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The Director-General's

**PROGRAMME AND BUDGET
PROPOSALS FOR
2008–09**

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Abbreviations

CEB	United Nations System Chief Executives Board for Coordination
ECOSOC	United Nations Economic and Social Council
EU	European Union
ICSC	International Civil Service Commission
IMF	International Monetary Fund
IRIS	Integrated Resource Information System
MDG	Millennium Development Goal
PRSP	Poverty Reduction Strategy Paper
RBSA	Regular Budget Supplementary Account
SHIF	Staff Health Insurance Fund
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme

Message from the Director-General

As we take up the Programme and Budget proposals for 2008–09, we can take great strength in the resonance of our agenda in recent years.

At the dawn of a new century, we adopted the Decent Work Agenda to modernize and reform the structure of the ILO. In a few short years, that agenda of rights, employment, social protection and social dialogue has risen up the priority list of political leaders, as well as of working women and men and business people across the globe.

In September 2005, over 150 Heads of State and Government at the United Nations World Summit took up that agenda through paragraph 47 of the Outcome document and highlighted the fundamental role of decent work in development strategies and poverty reduction. While strongly supporting a fair globalization, they resolved to place full and productive employment and decent work for all at the centre of international and national development and poverty reduction strategies to achieve the Millennium Development Goals.

In July 2006, the United Nations Economic and Social Council, in a Ministerial Declaration, called on the whole multilateral system to mainstream full and productive employment and decent work for all in their policies, programmes and activities in order to achieve the Millennium Development Goals by 2015. In parallel, the 2006 ILO Regional Meetings in the Americas and in Asia and the Pacific launched programmes for a Decent Work Decade in each region.

Our ILO agenda has become a global agenda.

The challenge before us is to further step up our efforts to translate this global political support into policies and programmes that make decent work a national reality. This imperative dovetails with the much needed effort to strengthen the effectiveness and efficiency of the United Nations system as a whole.

I believe that the ILO can be a key mover of United Nations reform within countries. The programme and budget proposals will allow the ILO to design and implement results-oriented Decent Work Country Programmes as the main vehicle of ILO assistance in the context of “One UN” country programmes.

My proposals will enable constituents to support and implement the Decent Work Agenda, in countries, regions and globally.

The focus is to:

- ensure that we have the regular budget resources to underpin Decent Work Country Programmes;
- reinforce the capacity of tripartism to deliver at the national level;
- build our knowledge base for the twenty-first century;
- respond to the changing patterns in the world of work;
- reinforce our strong international voice.

This budget reflects my firm commitment to respond to the Governing Body's guidance on priorities, confronting inefficiencies and administrative costs, streamlining structures and improving operations.

We are grateful for the support of donors contributing an estimated US\$350 million in extra-budgetary resources to advance ILO values and objectives during the biennium. This support is valuable and growing; however, it is an incomplete response at a time when we must increase our responsiveness and transparency while reducing transaction costs and overheads.

We all know the difficulties many contributors, particularly from developing countries, face in agreeing to a real increase of the regular budget.

I therefore propose a budget of \$594 million to achieve the decent work results detailed in my proposals. In constant 2006–07 US dollars this is the same budget level as for the present biennium.

As a complement to the regular budget, I propose to establish a Regular Budget Supplementary Account for voluntary contributions to expand and deepen the capacity to deliver on the priorities set by the programme and budget, in particular the implementation of Decent Work Country Programmes.

I trust you will find this an attractive proposal to further strengthen the capacity of the ILO to fulfil its mandate and service its constituents. Your guidance on the best practical modalities to implement this new proposal is welcome.

The programme and budget proposals pursue my commitment to reform. Since 1999 I have been introducing new and innovative ways to move forward and strengthen the effectiveness and efficiency of this Organization.

My proposals are centred on the strategic use of all the resources available to the ILO, in order to move beyond an administrative budget. This is coupled with provisions to reinforce the oversight mechanisms of the Organization and its evaluation capacity.

As you decided in November 2006, new modalities will be introduced for reporting on the per-

formance of the Office in achieving the results it has committed to. Preparations for a new six-year Strategic Policy Framework for 2010–15 will also start this year.

