the Russian Federation, while supporting the Employers and Workers, was disappointed by the document. Three years ago the Russian Federation submitted a proposal that the JIU prepare a study on an issue of importance to the ILO. It would be worthwhile to prepare a study on the influence and impact of the activities of the United Nations family on employment in the world.

192. A decision on the review of the ILO collaboration with the JIU was deferred until the March 2004 meeting of the Governing Body.

¹² GB.288/PFA/13/1, GB.288/PFA/13/2(Rev.), GB.288/PFA/13/3 and GB.288/PFA/13/4.

Other financial questions

(Fourteenth item on the agenda)

- (a) **Financial arrangements for a commission of inquiry concerning the observance by Belarus 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)**

- (b) **Financial arrangements for activities related to the elaboration of a code of good drafting practices for the preparation of international labour standards**

193. The Committee had before it two papers,¹³ which were discussed together.

194. Mr. Blondel explained that he was one of the signatories to the request and that the Workers wished for the commission to be established. They therefore supported the proposal with regard to that.

195. Mr. Botha supported both proposals.

196. The representative of the Government of Belarus asked for more detailed information regarding the possible expenditure as the sum of \$577,000 seemed to be rather considerable. In the last ten years Belarus had received technical assistance worth only about \$740,000.

197. The representative of the Director-General (Executive Director and acting Treasurer and Financial Comptroller) said that the commission involved three distinct phases, comprising an initial session in Geneva, some further information gathering in Minsk and a final session. The cost comprised staff cost, honoraria for three consultants missions to Geneva and to Minsk, printing and translation costs and miscellaneous costs. The overall cost of \$577,000 was fairly consistent with the previous commission for Nigeria, established in March 1998, but later suspended.

198. *The Committee recommends to the Governing Body that –*

(1) should it decide to establish a commission of inquiry concerning Belarus –

- (a) an honorarium at the rate of \$300 per day be paid to each member of the commission of inquiry; and*

- (b) the cost of the commission in 2004-05, estimated at \$577,000, be financed in the first instance from savings in Part I of the Programme and Budget for 2004-05, on the understanding that, should this subsequently prove impossible, the Director-General would propose*

¹³ GB.288/PFA/14/1 and GB.288/PFA/14/2.

alternative methods of financing at a later stage in the biennium and that, should it approve the proposed activity, the cost estimated at \$105,000 be financed in the first instance from savings in Part I of the Programme and Budget for 2004-05, on the understanding that, should this not prove possible, the Director-General would propose alternative methods of financing at a later stage in the biennium; and

- (2) *should it approve the proposed activity related to the elaboration of a code of good drafting practices for the preparation of international labour standards, the cost estimated at \$105,000 be financed in the first instance from savings in Part I of the Programme and Budget for 2004-05, on the understanding that, should this not prove possible, the Director-General would propose alternative methods of financing at a later stage in the biennium.*

Geneva, 17 November 2003.

(Signed) L. Kettledas,
Reporter.

Points for decision: Paragraph 15;
Paragraph 24;
Paragraph 71;
Paragraph 82;
Paragraph 100;
Paragraph 101;
Paragraph 131;
Paragraph 155;
Paragraph 172;
Paragraph 187;
Paragraph 198

Appendix

Introduction by the Director-General to the Programme, Financial and Administrative Committee: Security and safety of staff (12 November 2003)

Mr. Chairperson,

Dear friends,

Thank you for permitting me to intervene on an issue that is not formally on your agenda.

I wish to address the key question of security and safety of ILO staff and installations.

As you know, this is an issue that I have consistently brought to your attention, particularly with respect to the resources appropriated for the present biennium, the 2004-05 budget and the use of surplus funds. As terrorism, civil strife and criminality persist, security expenditures are skyrocketing.

