



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 23 and 24 March 2006, chaired on an alternate basis by Mr. D. Funes de Rioja and Sir Leroy Trotman, Vice-Chairpersons of the Governing Body. The Committee also met on 29 March, with Mr. C. Tomada, President of the Governing Body, in the Chair, to complete its work (see paragraphs 141-143 of this document). *Mr. Blondel*, Worker spokesperson, was elected as Reporter.
2. The Director-General made an introductory statement to the Committee. The statement is attached to this report.
3. Mr. Blondel, Worker spokesperson, thanked the Director-General for the presentation. It was important to take a position on a reform being brought in from the outside which would, by definition, have to be supported or endured. The Workers supported change in the spheres of relevance to the ILO, as long as tripartism was fully taken into account, being the trademark of the Organization. They would in particular support a possible reform of the Committee on Freedom of Association, along the lines of the changes planned in the framework of the United Nations Commission on Human Rights, a review of the system of extra-budgetary funding and an examination of the administrative and managerial structure of the Organization. The speaker stressed that the Committee had a technical and policy-making role to play and that it should not just restrict itself to personnel and administrative management.
4. Mr. Barde, Employer spokesperson, thanked the Director-General for his summary and explained that he would present his comments during the discussions of the various documents examined by the Programme, Financial and Administrative Committee.

Part 1. Items submitted for decision

Arrangements for the selection of the External Auditor

(Second item on the agenda)

5. The Committee had before it a paper¹ concerning the procedure for the selection of the External Auditor. The Chairperson explained that the Workers' group had proposed an amendment whereby the "selection panel" would be comprised of two Worker, two Employer and four Government members rather than one Worker, one Employer and four Government members.
6. Mr. Blondel confirmed that his group asked that, out of respect for tripartism, the selection panel for candidates include two Employer and two Worker representatives, in addition to the four Government representatives.
7. Mr. Barde indicated that his group did not oppose that amendment. Nevertheless, he recalled that his group felt strongly about the External Auditor being independent vis-à-vis the Office.
8. The representative of the Government of South Africa, speaking on behalf of the Africa group, supported the establishment of a selection panel and called on the Organization to ensure that the government representation on the panel be geographically representative.

¹ GB.295/PFA/2.

9. Supporting the proposed decision, the representative of the Government of Mexico reminded the Committee that, since 1937, the External Auditors of the ILO had been appointed from only three countries (Sweden, Norway and the United Kingdom). He called for an equitable geographical representation when reviewing the nominations and observance of the principle of rotation.
10. The representative of the Government of Hungary gave his support to the point for decision.
11. ***The Committee recommends to the Governing Body that applications to become the External Auditor of the ILO be evaluated by a selection panel consisting of two Worker, two Employer and four Government members, and that, based on the recommendation of that panel, the Programme, Financial and Administrative Committee would make its final recommendation to the Governing Body.***

Technical meetings reserve for 2006-07

(Third item on the agenda)

12. The Committee had before it a paper² containing proposals for the choice of two technical meetings to be financed from the balance of US\$515,705 in the technical meetings reserve for 2006-07³ from the following list:
 - (a) Interregional Symposium on the Informal Economy: Enabling Transition to Formalization;
 - (b) Symposium on Labour and Social Issues in Regional Economic Integration;
 - (c) Tripartite Meeting of Experts on Equal Remuneration for Men and Women Workers;
 - (d) International Forum on the occasion of the 30th Anniversary of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;
 - (e) Tripartite Meeting of Experts on Working Time.
13. Mr. Barde recalled that the previous November his group had already expressed a preference for option (a) on the informal economy in response, notably, to the requests of Employer members from developing countries. With respect to the second meeting, the group had reserved its position, awaiting the results of the Subcommittee on Multinational Enterprises. In the light of those results, the Employers' group was in a position to accept option (d).
14. Mr. Blondel said that his group was also in favour of option (d). For the second meeting, the group considered, however, that option (c) on equal remuneration for men and women was vital, namely because of the resolution concerning the promotion of gender equality, pay equity and maternity protection, adopted by the Conference in 2004. Furthermore, he wished to recall that the meeting of the Joint ILO/UNESCO Committee of Experts on the Application of the Recommendations concerning Teaching Personnel (CEART) was an

² GB.295/PFA/3.

³ This figure corresponds to the 2006-07 allocation of US\$1,659,953, minus US\$500,000 used for the Maritime Session of the International Labour Conference in February 2006 and the cost of US\$644,248 for the two meetings already agreed upon in November 2005.

institutional meeting whose financing should not depend on the fate of the technical meetings reserve.

15. The representative of the Government of South Africa, speaking on behalf of the Africa group, and supported by the representatives of the Governments of Ethiopia, Kenya, Nigeria and Senegal, recalled the group's preference for options (a) and (b). As regards the informal economy, more attention was needed around issues of social protection and elimination of the worst forms of human exploitation, especially in Africa where 70 per cent of the jobs created were in the informal sector. With respect to regional economic integration, he recalled the commitments made at the Ouagadougou Summit, and support to its follow-up initiated by the ILO, the African Union and regional economic organizations.
16. The representatives of the Governments of the Republic of Korea, the Philippines and the United States also supported options (a) and (b). However, the latter sought clarification as to the implications for the CEART meeting should the two additional meetings to be funded from the technical meetings reserve absorb the existing balance.
17. The representative of the Government of Honduras, speaking on behalf of GRULAC, similarly supported options (a) and (b), and expressed interest in option (c) as a third possibility.
18. The representatives of the Governments of France, Germany, Hungary and Japan all supported options (b) and (d). With respect to option (d), the Government representative from Hungary wished to retain in the title of the meeting the concept of corporate social responsibility, as an important aspect of the 1976 Declaration. The Government representative from France further indicated that option (c) remained a priority that should be addressed in a different forum, possibly at the Conference in 2008. The representative of the Government of Germany noted that the choice of any two meetings would leave no resources to ensure an appropriate follow-up to the resolution adopted at the Maritime Session of the Conference as well as to the promotion of the consolidated Maritime Labour Convention, 2006.
19. The representative of the Government of the Czech Republic, referring to the preferences expressed last November by the Eastern and Central European subregional group, expressed support for options (b) and (c). The representatives of the Governments of China and the Netherlands also favoured these two options.
20. The representative of the Governments of Australia and Canada supported options (b) and (e).
21. The representative of the Government of the United Kingdom supported options (a) and (d), noting that the balance in the reserve did not seem sufficient to cover this combination.
22. In response to concerns raised about the follow-up to the Maritime Session of the Conference, the Director of the Bureau of Programming and Management indicated that both the Sectoral Activities and the Standards Departments were setting aside resources and mobilizing extra-budgetary contributions to ensure an active promotion of the new Convention and other commitments arising from the Maritime Conference. With respect to the CEART meeting, he confirmed that this obligation was funded by the Sectoral Activities Department, responsible for the organization of the meeting. However, in order to limit the financial burden on this Department, any balance from the technical meetings reserve was normally used to support it.

23. In view of the preferences expressed by the Governments and the Employers' group, the Worker members said they were in favour, in a spirit of conciliation, of making option (a) the second choice, it being understood that that did not mean that the Workers did not attach importance to all the other matters, which should be the focus of discussions using other means.
24. *The Committee recommends to the Governing Body that, in addition to the two meetings agreed upon in November 2005 (International Symposium on the Role of Trade Unions in Workers' Education: The Key to Trade Union Capacity Building, and Symposium on Managing Labour and Social Issues in Supply Chains: Challenges for Business), the following meetings be financed from the technical meetings reserve for 2006-07: Interregional Symposium on the Informal Economy: Enabling Transition to Formalization; and International Forum on the occasion of the 30th Anniversary of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.*

Framework for future work on results-based management⁴ (Fourth item on the agenda)

25. Mr. Blondel underlined the considerable scope of the document, which defined the method for future work. He hoped for a rapid application of results-based management in the decent work country programmes. That application had consequences in many spheres. He pleaded for the full commitment of constituents to country programmes. He stressed that theoretical concepts should make way for concrete results for the benefit of constituents. The advantage of the proposed approach was that it made it possible to see what was happening in the field as far as trade union and employers' organizations, international labour standards and working conditions were concerned. Mr. Blondel indicated that the decent work country programmes offered the possibility of a double dialogue, at the national level between the constituents, and between them and the Office. He warned against replacing democratic logic with bureaucratic logic. He noted his agreement with the proposal to broaden the scope of application of results-based management. That should make it possible to penetrate sectoral barriers and to improve cooperation between headquarters and the field. His group championed the idea of integrated and holistic management. He wished to see greater freedom of action for the liaison offices with the Employers and the Workers. He expressed his total support for the Director-General and the Office in making the Organization more efficient. His group supported the point for decision.
26. Mr. Barde recalled that the document followed on from the discussion held in November 2005 and was a basis for the November 2006 discussion. He regretted that the promised consultations had not taken place. His group supported the concept of results-based management. His remarks related to implementation by the Office, whereas the document implied heavier bureaucracy. He would have liked to receive replies to the requests for clarification made during the discussion of the evaluation report prepared by the Joint Inspection Unit (JIU). The Employers' group supported the decent work country programmes, while emphasizing the importance of constituents' participation. Mr. Barde mentioned certain points that should be specified. How many country programmes would be established? Would the developed countries be included? If the priorities identified in the countries – which should always include strengthening the social partners – should

⁴ GB.295/PFA/4.

influence budgetary choices, Mr. Barde recalled that the Governing Body had a responsibility in that respect. It should be ascertained that every priority would be given to the world of work and to the constituents. Owing to its expertise on the world of work, ILO activities exceeded those taking place within countries. His group wished to see a Governing Body discussion on the theme of indicators and targets – in particular qualitative indicators. His group would like the Evaluation Unit to be integrated into the internal audit. Paragraph 7 caused him some concern by suggesting a far too rigid approach, while the Office needed more initiative and creativity. His group supported the integrated approach suggested in paragraph 8, but observed that the Policy Integration Department had shown its limits. Concerning paragraphs 9 and 10, he recalled that the aim of results-based management was to improve performance and not to add a new bureaucratic activity. Concerning the programme, he recalled that the ILO was not just a machine for generating standards and that the Governing Body should not be bypassed by new procedures. He recalled that in November 2005 the Governing Body had voiced its reticence with regard to long-term planning. Concerning paragraph 15, the Employers' group was surprised that the application of results-based management would appear to lead to a reduction in activities and services to the constituents, whereas it should rationalize procedures and generate savings in respect of administrative matters, thus promoting an increase in services for constituents. He noted that that was a good concept, and its application should not be too rigid, whereas his group had noted a decline in ILO activities and expertise. In addition, the Office Professional staff were not exercising the responsibilities they should have. That trend was a matter for concern. Any proposal in the programme and budget leading to a reduction in activities for the constituents should be rejected. The Organization should be refocused on the world of work and labour and social issues. The point for decision was far less important than the approach the Office would take on the Programme and Budget for 2008-09 in the light of these discussions.