I am pleased to submit my Programme and Budget proposals for 2008–09 for your review and guidance.



Juan Somavia
Director-General

6 February 2007

Executive overview

1. This Executive overview introduces the Director-General's Programme and Budget proposals for 2008–09 as follows:

- The opportunities and challenges of realizing decent work.
- The programme priorities, including ILO action to actively participate in United Nations (UN) reform.
- The budget strategy: a three-pronged approach including the regular budget, estimated extra-budgetary resources and a proposed new Regular Budget Supplementary Account (RBSA).
- The programme and budget outcomes.
- Key elements of managing for results.

Context: Opportunities and challenges of realizing decent work

2. In all regions, there are too few decent jobs available for the number of people in need of them to support their families, rear their children and live a decent life in a peaceful community. More decent jobs are needed. This is the fundamental demand facing societies, governments, employers and workers in all regions. The ILO is mandated to work with its constituents to respond to this challenge.

3. The world community, through the UN General Assembly and its Economic and Social Council (ECOSOC), as well as regional political and economic institutions, has recognized decent work as a priority in all countries. There is broad support for the Decent Work Agenda as central to achieving the Millennium Development Goals (MDGs) and a fair globalization providing opportunities for all. Decent work has been recognized as a key indicator of the MDG on poverty reduction and is central to the achievement of the MDGs by 2015. Several ILO Regional Meetings have called for a Decent Work Decade. There is a consensus that full and productive employment and decent work for all is a central objective of development policies.

4. Decent work has become a global goal, as proposed in the Strategic Policy Framework for 2006–09.¹ The challenge now is to move from the global goal to the actual delivery of decent work

¹ See Strategic Policy Framework for 2006–09 and related guidance from the Governing Body (291st Session, November 2004).

opportunities for all working women and men in their diverse national and local realities in both developing and developed countries. A daunting task that must be scaled up through the convergence of decent work policies and practices decided in multiple spheres to stimulate economic, social and environmental sustainability.

5. One policy dimension alone will not achieve this, be it economic growth, trade liberalization or inclusive social policies. Coherent and convergent economic and social policies, based on the Decent Work Agenda, can deliver the decent jobs that are required. National institutions, actors and situations define the combination of policies needed to apply standards and fundamental principles and rights at work, engage in tripartism and social dialogue, sustain economic growth, investment and enterprises, make labour markets efficient, and extend the coverage of social and labour protection to all. This requires the will, knowledge and action of many actors, policy-makers and practitioners at all levels.

6. Sound decent work policies, crafted with thorough tripartite consultations and discussions, will enable the ILO to discharge its mandate in the context of the opportunities and challenges lying ahead. Moreover, development cooperation policies have acknowledged the centrality of decent work.

7. At a time of intensive UN reform towards "One UN", there is now a rising momentum for the multilateral system to join the ILO in helping countries make decent work happen. The UN system as a whole, including the Bretton Woods institutions and the World Trade Organization (WTO), has recognized the importance of mainstreaming employment and decent work outcomes in their own policies, programmes and activities, and are working with the ILO, under the aegis of the United Nations System Chief Executives Board for Coordination (CEB), to prepare the tools to assess and guide their performance in this regard.

The programme priorities: Focus and impact

8. The main focus of the Programme and Budget proposals for 2008–09 is to empower governments, employers' and workers' organizations to be active agents in placing decent work as a central policy of national development strategies. ILO constituents, through their own initiative and activities, have a key role to play in integrating decent work objectives into national strategies to

achieve the MDGs and to reduce poverty. The programme and budget proposals will support constituents in moving the Decent Work Agenda forward in countries and in regions as well as globally. Capacity building for workers, employers and government representatives will be a key instrument in this regard.

9. The programme and budget proposals are organized around the four strategic objectives and components of decent work, for which there is a solid consensus among ILO constituents. Within each strategic objective there is greater focus on the essential policies and programmes required to advance the implementation of the Decent Work Agenda. New evidence will be compiled and fresh analysis and knowledge will be developed and made available in simple formats. This includes new developments in the ILO's statistical work on the measurement of the four dimensions of decent work, which is key for a results-based management approach. Facilitating the exchange of knowledge and experience among constituents within and across regions will be given increasing importance, particularly South–South cooperation.