Security awareness worldwide had increased sharply after September 11. As part of the UN system, we are still trying to recover from the shock of the August and September attacks against the UN premises in Baghdad and all the dear colleagues who lost their lives. In the name of the ILO, I participated in the ceremonies that were held in Geneva to remember them and to honour them.

The conclusions of the report of the Independent Panel on the Safety and Security of United Nations Personnel in Iraq, headed by the former President of Finland, Martti Ahtisaari, pointed to severe failures in the UN's security management, system and practices.

I am sure that none of us would like to read one day such a statement about an ILO office anywhere. The Office and the Governing Body have a shared responsibility for the security and safety of staff that we must jointly discharge.

At our last meeting in New York two weeks ago the Chief Executives Board of the UN system, comprising the heads of agencies, fully endorsed the conclusions on staff security and safety adopted by the CEB's High-Level Committee on Management in October.

The recommendations singled out in particular the following high-priority areas: the need to carry out an assessment on risks and threats; the need to look at security in both field duty stations and at headquarters locations; an accountability policy which would include an enforcement mechanism; and security for women.

In this discussion, the ILO made it clear that we believe the security and safety of staff must be a priority concern at a system-wide level, and that all organizations must take steps to show their full commitment in this matter.

With this as a global background, within the ILO we must continue our active policy and invest what is required. We need to adapt and reinforce our security measures and ensure that safety and security of staff and installations is being well managed and efficiently monitored.

I would like to report to you on the recent steps taken by the Office to upgrade security both at headquarters and in the regions.

Following decisions by the Conference in June 2002 and the Governing Body in November 2002, a total of \$3,450,000 from the 2000-01 surplus was allocated to "security and safety of staff", with the overall objective of improving security and safety preparedness of ILO management and staff as well as physical infrastructure. This amount also included \$650,000 for improved fire detection equipment and other safety features for headquarters.

In this context:

- The Office has taken active measures to upgrade the physical infrastructure of external offices, in order to make them compliant with the Minimum Operating Security Standards (MOSS) applied by the UN system in all field offices. To date, for 31 of 53 field offices, security

assessments have been carried out and resources allocated to achieve MOSS compliance. The Office is in the process of identifying the security needs of the remaining 17 field offices.

- New ILO constructions such as the building of the Regional Office in Lima, which should be completed in April 2004, systematically integrate reinforced security and safety features, for example, a safety room in the event of evacuation of staff, high-resistance glass and reinforced metallic doors.
- Over the last year, security preparedness of ILO management and staff at headquarters and in the field has been enhanced through basic security awareness training and dissemination of information. Among them:
 - An in-depth field security “**training for trainers**” workshop was organized in Geneva last September for security focal points and senior human resources officers from headquarters and the regional offices.
 - Arrangements have been made to allow ILO officials to attend the monthly security training courses organized by WHO at its headquarters in Geneva.
 - A CD-ROM based interactive self-learning course was launched in all field offices in July 2003 for the basic security awareness training of all ILO officials. Over 200 officials in the regions have completed this course.
 - The same training will be provided at headquarters through the Intranet before the end of the year, when the ILO field security site is launched.
 - In August, a pocket reference guide containing all the necessary information on security and safety in the field was distributed to all staff at headquarters and in the field. The ILO circular on our security and safety policy is currently being reviewed. One of the proposals being discussed for inclusion in the circular is the obligation for ILO staff to obtain security certification before all travel to countries under one of the five *UNSECOORD* security phases. This is presently UNICEF policy.
- In the ILO headquarters building, we have already installed a centralized control system for fire detection, lights and electricity, heating, ventilation, entrances, electric shutters and movement detection. Improved safety features are being installed in the newly renovated parts of the building.
- The UN has modified its laissez-passer in response to the new security concerns of governments after September 11. The ILO, which has been issuing its own laissez-passer under the umbrella of the UN since 1956, had to bring its laissez-passer in line with the practices and regulations of the UN. The new laissez-passer should be available as of March 2004.