27. The representative of the Government of the Netherlands, speaking on behalf of the IMEC group, welcomed the Office's commitment to results-based management and budgeting. He hoped that the Governing Body would support a full application of this approach. This needed time and he appreciated the steps being taken. He pointed out that the JIU evaluation had only covered some aspects of results-based management. He sought assurance that the wider approach suggested would indeed be pursued. The IMEC group expected a time-specific road map for a phased implementation of results-based management in the ILO, together with cost estimates within the regular budget. He hoped that the Office would continue to seek the advice and involvement of the JIU and other consultants and experts from peer organizations which should be presented by the Office in November 2006. He requested clarification on whether this approach would be financed from within the regular budget rather than treated as an additional activity. He supported the point for decision. The representative of the Government of the United States further added that she was pleased to hear the Director-General make reference to the field structure review and hoped that this review would be a comprehensive one, unlike what was suggested in the Programme and Budget for 2006-07. This should lead to a review of office locations, staffing and resource distribution as central to an effective delivery of services to constituents.
28. The representative of the Government of South Africa, speaking on behalf of the Africa group, noted the importance of the results-based management approach as a tool for strategic formulation and management decisions. He was heartened by the progress made in its application. He was concerned that the document suggested cuts in technical programmes and services in order to finance this approach. He stated this would be detrimental to Africa. Rather he suggested other sources of financing should be found. His group supported the paragraph for decision. In addition, the representative of the Government of Nigeria agreed with the concerns expressed on the implications of

paragraph 15. Any cuts in programmes and services to constituents should be avoided. Rather, other sources of funding could be secured.

29. The representative of the Government of Cuba welcomed the report based on the JIU evaluation and the steps taken in its implementation. She expressed concern at the implications of paragraph 15 and urged the Office to consider alternative sources of funding so that these could be allocated to strategic objectives and the Organization's priorities while taking balanced account of constituents' needs. Her Government supported the point for decision whilst urging the ILO to further develop this approach in November.
30. The representative of the Government of Mexico took note of paragraph 15 of the document in which, in the framework of technical cooperation, countries' experience in programming had revealed the need to assist constituents in applying the principles of results-based management when national priorities had to be defined as a function of budget restrictions. In this respect, he shared the Office's opinion that this was an area where donors could provide support.
31. The representative of the Government of France indicated that she wholeheartedly concurred with the statement of the IMEC group. France fully supported the work carried out and backed the point for decision. She highlighted the importance of skills development. She suggested that the proposed approach be backed up with specific examples by November 2006 in order to give it its full worth; that the objectives be listed in order of priority; and, lastly, that the approach be provided with technical support through a Governing Body working group.
32. The representative of the Government of the Russian Federation commended the ILO for the pioneering application of results-based management. However he stated that much remained to be done to implement this approach when compared to what had actually been achieved. The adoption of results-based management in field offices was constrained since IRIS was not yet available to them. The actual results achieved were rather meagre compared to the ambitious goals. He hoped that the Governing Body would be presented in November with a report detailing the practical steps taken to implement this approach.
33. The representative of the Government of the Philippines, speaking on behalf of the Asia and Pacific group, welcomed the document, which pulled together various strands of reform. She stressed the importance of viewing the reform process as a whole. In reference to paragraph 12, she pointed out that the better management of procurement could generate substantial savings. She wished to see the ILO rise to the challenge of reform set by the United Nations. Resources for reform should be generated from savings achieved through greater efficiency. She supported the point for decision.
34. The representative of the Government of Japan expressed his support for the IMEC and ASPAG statements as well as the IMEC statement of November 2005. The Government of Japan wished to remind the Office of the need for a comprehensive application of results-based management, including human resources, information technology and accommodation. He hoped the Office would continue to collaborate with the JIU. He further stressed the need for a comprehensive time-specific road map with clear cost estimates. He supported the point for decision.
35. Mr. Blondel reiterated his interest in, and support for, the proposed approach and reforms. The ILO would be responsible for closely following up that effort and upholding its specificity. Mr. Blondel expressed his reluctance to make excessive use of the JIU, which was not familiar with the specificities of tripartitism. Addressing the Employers' group, he wished to recall that the ILO's role was to draw up labour standards; however, it was not an enterprise for the numerical production of standards. Lastly, he highlighted that the

objective of results-based management was not only to make savings, but to seek efficiency, and that an increase in the ILO's budget would meet with the support of his group. The result of good management was the allocation of more resources, rather than the redistribution of resources according to exclusively technical criteria. Priority should be given to activities rather than to evaluation and self-regulation.

36. Mr. Barde wished to recall the terms he had used in his statement, namely that the ILO was not merely a machine for generating standards.
37. In response to queries raised during the discussion, the Director of the Bureau for Programming and Management pointed out that implementation of results-based management in the ILO was an ambitious goal that was not without additional costs. He indicated that such costs would be covered through internal reordering of priorities rather than an increase in the budget. However, he noted that the more extensive participation of constituents required for decent work country programmes and fuller application of results-based management in field offices required additional resources. The Office had already received expressions of support from potential donors. He thanked the Committee for their many suggestions, which would be carefully considered in the preparation of the proposals in November.
38. *The Committee recommended that the Governing Body request the Director-General to submit to the 297th Session (November 2006) a strategy to continue the improvement of results-based management, based on document GB.295/PFA/4 and the discussion related to it, in the framework of a preliminary study of Programme and Budget proposals for 2008-09.*

Delegation of authority under article 18 of the Standing Orders of the International Labour Conference (Fifth item on the agenda)

39. The Committee had before it a paper⁵ proposing the delegation of authority under article 18 of the Conference Standing Orders.
40. Should the need for such delegated authority arise, the Programme, Financial and Administrative Committee delegates, for the period of the 95th Session (June 2006) of the Conference, to its Officers (i.e. the Chairperson and the spokespersons for the Employer and Worker members of the Committee) the authority to carry out its responsibilities under article 18 of the Conference Standing Orders in relation to proposals involving expenditure in the 70th financial period ending 31 December 2007.
41. *The Committee recommends that the Governing Body make a similar delegation of authority to its Officers under article 18 of the Standing Orders of the Conference.*

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

42. The representative of the Government of Brazil, speaking as Chairperson of the Building Subcommittee, presented its report.⁶ The new Subregional Office in Santiago had opened

⁵ GB.295/PFA/5.

within its deadline and there had been an inaugural ceremony attended by the President of Chile, the Director-General and representatives of employers and workers in December 2005. Construction in Dar es Salaam was due to be completed in the summer, within budget, and with only a slight delay arising from shortage of construction materials. Work had already started on an independent survey of ILO headquarters in Geneva and should be finished by August 2006. A strategy for the management of all ILO premises should be discussed alongside the budget for 2008-09. Some members of the Subcommittee had expressed concerns regarding delays in urgent repair works which could not wait until the next biennium.

43. The representative of the Government of Kenya, speaking on behalf of the Africa group, regretted the lack of detail in the documents presented to the Subcommittee and the fact that they significantly understated the seriousness of various issues, particularly those relating to construction works. The Subcommittee had received oral reports from the Office, to the detriment of the detail required for the Subcommittee to make realistic and informed decisions. The Africa group was not satisfied with the reasons given for this lack of detail. Nor was it satisfied with the explanations given verbally for the delay in completing the Dar es Salaam office. A lack of cement and shortage of electricity had been blamed and yet these commodities were in abundant supply in the United Republic of Tanzania. He hoped that the Dar es Salaam office would be inaugurated in July 2006 as planned and was pleased to see that an elevator for people with disabilities was to be installed.
44. The representative of the Government of Japan also regretted the absence of sufficient information in writing submitted to the Subcommittee. Although aware of the dynamic nature of the Subcommittee, he believed that there was possibly a need to review its working methods. The Subcommittee sometimes has to discuss urgent matters where information had not been provided in advance.
45. Mr. Barde supported the point for decision and stated that his group would closely follow the planned survey of the ILO headquarters building.
46. Mr. Blondel thanked the Office for the explanations given in response to the questions formulated by his group and supported the point for decision.
47. The Executive Director for Management and Administration explained that the Office endeavoured to provide the most up to date information to the Subcommittee. In the case of the technical study of headquarters, the Office had not signed the contract with the relevant company and it had not been considered appropriate therefore to include the details in a document. Instead, information had been provided orally to the Subcommittee.
48. ***The Committee recommends that the Governing Body agree that:***
 - (a) ***the amount of 64,500 Swiss francs remaining from the allocation approved for the replacement of the escalators be used to partially finance the cost of installing a lift for persons with disabilities, estimated at 120,000 Swiss francs; and***
 - (b) ***the balance of 55,500 Swiss francs be charged to the Building and Accommodation Fund.***

⁶ GB.295/PFA/14.