10. The drive of the proposed programme lies in country priorities and decisions of ILO Regional Meetings. The ILO will formulate and implement Decent Work Country Programmes in each country, where appropriate, as the main mechanism for the delivery of its assistance. The results framework of these programmes will be strengthened with a view to enhancing their strategic orientation and quality.

11. The International Labour Conference in June 2006 called for the integration of the Decent Work Agenda into the programming framework of the UN system. The programme and budget proposals prepare the ILO to actively engage in the continuing UN reform, fully respecting the ILO's governance structure and tripartite identity. This applies to the approach outlined by the UN High-level Panel on System-wide Coherence and its vision of a UN system "Delivering as One", subject to its discussion by the Governing Body in March 2007.

12. The ILO promotes and supports the participation of employers' and workers' organizations in United Nations Development Assistance Frameworks (UNDAFs) and in UN country programmes, thereby facilitating their involvement in national development strategies and building support and alliance for the Decent Work Agenda.

13. The ILO will strengthen its support for implementing joint UN programmes, taking the lead in areas pertaining to its mandate, expanding inter-agency collaboration and partnerships, and mainstreaming employment and decent work in broader assistance frameworks, in particular at the country level. In this regard, the new partnership developed with the United Nations Develop-

ment Programme (UNDP), launched in 2007, will be pivotal for working together with the UNDP itself and with the Resident Coordinator system. Reinforcing the long-standing relationship with the specialized agencies will also enhance the ILO's contribution to wider cooperation across the UN system.

14. The ILO actively engages in partnerships with other specialized agencies, in the relevant inter-agency mechanisms and system-wide structures of the CEB and in the United Nations Development Group, as well as at regional and country level, to develop common guidelines, policies and approaches, including UN reform issues.

The budget strategy

15. Genuine political support for the Decent Work Agenda and the legitimate aspirations of people to its realization worldwide pose considerable pressures on the financial means made available to the ILO to fulfil its mandate commensurate to the increasing needs. At the same time, it is recognized that many member States have real difficulties and constraints in augmenting their assessed contributions to the ILO regular budget. A number of donors have substantially increased their extra-budgetary contributions to ILO technical cooperation programmes, and new donors have joined the long-standing ILO partners. This is indeed highly appreciated and has helped significantly to cope with demand, though in an uneven and unpredictable way.

16. Discussions and consultations with constituents have shown that on this occasion, it would be almost impossible to reach a consensus on a real growth in the regular budget for 2008–09. Diligent efforts to realize efficiencies will continue, bearing in mind that savings achieved cannot match the resource gap and are subject to diminishing returns.

17. Not to miss the historical opportunity the ILO has before it, and following the Director-General's invitation for innovative reflection on the budget, a three-pronged budgetary strategy has been conceived and discussed with constituents. This approach encompasses the two traditional sources of funding, namely the regular budget based on assessed contributions and the extra-budgetary voluntary contributions of donors for specific technical cooperation programmes, plus a new strand proposed as an RBSA.

18. Initial consultations have been held on an RBSA as a possible way forward. Reactions to the idea have been sufficiently positive that these proposals are based on the assumption that it would be possible to establish and receive voluntary funding for such an account for 2008–09. In

addition to the regular budget and extra-budgetary resources, the RBSA would constitute a third source of funding to expand and deepen decent work priorities and outcomes in dialogue with the tripartite constituents in member States in the framework of UN reform and inter-agency cooperation.

19. The opening of an RBSA on an experimental basis and at a prudent, conservative level, would help overcome the gap in the real growth needed in the 2008–09 ILO regular budget, while countries resolve their difficulties and constraints. It could also become a lasting third way for providing a mechanism for those countries that wish to

contribute to the regular budget above the level approved for all member States by the International Labour Conference. In this context, and within the current constraints for realizing the legitimate aspiration for a real growth in the regular budget for 2008–09 and beyond, it is proposed that this budget strategy be approved.