With respect to our headquarters, we all appreciate the practice of openness that has been the rule here at the ILO. But for some time now, we have seen security precautions grow around us. Over the past two years, the UN building in Geneva has come to resemble an entrenched compound but in the ILO we still felt that we could keep our house open.

I know this has been a source of pride and also of more comfortable movement for staff, delegates and visitors – but today, without dramatizing, I put to you that I think this policy should be reviewed. We need to ensure an adequate balance between openness and security.

Over the past months, the Geneva-based organizations have taken steps to further reinforce the security and safety of staff and premises. The Office has identified a number of initial measures that could be implemented in the coming months to bring our level of security closer to what is practised by other agencies in Geneva.

These measures include one-off expenditures as well as recurrent expenditures. They include:

1. Control of access to the building: Badges would be distributed to staff, delegates and visitors; the use of all entrance doors to the building would be guarded. Estimated cost: 550,000 Swiss francs and one administrative post.
2. Control of access to the parking lots: Installation of electronic equipment (gates, telephones, cameras) to monitor access to the internal and external parking lots, also through the use of the badges; fencing off of the parking space to restrict access. Estimated cost: 230,000 Swiss francs.

3. Installation of a protection film on all ground floor windows to prevent glass breakage. Estimated cost: 320,000 Swiss francs.
4. Recruitment of additional security guards during meetings or special events.
5. Continued training to promote an active security culture amongst officials with special emphasis on the gender dimension of risks.

The first two measures – restricted access to the building and to the parking facilities – could be put in place within a matter of months. Their implementation would bring us into line with the present level of security at WHO headquarters next door.

The two immediate measures will cost an estimated \$780,000. We will need to carry out a competitive bidding process in accordance with our established financial procedures to determine the exact cost. The bids should be based on specifications that ensure minimal inconvenience to staff, delegates and our many visitors.

Following your discussions on this question, I hope that your Committee may wish to recommend that the Governing Body authorize the Office to move forward, in consultation with the Officers of the Governing Body, in the implementation of enhanced security measures for the ILO building – beginning with the two measures above – and to report back to this Committee next March.

On that occasion, the Office would also submit a document setting out a proposed strategy on security, the possible security measures that could implement that strategy, and the financial implications of the measures envisaged together with any action already taken.

If you so decide, a suggested formal point for decision will be circulated including resource authorization for the two measures indicated above.

As I have said, I genuinely feel that security is a common responsibility that should directly involve the Governing Body and the Office working together. I invite your guidance and I hope that you will agree that we need to move forward rapidly.

I have also decided to set up an internal task force to look at how best to proceed with policy development and implementation so that things proceed as smoothly as possible for staff, delegates and our many visitors. On all these matters, we will consult with the Staff Union.

Let me give you some additional information:

- As a result of the new insecurity atmosphere, our building insurer, Allianz Suisse, has cancelled for the end of the year the building insurance contract, which foresees coverage for acts of terrorism for a total liability of 50 million Swiss francs, and which ran until 2007. An equal level of coverage would see our annual premiums for terrorist acts leap from 60,000 francs to 5 million francs. The Office has initiated a bidding process based on present coverage but it is clear that there will be a shortfall in the potential offers as compared to the potential risks. But also, our own enhancement of security will bring, in time, insurance costs down.

Also, we should consider that enhanced security could simultaneously address non-terrorism related issues, such as better security at night, particularly for women – sensor lighting in the main parts of the building, better lighting in the parking lot, escorts to cars if needed and others. I realize we are primarily addressing security in light of the events of the last two years, but for many this is a scary building to work in at night.

Addressing effectively all of these challenges requires continued commitment by all of us, compliance with UNSECOORD directives, a reasonable Office-wide risk assessment at headquarters and in the field and the inevitable approval of resources to ensure implementation and monitoring.

We must keep staff security and safety issues as a priority issue in our Governing Body discussions. I would suggest that it be incorporated as a regular item on the GB agenda.