**Other financial questions: Appointments
to the Investments Committee of the
International Labour Organization**
(Fifteenth item on the agenda)

49. The Committee had before it a paper ⁷ concerning the renewal of and new appointments to the Investments Committee.
50. Mr. Blondel, speaking on behalf of the Workers, said that the Workers wished that the appointees be requested to ensure that the Investments Committee invested only in enterprises which respected trade union rights and demonstrated social responsibility. The Workers had approved the adoption of the point for decision.
51. *The Committee recommends that the Governing Body:*
- (a) *express its appreciation to Mr. Yves Oltramare and Baron Sirtema van Grovestins for their years of service to the Investments Committee;*
 - (b) *renew the appointment of Mr. Jean-Pierre Cuoni as a member of the Investments Committee for a further period of three years, expiring on 31 December 2008;*
 - (c) *appoint Mr. Rolf Banz and Mr. René Zagolin as members of the Investments Committee for a period of three years, expiring on 31 December 2008.*

**Other financial questions: Financial arrangements
for the funding of the ILO Liaison Office in Yangon**
(Fifteenth item on the agenda)

52. The Committee had before it a paper ⁸ regarding proposals for the funding of the ILO Liaison Office in Yangon.
53. Mr. Barde noted the request for funding, supported the point for decision and hoped that the Office would find the necessary funds from savings in Part I or Part II of the budget.
54. Mr. Blondel agreed with the conclusion of the Employer members and also supported the point for decision. The Workers were very keen on having an ILO Liaison Office in Yangon. They also considered that the country name "Myanmar" should not be used exclusively in documents; "Burma" should also be used.
55. *The Committee recommends that the Governing Body approve the additional cost of operating the Liaison Office in Yangon in 2006-07, estimated at US\$436,000, and that it be financed in the first instance from fund-raising of extra-budgetary resources or, failing that, from savings in Part I of the budget or, failing that, through Part II.*

⁷ GB.295/PFA/15/2.

⁸ GB.295/PFA/15/3.

Part 2. Other items

Programme and Budget for 2004-05: Regular budget account and Working Capital Fund as at 31 December 2005

(First item on the agenda)

56. The Committee had before it a paper⁹ concerning the regular budget account and Working Capital Fund.
57. Mr. Barde observed that, for the second time running, the ILO had ended the financial period in deficit, and that the deficit exceeded US\$36 million and the Working Capital Fund. As regards expenditure, the Office must be congratulated for having kept to its budget and spending less than planned. Income posed a problem, and the deficit was caused by rich countries, underscoring their lack of confidence in the Organization, by settling disputes by not paying their contributions. He therefore called upon all governments to fulfil their obligations towards the Organization so that it could meet the needs of the world of work and enterprises.
58. Mr. Blondel concurred with the general statement of the Employer members on the matter. He was concerned over the withdrawal from the Working Capital Fund. He was even more concerned by the fact that the Office had had to borrow some 13 million Swiss francs. That was not normal. The Workers had noted the document and shared the concerns expressed by the Employers.
59. The representative of the Government of Kenya expressed his concern over the delay in payment of contributions by some member States, which had resulted in a shortfall of income over expenditure amounting to US\$36,038,375 during the biennium 2004-05. Such a shortfall had obliged the Office to borrow resources internally to cover the deficit. Furthermore, a number of member States, including some from the African region, had lost their voting rights. Many of these countries were suffering from conflicts which obviously had a detrimental impact on the payment of contributions. It was vital that member States demonstrated their commitment to the Organization by paying their contributions on time.

Programme and Budget for 2006-07

(Tenth item on the agenda)

60. The Committee had before it two papers¹⁰ giving details of contributions received between 31 December 2005 and 17 March 2006.
61. The Treasurer and Financial Comptroller explained that, since 17 March 2006, contributions amounting to 8,757,169 Swiss francs had been received from eight member States as follows:

⁹ GB.295/PFA/1.

¹⁰ GB.295/PFA/10 and GB.295/PFA/10(Add.).

	2006	Arrears	Total in Swiss francs
Costa Rica		6 169	6 169
Mozambique		3 711	3 711
Kuwait	601 599		601 599
Grenada		2 263	2 263
Cambodia		33 940	33 940
Korea, Republic of	3 539 716	3 702 484	7 242 200
Georgia	10 563	56 724	67 287
United Kingdom	800 000		800 000
	4 951 878	3 805 291	8 757 169

- 62.** Total contributions received to date, therefore, amounted to 100,888,966 Swiss francs comprising 85,418,684 Swiss francs for 2006 contributions and 15,470,282 Swiss francs for arrears of contributions. The balance due as at 23 March 2006 was 445,308,368 Swiss francs. As a result of making its payment, Georgia had regained its right to vote.
- 63.** Mr. Barde observed that the routine document actually indicated the amount of arrears of contributions, which was a cause for concern, particularly in respect of some developed countries. While congratulating the countries that had already paid their 2006 contributions, the speaker called upon those countries which had lost their right to vote to make every effort in order to be able to contribute once again to improving the world of work.
- 64.** Mr. Blondel considered it appalling that unpaid contributions amounted to US\$445 million. Some governments made demands on the Organization, yet they were not up to date with the payment of their contributions. Industrialized countries tended to be behind with their payments, and the speaker asked them to provide the Organization with the means it needed to function. Among the countries which had lost the right the vote – the number of which was excessively high at 25 – some had had to face serious difficulties such as armed conflicts, earthquakes or other natural disasters. That was not the case, however, for all countries, and the countries in question were failing to understand their international obligations. It did not make sense to wish to assume responsibilities within the Organization without being up to date with contributions. Governments should remember that they paid contributions also on behalf of their workers and employers. The Workers took a dim view of candidatures from countries that were not financially up to date with regard to the Organization.
- 65.** The representative of the Government of South Africa, speaking on behalf of the Africa group, thanked the 43 member States which had paid their 2006 contributions in full and, particularly, the 19 member States which had paid them before 1 January 2006. He stressed the importance of paying contributions on time, which was critical for the efficient operation of the Organization. He hoped that those member States, which had lost their voting rights, would negotiate appropriate financial arrangements for approval by the ILC.
- 66.** The representative of the Government of the Netherlands observed that outstanding contributions amounted to some 175 million Swiss francs at 31 December 2005 and appealed to all member States to honour their financial commitments and to pay their contributions in time and in full. This was a very serious situation which threatened the ability of the Office to implement its programmes. He stated that his Government had already paid its 2006 contribution of more than 6 million Swiss francs in full.

Follow-up action to the report of the Chief Internal Auditor for the year ended 31 December 2004
(Eleventh item on the agenda)

67. The Committee had before it a paper¹¹ concerning the Office's follow-up to the report of the Chief Internal Auditor for the year ended 31 December 2004.
68. Mr. Barde explained that he was not very satisfied with the Office replies concerning the action it had taken in response to the recommendations of the Chief Internal Auditor. With regard to the audit of the ILO programme on HIV/AIDS and the world of work, the action taken by the Office failed to implement the first recommendation, and indicated that the Office had not yet responded to the second recommendation. With regard to the financial audit of a terminated project in Africa, the Employers had already expressed their concerns at the March session. No reference was made to the origin of the payments in arrears, which amounted to large sums, or to the measures taken for the continuation of activities.
69. With regard to IOV and project suspense accounts, the Employers wished to have more information on the required training. They wished to thank the Office for its efforts to improve pending accounts. As regards the audit of IPEC projects, the Employers were concerned over the lack of dialogue with donor countries and wished to receive information on the evaluation proposed by the Chief Internal Auditor and on how the Office monitored responsibility in terms of governance.
70. As regards the audit of field offices, the Employers noted the delay in repairs to the Islamabad office, but considered that funding was available and that the matter, which was related to the following recommendation, must be included in the debate on the ILO's accommodation policy. The Office must put the solidity and safety of its premises before aesthetic considerations.
71. Mr. Blondel welcomed the fact that the Chief Internal Auditor had not detected any serious flaws in the management approach employed by the Office. Two or three of the points raised referred to IRIS applications. With regard to the financial audit of a terminated project in Africa, the situation in Abidjan went beyond management. Finally, regarding the International Training Centre of the ILO, the Auditor had proposed that its budget should be established in euros in future. The Workers wished to be provided with more information on that change and with assurance that that step would not be used as a pretext for separating the Office and the Centre into two institutions.
72. The Treasurer and Financial Comptroller explained that several of the Chief Internal Auditor's observations and the comments from the Committee related to difficulties currently associated with the timeliness of reporting from the field, and not simply in relation to ILO offices. The reporting process for disbursements made on behalf of the ILO by UNDP involved considerable delays. Reporting passed from UNDP offices, to UNDP headquarters, to ILO headquarters before finally arriving at the local ILO office with responsibility for monitoring project delivery. In order for staff to better understand and monitor this flow of information, he explained that, despite the limited resources available, the Office had regularly conducted training workshops in the field. More recently, in conjunction with the IRIS training courses at headquarters, guidance on financial procedures and project and expenditure monitoring had been provided to participants. The Office recognized the need to enhance its training efforts and he hoped that this would materialize later in the biennium, given the increased resources available for training approved in the current biennium's budget.

¹¹ GB.295/PFA/11.

**Report of the Chief Internal Auditor for
the year ended 31 December 2005**
(Twelfth item on the agenda)

73. The Committee had before it the report¹² of the Chief Internal Auditor on audits and investigations carried out during 2005.
74. Mr. Blondel wished the Chief Internal Auditor a happy retirement and thanked him for all the work he had done for the Organization. He also thanked him for his report on the results of the internal audit and the fact-finding missions carried out in 2005. The Workers welcomed the beginning of paragraph 5, which demonstrated that the ILO did not live in autarchy and that, wherever it might prove beneficial, the Office followed the example of others with regard to previously implemented reforms. Turning to paragraph 6 and the Procurement Section, the Workers wished to ensure that all of the ILO's suppliers complied with international labour standards. The standardization of a unit workplan format for Office-wide use, referred to in paragraph 16 of the document, should take into account the specificities of ACTRAV and ACT/EMP. As to the audit of the VAT accounts of one of the African offices, the speaker felt that the ILO had been guilty of serious administrative shortcomings. While deploring the situation, he wondered whether the country which had benefited from the amount could not return some or all of the money in the form of a contribution to a bilateral activity carried out with the ILO. With regard to IRIS, the speaker noted that an interim report on an audit of the system had been submitted to the Office and that an official report was to follow. He wondered whether the Chief Internal Auditor would submit the report himself or leave that task to his successor. On paragraphs 29 and 30, the Office should state whether it had taken steps to resolve the situations referred to therein. As to the creation of a specialized investigation unit, referred to in paragraphs 33 to 40, the Workers' group was not convinced that this was necessary, given the fact that the number of cases that it would be called on to examine would be relatively limited. However, given that paragraph 4 mentioned that the number of staff responsible for carrying out such investigations had remained unchanged for 20 years, despite an increase in expectations and in the level of risks, the Workers requested the Office to strength its capacity. They also wished to receive further information on the ILO Task Team coordinated by the Executive Director, Management and Administration, referred to in paragraph 47. The Workers wanted to know whether the Chief Internal Auditor was a member of that Team, what its mandate was and how it operated.
75. Mr. Barde congratulated the Chief Internal Auditor who was retiring in April and thanked him warmly for his work, while expressing the hope that his successor would prove to be as competent as he had. The Employers would prefer it if the post were not left vacant between the departure of the current Chief Internal Auditor and the arrival of his successor. They recalled that they had supported the proposal of the JIU to place the Evaluation Unit under the control of the Chief Internal Auditor.
76. With regard to the report of the Chief Internal Auditor for the year ended 31 December 2005, the Employers supported most of the recommendations and requested the Office to comply with them promptly. As to the audit of procurement functions in the ILO, the Employers supported the approach adopted by the Chief Internal Auditor and wished to know whether the difficulties encountered with regard to the application of the rules (referred to in paragraph 7) had any consequences in terms of financial losses, conflicts of interest or fraud. Furthermore, they supported the recommendations made concerning that point in Appendix 2.