The regular budget

20. Table 1 shows the proposed regular budget for 2008–09. In constant US dollars, the proposed budget is set at the same level as the approved budget for 2006–07.

Table 1. Strategic budget: Proposed expenditure by appropriation line

Item	Revised strategic budget 2006–07 ¹	Proposed strategic budget 2008–09	Proposed strategic budget 2008–09
	(in US\$)	(in constant 2006–07 US\$)	(recosted (US\$))
Part I. Ordinary budget			
A. Policy-making organs	67 267 536	66 606 942	71 122 336
B. Strategic objectives	440 269 427	440 757 094	471 937 189
Standards	86 720 534	86 667 778	92 663 288
Employment	132 407 036	135 232 152	145 156 959
Social protection	94 948 117	89 763 529	96 049 769
Social dialogue	126 193 740	129 093 635	138 067 173
C. Management services	53 060 855	53 323 782	56 527 787
D. Other budgetary provisions	31 708 184	31 837 184	37 001 207
Adjustment for staff turnover	-5 052 727	-5 052 727	-5 380 933
Total Part I	587 253 275	587 472 275	631 207 586
Part II. Unforeseen expenditure			
Unforeseen expenditure	875 000	875 000	875 000
Part III. Working Capital Fund			
Working Capital Fund	–	–	–
Total (Parts I-III)	588 128 275	588 347 275	632 082 586
Part IV. Institutional investments and extraordinary items			
Institutional investments and extraordinary items	6 181 725	5 962 725	6 115 597
Total (Parts I-IV)	594 310 000	594 310 000	638 198 183

¹ Strategic figures for 2006–07 have been revised slightly to ensure methodological consistency and to reflect the transfer of some work relating to IRIS from support services to management services.

21. Table 1 reflects emerging priorities in Decent Work Country Programmes. Regions have on average tended to give greater priority to employment and social dialogue than in 2006–07.

22. The budget includes a transfer of some US\$3.4 million from headquarters to the regions.

In addition, headquarters technical programmes as a whole will be required to expend an increased share of their resources in direct support of Decent Work Country Programmes.

23. The increased regular budget resources for the regions are summarized in table 2 below.

Table 2. Proposed additional resources for the regions in 2008–09

(in constant 2006–07 US\$)	2006–07 budget	Proposed regular budget 2008–09	Difference	%
The regions				
Partnership and development cooperation	2 765 151	2 765 151	0	0.0
Field programmes in Africa	52 978 706	54 301 670	1 322 964	2.5
Field programmes in the Americas	43 547 675	44 384 990	837 315	1.9
Field programmes in the Arab States	10 659 457	10 870 897	211 440	2.0
Field programmes in Asia and the Pacific	46 991 671	47 928 203	936 532	2.0
Field programmes in Europe and Central Asia	17 563 732	17 637 372	73 640	0.4
Total regions	174 506 392	177 888 283	3 381 891	1.9

24. In addition to the resources transferred to the regions, \$2.5 million is allocated to enhance the capacity of the ILO to support action in the framework of UN reform and inter-agency programmes. This is only a small proportion of the total resources that contribute to UN objectives in countries, but it provides visibility and support to specific pilot activities that can be replicated more widely.

25. To contribute to a more transparent and accountable Organization, additional resources of \$1.5 million are proposed for oversight, internal audit and evaluation. These resources now total \$3.8 million.

26. The proposals include contributions to various ILO funds and UN common system and inter-agency bodies, as well as provisions which do not appropriately fall under the strategic objectives. With the exception of a modest increase of \$129,000 for childcare, these contributions remain at the same level in real terms as for 2006–07.

27. Under Part IV of the budget \$5.9 million is proposed to fund institutional investments in relation to the security of persons and buildings, future investment requirements in buildings and information technology, follow-up to the Maritime Session of the Conference and the introduction of new accounting standards.

28. The programme and budget proposals continue the reduction of administrative costs and the use of related savings to support additional services to the ILO's constituents.