¹² GB.295/PFA/12.

- 77.** With regard to the audit of the external offices, the Employers wished to receive more information on planning at a regional level, while expressing reservations concerning excessive planning. As to the audit of the VAT accounts of one of the Africa offices, they regretted that such a fault should have been committed. They noted the fact that, next March, the Governing Body would receive further information on IRIS and Turin. Concerning the investigations, the Employers wished to be informed of the level of sanctions imposed by the Office against individuals accused of fraud. They had supported the proposal regarding the creation of a specialized investigation unit. They wished to know how the sum of US\$1 million had been calculated and whether the Office had been consulted. That amount should be covered by the current administration budget, rather than affecting the technical departments. They wished to know whether there would be overlaps with existing functions and whether savings could therefore be made. Finally, they felt that that proposal should be discussed further with the Office prior to a decision being taken. The Employers requested further information on the proposal to create an independent oversight board, referred to in paragraph 42, in particular with regard to its composition, duties and powers.
- 78.** The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the report and particularly the fact that no material weakness in the overall system of internal control had been found. He hoped that the Office would quickly implement the recommendations of the Chief Internal Auditor, particularly those regarding procurement. The report did not indicate which field offices had been audited and he asked that these be identified to the Committee. He hoped that any irregularities found in the African region would be dealt with quickly.
- 79.** The representative of the Government of Japan observed that the Chief Internal Auditor's report made reference to irregularities found in regional projects. He supported the recommendation in the report calling for a new investigation unit and encouraged the Office to liaise with other United Nations organizations in order to establish how their internal audit and investigation units worked together. He was disappointed that workplans had not been prepared in all offices examined by the IAO. Such workplans were required to support decent work country programmes which constituted the core of the work of the ILO. Finally, he indicated that, given the substantial investment in IRIS, his Government hoped to receive regular reports on the use of IRIS.
- 80.** The representative of the Government of the Russian Federation was concerned to discover that operational plans had not been fully developed and felt that the Office should concentrate on standardizing these plans. He supported the recommendation for a new investigation unit, the size of which could be discussed at a later date. Regarding the JIU recommendation for an independent oversight board for United Nations system organizations, he requested that a paper be submitted to the next session of the Committee. This paper should include information on the mission of the board, its composition, etc.
- 81.** The representative of the Government of Kenya welcomed the report which constituted an assurance of the proper use of resources by the Office. He supported the recommendations of the Chief Internal Auditor in paragraphs 3, 7, 10, 11 and 34 of the report. The finding in paragraph 20 concerning the failure to reclaim VAT was serious and called for action on the part of the Office.
- 82.** The Chief Internal Auditor thanked the members of the Committee for their support for the special investigation unit, albeit indirectly on the part of the Workers. The unit would be within the IAO and would be dedicated to investigations, both proactive and reactive. Such a unit would usefully reinforce the audit capacity of the IAO.

83. Concerning the VAT not reclaimed, he supported the Workers' suggestion that the government of the country in question should be contacted with a request to compensate by means of bilateral aid. The field office implicated in this VAT issue was South Africa and he hoped that the Government of South Africa would feel able to provide some support in resolving the VAT claim issue.
84. The Chief Internal Auditor confirmed that the report on IRIS would be submitted to the Committee by his successor in the March 2007 session. The IAO was currently preparing its workplan for 2006-07 and he was working on a proposal to the Director-General as to how the IAO could consolidate its work. His objective was to obtain a certification of compliance with all the standards of the Institute of Internal Auditors by December 2006.
85. The Executive Director for Management and Administration clarified that the ILO Task Team referred to in paragraph 47 included the Chief Internal Auditor, the Legal Adviser, the Deputy Legal Adviser, the Treasurer and Financial Comptroller and the Director of Human Resources. Referring to paragraph 29 of the report which concerned an item forwarded to the Committee on Accountability under article 13.3 of the Financial Rules, sanctions had been proposed against the ILO staff member involved. This case was now before the Joint Advisory Appeals Board and, given its pending status, the Office could not comment further at the present time. The Office was currently taking the necessary steps to find a successor for the Chief Internal Auditor with a view to avoiding a gap in time between the retirement of the Chief Internal Auditor and the arrival of his replacement.
86. As to paragraph 42 of the report, she requested that the members of the Committee refer to the Director-General's opening remarks. The Office was actively collaborating with the comprehensive review on accountability and transparency now under way in the United Nations system and would look very carefully at the recommendations arising from that study.
87. The Treasurer and Financial Comptroller, referring to requests from several delegates that the Office react rapidly to the recommendations of the Chief Internal Auditor, explained that the Office had already done so with respect to a number of the recommendations contained in the report, notably regarding procurement. The Procurement Unit had now been moved under the responsibility of the Treasurer and Financial Comptroller in order to avoid any potential conflicts of interest. The Contracts Committee had been restructured. Procurement guidelines were currently being revised for both field offices and headquarters and compiled in a single user-friendly document.
88. The findings of the Chief Internal Auditor on VAT reimbursements had revealed an unsatisfactory situation. The Office was working closely with the new management in the field office in question and had also been in contact with the government involved. He was optimistic that a suitable arrangement could be found and assured the Committee that the Office was vigorously pursuing the matter.
89. As to the two cases of investigation of financial irregularities referred to in paragraph 29 of the Chief Internal Auditor's report, he explained that the first case had involved no known financial loss and that the potential loss in the second case had been covered from remuneration due to the staff member involved.
90. The Director-General thanked the Chief Internal Auditor, Mr. Burton, for his work and his dedication and commitment to independent oversight. He highlighted Mr. Burton's skill for detailed analysis, an essential qualification for the position of Chief Internal Auditor. He thanked Mr. Burton for his efforts in support of enhancing the management of the Office, both in the field and at headquarters.

ILO programme implementation 2004-05 (Thirteenth item on the agenda)

- 91.** Mr. Blondel noted that this report was the third such report aimed at evaluating performance against expected results and the objectives set. Mr. Blondel was surprised that such an important issue should be presented only “for information”. He would have liked the document to indicate that it was “for guidance”. He requested assurance that the requirement for flexibility according to the circumstances mentioned in the report should not be understood as implying the choice of a single thematic area to the detriment of the others, i.e. employment as opposed to other standards. He also stressed that close collaboration between headquarters and the field had still not been achieved. As to Strategic Objective No. 2, he noted that the results had been presented in a rather euphoric manner and that there were contradictions between the objectives, the results and the evaluation.
- 92.** Mr. Barde noted that he would have preferred to see a more critical report. Recalling that the document was the third edition of the report on the implementation of the Office’s biennial programme and stressing that this report was a key element in the system of results-based management which would also be used in the preparation of the future programme of the ILO, he invited the Office to be more objective in terms of analysis and presentation. He recalled that, during the two previous discussions of the report, the Employers’ group had already made a series of comments on both form and content. The current format was somewhat frustrating as it contained little information on activities. Moreover, it was not easy to understand for persons who were not members of the Committee, including constituents.
- 93.** He regretted the paucity of information concerning activities and results as a whole, although specific examples of success had been provided. The report gave the impression of being complacent whereas he would have hoped for greater objectivity. The results would have been more comprehensible if there had been a workplan for each strategic objective. He regretted the lack of evidence of intersectoral cooperation. On this score, the INTEGRATION department had clearly not fulfilled its objectives. He recalled that the Employers’ group supported the decent work country programme approach and hoped that it would lead to better implementation of the Office’s activities in the field without an increase in bureaucracy. He regretted that the programmes were being carried out in only a few countries for the moment and expected speedy practical implementation. He had hoped that the Office would have provided more details on the manner in which it involved the social partners in the decent work country programmes. They should not replace the responsibilities of headquarters and the priorities of the constituents in all countries, such as strengthening the social partners.
- 94.** On the issue of internal management reform, the speaker feared that it would lead to greater bureaucracy, to the detriment of activities benefiting the constituents. He wished to have a copy of the independent evaluation on the question as mentioned in the document. He noted that it was still too early to speak of success of the IRIS system, since its introduction had proved expensive and had added to the Office’s administrative costs. As mentioned during the discussion on results-based management, the Employers’ group had stated that it would not accept any cut in activities it deemed to have priority for employers, namely employment promotion and the strengthening of employers’ capacities. Changes within the administration should not disrupt technical programmes. In regard to implementation itself, he was concerned at the fact that the tripartite approach and social dialogue were not adopted systematically by all sectors within the Office. He also recalled that several sections of the Office did not involve the social partners, or ACT/EMP or ACTRAV, sufficiently. He requested further clarification on how the Office had measured the results obtained in the document.

95. With regard to technical cooperation, while recalling that the discussion on the matter lay within the purview of the Committee on Technical Cooperation, he regretted that ILO activities were financed only from extra-budgetary resources and called on countries to increase the regular budget in order to step up ILO activities. He also wished to remind the Office that the ILO had constitutional obligations that were not donor countries' priorities. The decent work approach should be more pragmatic in order to strengthen the social partners and improve the world of work, and not purely normative. The Employers' group wished the Office to focus more on creating an enabling environment for the creation of enterprises, promotion of employment, and protection of workers through prevention and social protection.
96. The Employers' representatives were concerned at the relatively low rate of implementation shown by the indicators and, while they realized the difficulty of measuring qualitative results, they recommended that the Office improve the definition of indicators to make them correspond more closely to constituents' expectations. The document did not evaluate the real impact of ILO activities. The Employers asked how the Office had cooperated with other agencies. Mr. Barde thanked the Office for the details provided, but regretted that this made the report more difficult to understand without indicating the overall strategy and the strategies by objective. The Employer members expressed the hope that their comments would be taken into account in the next programme and budget.
97. In regard to Strategic Objective No. 1, the Employer spokesperson recalled that the promotion of international labour standards was not the only ILO approach and that a more pragmatic one was needed for the creation of employment. The priorities of the Employers' group related to the Declaration and child labour, and the group would have liked to know what had been done with employers' organizations. The group reiterated its regret that there was no workplan by sector indicating the methodology used. He emphasized the importance of knowing how and through what approaches the ILO had attained its objectives. In regard to the operational objectives financed largely from extra-budgetary resources, the speaker asked what proportion had been financed by the regular budget. Concerning the updating of standards, he noted with regret that little progress had been made except in maritime standards. He stressed that the Office should work on the effective application of standards. Finally, the speaker welcomed the comprehensive Internet site regarding international labour standards.
98. Mr. Blondel said that the Workers were satisfied with the document. He commended sector 1 on the results concerning indicator 1a.2 but requested further details. In paragraph 38, he noted that no comment had been made on "outstanding ... progress", while indicator 1b.1 had reached only 50 per cent of its target. For indicator 1c.2 he had also noted that, of the 15 countries assisted, only seven (less than 50 per cent) had mentioned international labour standards. The presentation for indicator 1c.1 led to confusion: 100 per cent of the objectives had been achieved but the table indicated that there were only 108 cases of satisfaction out of the target of 350 cases (about 30.8 per cent), with 556 cases of interest. He would have liked to have an explanation on the difference between "noted with interest" and "noted with satisfaction". He also indicated that the Office should seek a balance between certain fundamental rights (such as those related to child labour) and other categories of rights. He expressed surprise at the presentation of the box before paragraph 46. The safety of union members as well as other citizens was the minimum responsibility of each country. It should not be specific.
99. The representative of the Government of the Netherlands, speaking on behalf of the IMEC group, expressed appreciation for the report which he viewed as a significant improvement compared with previous reports as well as a more efficient method of programming and presentation of reports. He nonetheless stressed that the concept of results-based

management had to be put into practice and considered the report in hand as an important reference in this respect. He suggested incorporating financial data in those concerning programme and activities, providing a better balance between qualitative and quantitative indicators, and adding a section that provided additional information on problems and lessons learned. He also stressed the crucial importance of a rapid study of the external structure, and requested the Office to reflect on the relationship between current regional programmes and country programmes to promote decent work. He also requested that steps be taken when targets were not met or were exceeded, and asked for precise details on the total amount of surplus funds mentioned in table 3 of the appendix.

- 100.** The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the report as providing future direction for the Office. He noted that the implementation report could be more user-friendly. He also mentioned the importance of social protection in Africa, commending the Office for its recent work in Burkina Faso and its role in the 2004 Extraordinary Summit on Employment Promotion and Poverty Alleviation in Africa. He urged the Office to continue support to activities in Iraq. To meet defined targets, he suggested use of experience and lessons learned to improve the work of the following biennium. Furthermore, the representative of the Government of Nigeria further commended the progress made by the Office. She noted the use of IRIS to support results-based management within the Office.
- 101.** The representative of the Government of the Philippines, speaking on behalf of the Asia and Pacific group, observed that there were clear improvements in the report. The parts on global and regional reviews made the report more accessible. He supported the inclusion of both qualitative and quantitative performance indicators and of financial data to provide a better picture of investment made by outcomes. He also requested a clarification on the surplus balance as shown in table 3 of the addendum. In addition, the representative of the Government of the Republic of Korea called for more relevant qualitative indicators and outcomes and proposed that the ILO's share of contribution to outcomes be assessed as well.
- 102.** The representative of the Government of the Russian Federation thanked the Office for preparing the report, which provided good information for the next programme and budget exercise. He requested further explanation of the ILO's contribution for certain indicators under Strategic Objective No. 1, in particular 1c.1. He also emphasized the need to clarify which results were and were not achieved with ILO participation, and suggested that future reports could explain both achievements and non-achievements. Regarding Strategic Objectives Nos. 2 and 3, he insisted that there was perhaps no correlation between funding and results achieved if performance indicators were planned. He requested better qualitative and quantitative indicators for the next report. He also expressed dissatisfaction with the timing and quantity of publications available in Russian, noting that the Office was behind the other United Nations organizations in this respect. He therefore asked for several new indicators for "documents and meetings", i.e. for the number of documents translated and the number of meetings for which interpretation was provided in each language.
- 103.** The representative of the Government of Japan expressed appreciation of the Office's effort in preparing the report. He noted with dissatisfaction the overall percentage of targets met and called for more focus on the countries where no improvements were recognized despite ILO support. He also called for a more balanced analysis that would include both quantitative and qualitative work.
- 104.** In responding to the inquiries raised, the Executive Director for Standards and Fundamental Principles and Rights at Work clarified that the 33 countries listed under indicator 1a.2 were those where policy or institutional improvements were observed. With

regard to information on cooperation with social partners, he noted that a chapter on this is included in each Global Report. He explained that the differences in funding between the regions, as mentioned in paragraph 46 of the implementation report, were a reflection of donor interest in particular areas. He acknowledged that there was an imbalance between the fundamental rights, particularly between those concerning child labour, and other rights. He provided greater detail on the terms used in indicator 1c.1, explaining that these were terms used by the Committee of Experts. The overshoot with regard to 1c.4 was due to an unexpected increase in visits to the improved web site. He acknowledged the need to revise and improve the indicators.

- 105.** The spokesperson for the Employers' group said that the report showed that not enough resources were available for Strategic Objective No. 2, although the issue of job creation was central. The speaker hoped to see increased resources allocated to this objective in the future programme and budget. He was delighted that the report highlighted the role of job creation in poverty reduction, but regretted that it did not give sufficient prominence to certain central topics that were priorities for the Employers' group and provided little information on what had been done by the social partners. He underscored the fact that the report was incomplete unless it was studied in conjunction with the other reports of the Governing Body, such as those of the Committee on Employment and Social Policy. He commended the Office's rapid response to the crises caused by the tsunami in South and South-East Asia. He emphasized that the Employers' expectations regarding the implementation report were to see the real impact obtained by the Office in relation to the constituents' national policies. He regretted that the results obtained in relation to the human resource development, the promotion of SMEs and corporate social responsibility were not shown clearly. Finally, he expressed his disagreement with paragraph 68 of the report and underscored that no activity in that sector should be discontinued.
- 106.** The spokesperson for the Workers' group asked to what extent the different activities had involved trade union organizations. Mr. Blondel noted that the document rightly emphasized the importance of the multidisciplinary approach in implementing the Global Employment Agenda. That implied a holistic and coherent approach. He pointed out that the Agenda aimed to promote simultaneously freely chosen employment, respect of fundamental rights at work, adequate remuneration and security through social protection. It aimed to promote not just any kind of work, but decent work, as respect for international labour standards and workers' fundamental rights should go hand in hand with job creation. He noted that the Office had proposed increasing future programmes and making them more transparent through tripartite consultations. He therefore requested that the next report indicate more clearly the linkages between the promotion of ILO standards and employment.
- 107.** In responding to the questions raised during the discussion, the Executive Director for Employment acknowledged that strengthening the area of microcredit is a challenge. He further added that the implementation report, which could not be comprehensive, needed to be read with other reports in order to cover all issues. He emphasized that work with SMEs was an area of strength, with much work being done at the national level. Good work was being undertaken with respect to corporate social responsibility and the sector was developing a clearer framework to deepen their work in this area. He further emphasized that the sector remained very conscious of standards in its work related to employment creation.
- 108.** Concerning Strategic Objective No. 3, the spokesperson for the Employers' group outlined the Employers' priorities, which were: promotion of the Global Campaign on Social Security and Coverage for All, occupational safety and health, and the fight against HIV/AIDS. He welcomed the importance given in the report to the Employers' first priority. He wished for the Office to strengthen the structure dealing with this issue so as to

be better able to meet the constituents' expectations mainly in respect of an improved allocation of extra-budgetary funds. He wished to see increased activities with the developed countries in the field of social security, in particular with regard to ageing of the population. Concerning activities in the fight against HIV/AIDS, he advocated a more aggressive stance by the ILO, in particular in its support of the social partners, who were very active in this area. He was surprised at the positive light in which the document had presented the results of the InFocus Programme on Socio-Economic Security, which had not had a positive impact for the Organization, as had been pointed out during the evaluation of that unit submitted to the Governing Body in November 2005. He would have liked to have been informed about the involvement of the social partners in the implementation of Office programmes.

- 109.** The spokesperson for the Workers' group emphasized the importance of social protection as a key element of poverty reduction strategies. He commended the Office on having extended social protection through the Global Campaign and by strengthening national plans of action. Concerning the information in the box on social protection for African States, he wished to see more in-depth studies and results, in order to achieve consolidated results. He wondered whether a similar promotion campaign should not be envisaged for operational objective 3b. He encouraged the Office to launch an international promotion campaign to strengthen this element of the fight against poverty. Such action had already been called for by the Committee on Employment and Social Policy, which had discussed this aspect of decent work. He welcomed the fact that the Office had included the informal economy in the employment sector, with the necessary cross-cutting link to the social protection sector. While creating jobs for the informal sector, social protection should be integrated, thus enabling formalization of the informal economy.
- 110.** The Executive Director for Social Protection responded to the questions raised and acknowledged the importance of the Global Campaign on Social Security and Coverage for All. He further added that occupational health and safety had been a top priority since the 2003 International Labour Conference. The Office had been working directly with enterprises, such as Volkswagen, in this area. He also noted that there had been excellent cooperation with the International Organisation of Employers (IOE) and the International Confederation of Free Trade Unions (ICFTU). He acknowledged that ageing populations were a source of major concern and had an impact on social security. The Social Protection and Employment Sectors were working together closely on these issues. He clarified that the booklet referred to in paragraph 74 was for advocacy purposes and to allow the Office to reinforce its work in the field. In regard to a query regarding the informal economy, he replied that the issue was the subject of a new initiative co-managed by the Employment and Social Protection Sectors, which was a good example of integrated activities. He also stated that the informal economy was an essential component of the follow-up action plan to the Ouagadougou Summit. In relation to IFP/SES, he confirmed that as with other IFPs following their evaluation, it was being mainstreamed into the work of the sector as part of the Social Security Department.
- 111.** Concerning Strategic Objective No. 4, the spokesperson for the Workers' group indicated that the analysis of this objective, which was in fact a cross-cutting objective, showed that it was not perceived as such, since it had been included in sector 4. He emphasized that tripartism and social dialogue were something that informed all of the strategic objectives, not only Strategic Objective No. 4. He cited the example of paragraph 86, which mentioned only five pilot programmes carried out by the sector itself. He pointed out that the ILO had taken initiatives seeking to improve cooperation on the national priorities defined by the tripartite constituents. The Workers were alarmed at this, for they felt that there should be broader dissemination.