29. All parts of the ILO have been asked to propose efficiency savings during the process of developing these proposals. Given that staff costs absorb 70 per cent of the ILO's budget and that reductions have been made in previous biennia in travel and other non-staff budget components, the emphasis has been placed on a more efficient use of staff.

30. The main efficiency savings that have been achieved in the programme and budget proposals are:

- Reduced budgets in management services amounting to some \$1.2 million.
- Reduced budgets in support services amounting to some \$700,000.
- Reduced budgets for services to meetings amounting to \$800,000.
- Reduced budgets in support personnel in technical programmes amounting to approximately \$1 million.

31. There are risks that accompany these savings. The reductions in technical programmes will undoubtedly place additional pressure on programmes. In addition, the reductions in management and support services are likely to delay the extension of some Integrated Resource Information System (IRIS) services to the regions.

32. The provision for cost increase has been calculated at \$43.9 million (7.4 per cent) as summarized in table 3. The provision is established on the basis of published information available from independent and verifiable sources. The estimated changes in costs are developed from detailed calculations of each component of staff and non-staff expenditure which are described in Information annex 1. Specific consideration is given to costs and their trends in external offices, as inflation varies significantly between and within regions where the ILO operates. Staff costs, being the largest expenditure component, constitute the main source of overall cost increases, and as part of the UN common system, remuneration levels and benefits are determined by the UN General Assembly and the International Civil Service Commission (ICSC). Decisions taken, in particular on post adjustment levels and local salary scales, are the largest single contributor to the increase in staff costs.

Table 3. Summary of cost increases (in US\$)

Category of expenditure	Budget 2008–09 (in 2006–07 US\$)	Cost increases (decreases)	Biennial % increase (decrease)
Staff costs	411 603 420	29 923 203	7.3 ⁽¹⁾
Travel on official business	13 914 899	160 946	1.2
General operating expenses	40 188 536	3 034 691	7.6
RBTC	29 980 060	2 287 058	7.6
Other costs	79 835 838	3 656 433	4.6
Subtotal	575 522 753	39 062 331	6.8
Staff Health Insurance Fund	18 787 247	4 825 852	25.7 ⁽¹⁾
Total	594 310 000	43 888 183	7.4

¹ See footnote of table A2-3 in Information annex 2.

Extra-budgetary technical cooperation resources

33. Extra-budgetary technical cooperation resources made available to the ILO by donors supplement the regular budget. In 2006–07 extra-budgetary expenditure is expected to reach \$320 million, which compares with \$275 million in 2004–05. In 2008–09 extra-budgetary expenditure is estimated at \$350 million. This increase is in

large part explained by the growing recognition given by the international community and donor agencies to decent work as a central driver of development and poverty reduction.

34. Table 4 shows the distribution by region and strategic objective of the estimated extra-budgetary expenditure for 2008–09. It is based on the regional priorities determined for 2008–09 and described in paragraphs 68–117.

Table 4. Distribution by region and strategic objective of the estimated extra-budgetary expenditure for 2008–09

	Estimated extra-budgetary expenditure 2008–09 (in constant 2006–07 US\$)
Africa	
Standards and fundamental principles and rights at work	44 400 000
Employment	42 600 000
Social protection	14 400 000
Social dialogue	14 100 000
	115 500 000
Latin America and the Caribbean	
Standards and fundamental principles and rights at work	28 000 000
Employment	16 500 000
Social protection	7 000 000
Social dialogue	3 900 000
	55 400 000
Arab States	
Standards and fundamental principles and rights at work	4 200 000
Employment	2 800 000
Social protection	300 000
Social dialogue	500 000
	7 800 000
Asia and the Pacific	
Standards and fundamental principles and rights at work	56 400 000
Employment	41 000 000
Social protection	16 300 000
Social dialogue	7 200 000
	120 900 000
Europe and Central Asia	
Standards and fundamental principles and rights at work	14 100 000
Employment	5 800 000
Social protection	5 700 000
Social dialogue	3 100 000
	28 700 000
Global	
Standards and fundamental principles and rights at work	12 800 000
Employment	1 300 000
Social protection	6 300 000
Social dialogue	1 300 000
	21 700 000
Total	350 000 000

35. The International Labour Conference in June 2006 reaffirmed that technical cooperation must continue to be a major means of action of the ILO in the realization of its objectives. In response, Decent Work Country Programmes, developed through consultations with constituents at the national level, will be the mechanism for delivering technical cooperation to constituents in countries, as well as for integrating the Decent Work Agenda into the programming framework of the UN system. Particular attention will continue to be paid to improved project implementation.