- 112.** Nonetheless, he congratulated the ILO, the Members and the constituents of these countries on the concrete results reflected in indicator 4b.7. Noting that the results under certain indicators were more than double the targets, he wondered whether the quantitative data were the only valid way of expressing qualitative information. Concerning the ILO and the media, he expressed his group's satisfaction with the results, but emphasized the need to use local media, which were in direct contact with the world of work.
- 113.** Mr. Blondel also expressed some doubts as to whether the activity described in paragraph 10 had opened up new horizons for workers in the Americas. The United States-Central America Free Trade Agreement was not necessarily perceived as a positive development in trade union circles.
- 114.** Mr. Barde referred the issue of sectoral activities to the Committee on Sectoral and Technical Meetings and Related Issues. Concerning the activities for workers, which he would refrain from commenting on, he expressed concern at the imbalance between the resources allocated to the Bureau for Employers' Activities (ACT/EMP) and those for the Bureau for Workers' Activities (ACTRAV): it was essential to ensure a balanced approach. He welcomed the objectives attained by the Office in its activities for employers, despite the reductions in the budget of the relevant Bureau.
- 115.** The representative of the Government of Mexico recognized the importance of Strategic Objective No. 4 in light of the principle of democracy and in the context of integration in the global economy. He emphasized Mexico's commitment to social dialogue. Mexico had benefited from ILO efforts to strengthen political will through social dialogue, which represented a consolidating factor in democracy at the workplace and a method of facing the challenges of globalization. The Council for dialogue with productive sectors was a collective, permanent, pluralist and inclusive consultative body in which representatives of employers, workers, universities, members of the legislature, the media, the public and the Government could present their points of view in order to identify together, in a responsible manner, solutions to the challenges facing the country. Dialogue encouraged the necessary consensus to determine common objectives and coordinate means of common action aimed at providing an impulse to productive activities.
- 116.** In her response to the questions raised, the Executive Director for Social Dialogue expressed her agreement with regard to the importance of the cross-cutting nature of social dialogue work. She noted that as part of the work surrounding the follow-up to the resolution concerning tripartism and social dialogue, social dialogue has been used as a tool to help address national priorities established by constituents. The lessons learned from this process showed the importance of having workers, employers and governments on board. Although sector 4 did well with regard to most of their targets, she emphasized that they will look carefully at the targets and at how to strengthen their work in areas where they have fallen short. She also pointed out that sectoral activities had no targets at all before 2004-05 and that these targets have been refined for 2006-07 with a particular focus on maritime activities. She also mentioned, in response to an earlier comment by Mr. Blondel, that they have used national and local radio extensively in promoting social dialogue work.
- 117.** The Executive Director for Management and Administration, responding to comments on governance, support and management issues, drew attention to the statements on management and administration in the results-based management paper. She confirmed that the Office was looking very carefully at indicators for the sector and recognized that measurement was not as good as it should be.
- 118.** In responding to queries raised during the discussion, the Director of the Bureau for Programming and Management thanked the members of the Committee for their

suggestions, which would be carefully taken into account in the preview of the programme and budget in November. He noted in particular that the Committee had called for a more user-friendly format for the report, better indicators (including qualitative indicators), better integration of financial information, and more information on the difficulties encountered and lessons learned in achieving the strategic objectives. He confirmed that approximately US\$10 million of the 2000-01 surplus remained unspent. This amount was in line with the estimate made in 2002 that spending would take place over some four years. The unspent amount was allocated mainly to the regions, particularly Africa. Spending would be prudent and directed at achieving results. A full report would be made at the Governing Body session in November.

Other financial questions: Future development of the Turin Centre and its relations with the ILO

(Fifteenth item on the agenda)

119. The Committee had before it a paper¹³ on the International Training Centre of the ILO, Turin.
120. Mr. Blondel welcomed the inclusion at last of the policy issue of relations between the ILO and the Turin Centre in the Committee's agenda. Without challenging the legal structure of the Centre, his group aimed to improve its integration where feasible. The debate should be frank and open, and provide clear responses as to what the ILO wished to do with the Centre in the service of its tripartite constituents, as well as its method of financing and management if it transpired that its services were not competitively priced. In that regard, he wished to commend the huge contribution the host country authorities had made to the Centre's financing and management, while promoting its international nature. Thanks to recent investments on the occasion of the Olympic Games, the Centre was now more modern and effective.
121. He also wondered whether there was in fact genuine cohesion and cooperation between the Centre and the technical departments, the International Institute for Labour Studies and the ILO's regional offices and teams in designing their strategies and activities, and what the situation was with regard to cooperation on policies on training and capacity building of the staff of both institutions. The Workers' group had some ideas when it came to answering these questions, which it had communicated to the Director-General on several occasions. They related in particular to the reduction of the Centre's fixed expenses, joint mobilization of resources and the role of technical cooperation. But the time had come to move on to the implementation of concrete measures aimed at ensuring more complementary structures. While there were objective constraints preventing integration, there was a need to strengthen cooperation through exchanges between Turin Centre staff and that of the Office, or by providing training activities in line with the Organization's strategic objectives and policies.
122. The Governing Body's role was not to manage the Centre from Geneva, but rather to work continuously to ensure closer cooperation with the Centre. The Director's departure, the preparation of the Centre's quadrennial development plan and the discussion on the next ILO programme and budget presented an opportunity that could not be missed. The appointment of the new Director and the close relationship that he could foster between Geneva and Turin would be an indication of the message that the Office wanted to give about its relationship with the Centre. To strengthen links, the new Director must continue

¹³ GB.295/PFA/15/1.

to play his part with the management structures at Office headquarters and maintain a physical presence at headquarters.

- 123.** Lastly, Mr. Blondel, on behalf of his group, commended the enormous task accomplished by Mr. François Trémeaud at the head of the Centre and paid personal tribute to him.
- 124.** Mr. Barde stated that the Employers' group supported the Centre and the work it had accomplished over the past 40 years on behalf of the tripartite constituents. The Centre was the ILO's only training facility. The ILO in Geneva did not have the capacity in terms of training technology. Moreover, the Centre was sufficiently flexible to meet the needs of the market and enjoyed direct contacts with constituents.
- 125.** It was at the request of the Employers and the Workers that the Committee at last had the opportunity to discuss the Centre and its future. The Office paper did not provide answers as to the future of the Centre. The Centre was instrumental in implementing the ILO's activities. It had to maintain a tripartite spirit that the departments at headquarters should uphold. He stated that the department responsible for employers' activities should be at the same level as that for workers. The main issue was improvement of cooperation between the Centre and headquarters. Given the fact that it depended on non-guaranteed sources of income for 80 per cent of its funding, it could not be seen as a department of the Office. Owing to that dependence, full integration would pose legal and financial problems, and it was difficult for the Centre to work according to planning similar to that applied at headquarters. Since it was difficult to envisage an increase in the ILO's subsidy, other avenues would have to be explored, such as temporary secondment of Office staff or outsourcing of activities. He stated that the present sound management should continue, for the Governing Body was ultimately responsible. The Employers' group wished to thank the Government of Italy and the local authorities for financing the Centre, but the Office should give some thought to the financing of more costly investments. The Employers' group had insisted on the need for improvements between the two institutions. They could not bid or compete for the same invitations to tender. While maintaining its own strategy and resource mobilization, the latter should ensure better coordination with CODEV and the regions. Better coordination also meant a review of the Centre's competencies, as well as the training needs of officials at headquarters, so as to identify synergies.
- 126.** Furthermore, Mr. Anand (Employer member, India), stated that as two years had passed since the Joint ILO/ITC Task Force submitted its report, some of the priorities contained in the Office paper needed to be refocused in consultation with the Employers' and the Workers' groups. The Centre needed to develop linkages with training institutions in the regions and subregions. Its training and skills development programmes should be linked to the new challenges of a global economy. Lastly, he requested that the ILO attach importance to the nomination of the successor to the Director of the Centre, whom he personally thanked.
- 127.** On behalf of his group and all the employers who had been through the Centre, the Employers' spokesperson thanked the Director for his remarkable work, both in developing the Centre's activities and with regard to its image. The Employers' group considered that his successor should possess the same political acumen and managerial skills.
- 128.** The representative of the Government of Italy thanked the Employers' and Workers' groups for initiating this discussion which was critical to the future of the Centre. He also expressed his appreciation for the work of the Director who over 17 years had turned a small vocational training institution into an essential arm of the ILO, and an internationally recognized centre of excellence and expertise on employment, labour, human resource development and learning methodologies. This high profile should be kept in mind when

replacing the Director. As the host country, Italy was the main source of funding for the Centre at the national, regional and local levels. Recent investments have enhanced the accommodation capacity of the Centre as well as its technological capacity. This has resulted in added value to the ILO and increased the potential for developing the institutional capacity of member States and promoting the work of the Organization. It was not clear that the recommendations of the Task Force had been followed by concrete measures, in particular through a higher contribution to the Centre from the ILO's regular budget. As a result, the Centre was increasingly dependent on extra-budgetary support. This had not prevented it from increasing its focus on the ILO's strategic objectives. However, if the Centre was obliged to further diversify its funding sources, the relevance of its programmes to the Decent Work Agenda and to the needs of the constituents might be hindered. The ILO needed to make strategic choices on the nature of its relationship with the Centre. As a first step, the Italian Government expected that the Centre would be fully integrated, without delay, into the technical cooperation activities of the ILO.

- 129.** The representative of the Government of the Philippines called for more support for the Centre as it was a core partner in delivering the Decent Work Agenda. She welcomed the Centre's training programme, in particular in the area of corporate social responsibility, and requested that training modules also be developed in the field of labour inspection.
- 130.** The representative of the Government of South Africa, speaking on behalf of the Africa group, concurred that there was a need for this discussion in view of increasing calls for technical assistance to enable member States to manage their development processes. Capacity building and training were key components of these processes in pursuit of the Decent Work Agenda. He encouraged stronger linkages between the programmes of the Centre and the ILO's strategic objectives as well as closer collaboration in the field of ILO staff development. The technical cooperation operational agreement should also assist to enhance cooperation between the Centre and the ILO. He called for increased support to the Centre, including financial support, and thanked the Director of the Centre for his work.
- 131.** The representative of the Government of Hungary also emphasized the importance of the Centre's capacity building and training initiatives in pursuit of decent work for all, especially in the context of the implementation of decent work country programmes. It would therefore be important to provide the Centre with a sufficient budget to undertake this work while at the same time increasing efficiencies through initiatives such as the joint steering mechanism referred to in the Office paper.
- 132.** The representative of the Government of France noted that the change of direction, at a time of preparation for the elaboration of the Centre's Fourth Development Plan (2007-11), provided an ideal opportunity to reflect on the relationship between the Organization and its Training Centre. The Centre formed a vital element in the implementation of the ILO strategic objectives and dissemination. However, its specific nature and independence made it difficult to align the planning of its activities with the Organization's. Better harmonization would require a more thorough debate, to include the matter of the level of the resources supplied to the Centre by the ILO. This should be conducted in several stages. He joined the previous speakers in recognizing the support provided by the Italian authorities and in paying tribute to the Director of the Centre for his talent for innovation and his dynamic and rigorous leadership.
- 133.** The representative of the Government of Jordan, speaking on behalf of the Arab countries of the Governing Body, considered that the Centre must remain an essential arm of the activities of the Organization. The Fourth Development Plan of the Centre should be the tool for the ILO and the Centre to work together on identified shortcomings and the achievement of their common goals as well as to enhance the positive aspects of mutual

cooperation. He associated himself with the appreciation expressed to the Italian authorities and to the Director of the Centre for their contribution to its success.

- 134.** The representative of the Government of Brazil similarly thanked the Italian authorities and the Director of the Centre. Knowledge of the ILO by government officials and employers' and workers' representatives was to a large extent due to the training activities of the Centre. He supported the initiatives arising from the work of the Joint ILO/ITC Task Force, as they would contribute to ensuring that the ITC remains a centre of excellence devoted to the development of institutional capacity in ILO member States for the promotion of decent work.
- 135.** The Director-General welcomed this discussion and reiterated the Office's appreciation to the Italian Government and the authorities of Piedmont and the City of Turin for their continuing support to the Centre.
- 136.** This discussion on the Centre at the Committee was welcome as the Governing Body usually only had the opportunity to consider the Board's annual report and on the occasion of the discussion of the programme and budget, which normally concentrates on the need for resources to be allocated to the Centre. This discussion had shown a strong sense of ownership of the Centre by the ILO tripartite constituents and had highlighted the need for a strategic vision for the future of the Centre and its relationship with the ILO.
- 137.** In addition to the findings and recommendations of the Joint ILO/ITC Task Force, there was a clear need for stronger reciprocal knowledge and understanding. The Centre is probably ahead in this connection following the decision to align its programmes with the ILO's four strategic objectives. Similarly, there was a clear need for better use of each others' services and building on each others' strengths as well as a need to avoid duplication. The emphasis placed in the 2006-07 programme and budget on decent work country programmes and the exercise under way in each of the sectors to identify the policy options and tools available to implement each of the strategic objectives through the decent work country programmes, will offer an opportunity to identify in a systematic fashion the training components within each of the ILO's objectives and programmes. It was important to clearly define the respective roles of the Office and Turin so as to work together in a complementary way. While the Office work focused on policy development, analysis and advice, Turin had the expertise for product development, training and capacity building based on such policies. At a time when funding decisions are increasingly made at the country level, it was necessary to look into the possibilities of joint fund raising and to ensure better coordination with donors. Efforts were also required to ensure that donors better understood the global scope and nature of the Centre, and that contributions from other donors, joining the generous support from Italy, would reinforce this international dimension.
- 138.** The Office will continue working on these possibilities and proposals, but guidance will be required from the Governing Body as to overall policy direction. Such guidance needs to find the right balance between the autonomy of the Centre and the governance role of the Governing Body in relation to the ILO as a whole.
- 139.** The Director of the Centre, Mr. Trémeaud, thanked the Committee for its message of thanks for the work accomplished by the Centre since he became Director in 1989. The work could not have been done without the teams with which he had had the good fortune to work. It was on their behalf that he felt pride and satisfaction at the Committee's message. He also wished to offer his thanks to the Italian authorities for the unfailing support he had received from them, as well as to the Director-General for entrusting him with the challenging but exciting role of Director of the Centre for the past 17 years. He

assured the Committee of the quality and commitment of the Turin staff – especially the younger members who, in his opinion, were the guarantee of the Centre’s future.

- 140.** Finally, the Director-General, adding his voice to the Committee’s, wished to pay tribute to the Executive Director and Director of the Centre, François Trémeaud, on the eve of his departure after 37 years of service to the Organization and the values it represented. Mr. Trémeaud’s career had been exemplary, particularly as Director of CABINET under Francis Blanchard. He had been one of the pillars of technical cooperation activities, first under Mr. Blanchard, and then as Director of the Technical Cooperation Department, before being appointed Executive Director responsible for the Regions and Technical Cooperation, while retaining his responsibilities as Director of the Turin Centre. Nevertheless, it was especially with the Turin Centre that Mr. Trémeaud’s name was associated. Since taking up the position of Director in 1989, he had succeeded, with the help of the Italian, Piedmont and Turin authorities, in making it a centre of true training excellence, widely recognized as such within the multilateral system. The decision to set up the United Nations System Staff College and to establish it on the site of the Centre was evidence of that. Mr. Trémeaud’s career was the perfect example of an international official who had spent his entire career at the Office and reached the highest office through ability and merit. His loyalty, sense of diplomacy and commitment to the ideals of the ILO were an honour to the Office and the international civil service as a whole.
- 141.** The representative of the Government of the Netherlands, speaking on behalf of the IMEC group, requested that the Committee’s time management be reviewed. He called on all delegates to adhere to the timetable of meetings as programmed and to complete the work of the Committee in the time assigned.
- 142.** Mr. Blondel asked if three sessions were really sufficient for the Committee and recognized that it was difficult to gauge the time required for each agenda item.
- 143.** In response to a question from Mr. Blondel, the Treasurer and Financial Comptroller explained that Japan had paid 76,628,387 Swiss francs since 24 March 2006. This amount included arrears for 2005, i.e. 69,137,710 Swiss francs, as well as a part payment for 2006 of 7,490,677 Swiss francs.

Geneva, 27 March 2006.

(Signed) M. Blondel,
Reporter.

Points for decision: Paragraph 11;
Paragraph 24;
Paragraph 38;
Paragraph 41;
Paragraph 48;
Paragraph 51;
Paragraph 55.

Appendix

Opening remarks by the Director-General, Juan Somavia Programme, Financial and Administrative Committee 295th Session of the Governing Body

Geneva

23 March 2006

Distinguished delegates,
Messieurs les porte-parole du groupe des employeurs et du groupe des travailleurs,
Ladies and gentlemen,

Dear friends,

During this session of the Governing Body, your Committee will examine a number of key issues which all have to do with reform. These include: results-based management; the revised Human Resources Strategy and the Programme Implementation Report and its lessons for the formulation of the next programme and budget.

I would like to focus on three areas. First, setting the context. Second, summarizing some key reforms already under way to renew the Organization. Third, focusing on ten specific initiatives that we are developing under your guidance to further strengthen the ILO in the near term.

Advancing the Decent Work Agenda through reform

We meet at a time when the vitality and political relevance of the Decent Work Agenda is a rising priority in international, regional and national debates.

At the same time, the question of UN system-wide reform is occupying a central space in the public arena. It was long overdue. After more than 60 years, a major structural review was necessary. At the ILO, we welcome this effort at making the UN family work together much more efficiently and effectively.

I see UN reform as a three-pronged effort. Policy, management and operations. For overall reform to succeed, all three areas must be pursued together as an integrated whole.

We will discuss the policy dimension in the upcoming Working Party on the Social Dimension of Globalization where we will take up the implications for the ILO of the wide-ranging Outcome Document adopted by the 2005 UN World Summit.

Operational issues formed part of the discussion of the Technical Cooperation Committee. Today, I will focus mainly on the management dimension. Next week, in agenda item 6 of the GB, we can pull these different strands together.

Record of renewal

Two weeks ago, the United Nations Secretary-General issued his report “Investing in the United Nations: For a stronger Organization worldwide”. I placed the report on the agenda of the Senior Management Team to identify the measures most relevant to the ILO. I welcome your own comments on it.

All of us who are concerned with ensuring the effectiveness and success of the UN system are partners in the renewal effort. To begin with, each organization must have its own reform agenda. At the ILO, we have made headway.

As you know, the challenge of renewing and revitalizing the ILO has been a focus for some years now on which this Committee has taken leadership. The reforms we have achieved together – built on dialogue and priority setting – have been indispensable to the advancement and success of the Decent Work Agenda.

We have followed your guidance. We have listened to your ideas. We have acted together. And it has yielded results. You have put building blocks in place, setting a path of steady progress. Now is the time to step up decidedly to the next level. There is still much to be done.

That ongoing effort is even more essential today. We and the entire UN family must take further steps to strengthen the system so as to respond effectively and efficiently to the international agenda that member States have committed to. Making decent work a reality in the lives of people is central to this global agenda, as called for by the Outcome Document. We are ready to join efforts and share experiences with the rest of the UN family to deliver our mandate.