36. The ILO will continue to encourage multi-year partnership agreements with donor agencies consistent with its own programming cycles, strategic priorities and rules. It will actively streamline internal priority setting and resource allocation mechanisms, support local resource mobilization, facilitate greater coordination among donors and explore public/private partnerships as a potential source of extra-budgetary funding.

37. As shown in table 4, the priorities of donors for extra-budgetary resources are not evenly distributed across the four strategic objectives. Moreover, the extra-budgetary resources expended on the International Programme on the Elimination of Child Labour (estimated at over 40 per cent) account for a substantial proportion of total estimated extra-budgetary expenditure.

Proposed Regular Budget Supplementary Account

38. The RBSA would consist of voluntary contributions to the regular budget in addition to the level approved by the International Labour Conference for all member States. It would be used together with regular budget and extra-budgetary resources to expand and deepen the capacity to deliver Decent Work Country Programmes in the context of UN reform and to strengthen the decent work components of national development plans. Priorities for the use of the RBSA would flow from the programme and budget, the ILO Regional Meetings and the national priorities of the Decent Work Country Programmes.

39. Contributions to the RBSA could be linked to a particular strategic objective, a specific region, or both. This would allow potential donors and the ILO to respond with the least possible transaction costs to the most urgent resource gaps, for instance in Africa, in the framework of the priorities set by the approved budget.

40. Work funded by the RBSA would include:

- Broader technical and geographical coverage of results-based managed Decent Work Country Programmes. These programmes are the ILO contribution to UNDAFs, poverty reduction strategies and national development plans.

- Participation of the ILO and of its constituents in UN reform processes and “One UN” pilot programmes, especially in the large majority of member States where there is no permanent ILO presence.
- Strengthening of the ILO’s tripartite constituents so that they can participate as strong partners in debate and decision-making on labour, economic and social policies, poverty reduction strategies and national development plans and priorities.
- Follow-up of decisions taken by Regional Meetings such as the Agenda for the Hemisphere 2006–15 adopted at the 16th American Regional Meeting, the Asian Decent Work Decade proposed by the 14th Asian Regional Meeting and the results of the forthcoming 11th African Regional Meeting (Addis Ababa, 23–27 April 2007).
- Continuous improvement of the ILO’s knowledge base, development products and means of action.
- Mainstreaming decent work objectives across the multilateral system.

41. Table 5 shows prudent estimates of additional resource requirements by strategic objective and region, beyond the resources available from the regular budget and estimated extra-budgetary resources.

42. The initial estimate of additional resources is conservative (approximately 6 per cent of the combined regular budget and extra-budgetary resources) in order to test the viability of the proposed mechanism and combine it efficiently with the programme and budget cycle.

Table 5. Resource estimates for the Regular Budget Supplementary Account by strategic objective and by region (US\$ million)

	Africa	Americas	Arab States	Asia	Europe	Total
Standards and fundamental principles and rights at work	3.0	3.0	1.0	3.0	1.0	11.0
Employment	10.0	3.0	2.0	5.0	1.0	21.0
Social protection	5.0	2.0	1.0	2.0	1.0	11.0
Social dialogue	4.0	3.0	2.0	2.0	2.0	13.0
Total	22.0	11.0	6.0	12.0	5.0	56.0

43. The RBSA would be managed as a separate account in accordance with the Financial Regulations and Rules, and subject to all established oversight mechanisms, such as external and internal audit as well as regular monitoring and evaluation. There would be periodic, consolidated

reporting to the Governing Body and contributors. The identity of donors would be fully recognized.