We do so recognizing that our work to strengthen the Organization has never been a matter of sailing with prevailing political winds. Rather, we have systematically reassessed how best to meet the needs of people and our constituents, and how to use most effectively our limited resources entrusted to us from the hard-earned incomes of taxpayers. This is my firm conviction and how we have worked together from day one.

So what is our point of departure for our next steps?

On 8 March 1999, four days after assuming my responsibilities as Director-General, I presented to you a radical reform of our programme and budget to modernize the ILO for the twenty-first century.

With your approval, we have enhanced the focus, relevance and impact of our work.

- We moved from a complex, cumbersome, unwieldy administrative budget to a streamlined, focused and targeted strategic budget.
- We defined four strategic objectives as the foundation of the Decent Work Agenda.
- We reformed the management structure.

From there:

- We have deepened results-based management over four biennia. The Joint Inspection Unit recognized this effort last November. And your discussion has encouraged us to broaden the approach and look at ways of applying management for results across all functions of the Office.

We have made significant progress in the gender balance among staff, particularly in senior positions. When I took office in 1999, the percentage of women at the D1 level and above was only 13 per cent. Today, because of direct appointments that I have made, women hold 31 per cent of these positions.

In 1999, no subregional or country office in Asia or Latin America and the Caribbean and only one in Africa was headed by a woman. Today, we see a different picture.

Women are in charge of 42 per cent of those offices in Africa, 56 per cent in Asia and 57 per cent in Latin America and the Caribbean.

Globally, women now lead some 52 per cent of subregional and field offices where we are delivering advisory services and technical cooperation programmes.

- Detailed discussions on human resources management – particularly in this Committee – have led to a revised strategy now being implemented. This includes the areas of recruitment procedures, management development and training of staff, grade structures and responsibility and accountability.
- We have completely overhauled our information technology and introduced a new integrated system spanning financial, programming and human resource information.
- A new subcommittee reporting to the PFA has been created to reinforce governance of information and communications technology.
- A new unit has been established tasked with making evaluation, including independent assessments, a standard requirement of all our programmes.
- The main functions of the Procurement Bureau have been transferred to the Office of the Treasurer and Financial Comptroller to ensure greater clarity of financial responsibility and governance of the functions in the Office. Revised Declaration of Interest procedures have been introduced for officials engaged in procurement activities and the membership of the Contracts Committee has been reviewed to ensure greater transparency.
- And, of course, we have reviewed and revamped our country-level approach through decent work country programmes. Let me emphasize here that decent work country programmes are not only about process. Their basic purpose is to enhance the substance of our work – to make it more relevant, focused and coherent in order to achieve greater impact.
- I have appointed an Executive Director for Management and Administration to lead and oversee the reform process.

In all these areas, we have drawn from extensive consultation, dialogue and discussion with you.

Next steps

Despite our progress in renewing and revitalizing the ILO, now is not the time to rest. It is the time to keep modernizing, to keep strengthening and to keep building. And I want to focus on specifics.

First, **change management**. Deep, lasting change requires an explicit change management strategy and dedicated resources. To do that, I have created an Organizational

Change Advisory Committee involving senior management across the Office. The Bureau of Programming and Management has been given additional responsibility to prepare and implement the main change management recommendations made by this Committee. The Office is reviewing the change management experience of other UN agencies. We are also actively engaged in agency effectiveness reviews carried out by major donor countries.

Second, **knowledge sharing**. We are acting to strengthen the Office's knowledge strategy along four dimensions.

The Research and Publications Committee created last year is leading the preparation of a research and publications strategy that will concentrate resources on the core labour issues facing constituents. We are introducing an electronic document management system that supports knowledge sharing inside the Office and with constituents and partners. IRIS has facilitated a more transparent approach to resource management, enabling ILO staff to work on common issues. And we will reorganize our statistics programme to deliver more timely and relevant statistics.

Third, **staff development**. We are now investing close to 2 per cent of our staff budget in staff development. It is now possible to make the staff development programme an integral part not only of Human Resources Strategy, but of the overall strategies related to organizational change, management, knowledge, technology and gender. We will assess our staff development programme periodically and use it as an instrument in all other strategies. I particularly wish to emphasize the improvement needed in our management training as well as a better understanding of the staff knowledge and skills base needed in these times of change, drawing also on the expertise of the Turin Centre.

Fourth, **information technology**. The successful introduction of IRIS holds great potential for improving the quality of management through transparent integration of financial, human resource and programming information. The system can spearhead change in administrative processes and cost efficiency. It permits substantial improvements in development and reporting on the ILO programme, not least by integrating diverse aspects of decent work country programmes. It will become the basis for Office-wide work planning and reporting using a common template. As we roll it out to the field structure, it will become even more effective. Its absorption has not been easy, but I believe we are reaching its stabilization point.

Fifth, **planning and programming**. Our programming cycle needs to be better adapted to the governance of our Organization and to the broader international development cooperation frameworks in which its work is to be embedded. I agree with the point raised by several of you on the need for sharper performance measurement tools over a longer horizon with an appropriate mix of qualitative and quantitative indicators. We must also link more clearly implementation reporting and evaluation. I plan to make specific proposals in November on these issues within the framework of an overall strategy on results-based management. We need to enhance the capacity to measure the impact of what we do. This is not easy for an institution that delivers advice on policies and processes involving many actors and where identifying the impact of the ILO's contribution is difficult or even inappropriate to claim credit for. Yet I am confident, with your support and experience, we shall tackle the issue successfully.

Sixth, **technical cooperation and resource mobilization**. The Office's technical cooperation and resource mobilization strategy requires revision in the light of new donor approaches, experience with decent work country programmes and participation in common development cooperation frameworks such as UNDAF and PRS, or new structures resulting from UN reform. DWCPs offer the appropriate platform to pull together regular budget and extra-budgetary resources and to mobilize donor funding within the context of integrated country assistance in a results-based framework. The

International Labour Conference will discuss the role of the ILO in technical cooperation this June, and I expect this discussion to foster innovative approaches which will take into account the emerging architecture for development assistance at the country level while enriching it through our tripartite experience.

Seventh, **diversity and inclusiveness**. The ILO has been praised within the UN system for our effective integration of gender into the policy and analytical thinking of the Office and into its programming process, and for our innovative action through, for example, gender audits. We are constantly striving to improve our performance on gender and, building on our experience, we must expand this approach to capture a wider range of diversity, including greater regional and cultural diversity. Inclusiveness also applies to persons with disabilities. This wider approach to diversity and inclusiveness will enrich the Organization and enhance its sensitivity and responsiveness to the reality it serves.

Eighth, **transparency and accountability**. I have established an internal task team to advise me on best practices regarding transparency and accountability.

Through our participation in the CEB's High Level Committee on Management, the ILO is actively collaborating with the Comprehensive Review of Accountability and Transparency now under way in the UN system. The new procedures for the selection of the External Auditor are in line with best international practice. Based on the proposals of our Chief Internal Auditor, we will address the best way to expand, where needed, the investigation capacity of the Office. A complete revision of our procurement instructions and guidelines is already under way.

Ninth, **integrity and ethical standards**. A number of initiatives are under consideration to foster professionalism, engagement and commitment of all ILO officials to the values of the Organization and to ensure staff and management adherence to the Standards of Conduct defined by the International Civil Service Commission, as well as to the ILO Staff Regulations which should reflect best practice and clearer procedures. Measures planned include promoting greater awareness through training, the introduction of enhanced procedures to deal with potential conflicts of interest and financial disclosure arrangements. As an important step forward, I have decided to appoint an Ethics Officer with a view to enhancing a culture of integrity and high ethical standards within the Office. We will also reinforce protections for whistleblowers.

Tenth, **field structure**. As stated in the Programme and Budget for 2006-07, a field structure review will be undertaken in the course of this biennium. I will prepare criteria for this review for your consideration so as to move forward with a solid tripartite consensus and mandate from the Governing Body. A major driver for this review should be the need to have the best possible field arrangements for effective support to DWCPs and effective integration into system-wide UN efforts.

In this regard, consideration will be given to the evolving organizational arrangements of the UN system's field structure at regional, subregional and country levels, and the extent to which they offer new opportunities for our presence in the field. This review should also be informed by the findings of the Secretary-General's High Level Panel on System-Wide Coherence. In relation to all of this, we must take into account the tripartite nature and specific competencies of the ILO, as well as the special governance structure of the Organization.

Decisions and proposals in each of these areas will be included in the preview of the Programme and Budget for 2008-09 in November.

And in all possible cases where we can find adequate resources, we will move forward even sooner. Indeed, we already are.

Continuum of reform

As we introduce these improvements, let us remember that reform is not an end in itself. Reform is about enhancing instruments to equip the Organization with the knowledge, resources and tools to deliver on our mandate and respond to our constituents more effectively.

The United Nations and its specialized agencies need to deliver on what people expect of them, namely, solving concrete problems in daily life, particularly for the many for whom fulfilling basic human aspirations and necessities and respect of basic rights remain an uphill battle.

At the ILO, our overriding priority is to ensure that economic and social policies deliver tangible results to people in respect of employment and social protection, rights, representation and dialogue. The initiatives I have outlined will seek to reinforce the ILO as a global centre of excellence with respect to policies and processes relating to the world of work.

I have no doubt that we can continue to make a significant contribution to a strong partnership and improved coherence among all UN organizations. Our tripartite structure gives us an authority in the world of work which cannot be replaced, should not be diluted and can be of great service to the UN system. In turn, the ILO can only gain from a stronger, more effective United Nations.

As we progress along our continuum of reform, let us again recall that management, operations and policy improvements are all connected. Unless international organizations have policies that work in the same direction, reforms to achieve greater management or operational effectiveness across the UN system could easily fall short. To ensure such coherence, reform discussions under way at the IMF, the World Bank and WTO should be taken into account. They are part and parcel of a revamped multilateral system.

Dear friends,

I welcome your contribution on how to strengthen further the ILO, a shared responsibility of the Governing Body and the Office.

My colleagues and I will be listening closely during this session as this represents the first of many consultations leading to the upcoming programme and budget.

Let us seize this opportunity to make decent work a national reality through strong tripartite leadership within a renewed UN system.

I thank you for your attention.

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