44. There would be a number of advantages to the RBSA:

- It would reflect the Governing Body’s priorities in the strategic use of the resources and

- reinforce its supervisory and evaluation function.
- From the perspective of contributors, it would be a way to better integrate regular budget from assessed contributions and voluntary contributions in a transparent fashion.
- Voluntary contributions to the RBSA would not create any new ongoing obligations on member States in future budgets and will not impact the baseline of the regular budget.
- The RBSA would primarily fund direct assistance to countries. It could, therefore, attract contributions from development cooperation funding agencies, as well as from other donors and development actors.
- It could be a useful mechanism to foster South–South collaboration, exchange of experience and solidarity among developing countries, particularly in areas in which the ILO could complement bilateral cooperation among them.

- It would enable the ILO to support UN system-wide coherence initiatives on a more assured financial basis.

The programme and budget outcomes

45. The Programme and Budget proposals for 2008–09 are built on the four strategic objectives of the ILO within the Decent Work Agenda. Table 6 below sets out the 14 intermediate outcomes and the 34 immediate outcomes. The latter include the five immediate joint outcomes as well as the three immediate outcomes for governance, support and management. The table includes the total resources that would contribute to the results proposed under each intermediate outcome. These resources are composed of the regular budget, extra-budgetary resources under existing procedures and the new RBSA.

Table 6. Strategic framework and total proposed resources for 2008–09

(in constant 2006–07 US\$ million)	Proposed regular budget 2008-09	Extra-budgetary expenditure 2008-09	Proposed RBSA 2008–09
Strategic Objective No. 1: Promote and realize standards and fundamental principles and rights at work	86.7	160.0	11.0
1a. Fundamental principles and rights at work are realized	16.8	15.0	5.0
1a.1 Increase member State capacity to develop policies or practices reflecting fundamental principles and rights at work			
1b. Targeted action progressively eradicates child labour, with a particular focus on the worst forms of child labour	12.4	141.5	3.0
1b.1 Increase constituent and development partner capacity to develop or implement policies or measures focused on reducing child labour			
1c. International labour standards are broadly ratified and significant progress is made in their application	57.5	3.5	3.0
1c.1 Increase member State capacity to ratify and apply international labour standards			
Strategic Objective No. 2: Create greater opportunities for women and men to secure decent employment and income	135.2	110.0	21.0
2a. Coherent policies support economic growth, employment generation and poverty reduction	72.5	44.5	7.0
2a.1 Increase constituent capacity to develop policies and policy recommendations focused on job-rich growth, productive employment, and poverty reduction			
2a.2 Increase member State and development partner capacity to develop and implement policies and programmes on employment-intensive investment focusing on infrastructure			
2a.3 Increase member State capacity to develop policies or programmes focused on youth employment			
2b. Workers, employers and society benefit from the wider availability of relevant and effective skills development and employment services	25.2	21.5	6.0
2b.1 Increase member State and constituent capacity to develop or implement training policies			
2b.2 Improve member State capacity to develop or implement employment services			
2c. Sustainable enterprises generate productive jobs	37.5	44.0	8.0
2c.1 Increase the capacity of constituents and other organizations to develop policies or regulations that generate more and better jobs in sustainable enterprises and cooperatives			
2c.2 Increase the capacity of constituents and other organizations to develop programmes for local economic development and upgrading of value chains and enterprises that generate more and better jobs			
2c.3 Increase the capacity of member States to develop post-crisis recovery programmes			

Strategic Objective No. 3: Enhance the coverage and effectiveness of social protection for all	89.8	50.0	11.0
3a. More people have access to better managed social security benefits	31.6	14.5	4.0
3a.1 Increase member State capacity to develop policies focused on improving social security systems			
3a.2 Improve member State capacity to manage social security schemes and to implement policies focused on improving social security systems			
3b. Safety and health and working conditions in workplaces are improved	40.6	2.5	2.0
3b.1 Increase constituent capacity to develop or implement policies and programmes on improving working conditions and safety and health at work			
3c. Labour migration is managed to foster protection and decent employment of migrant workers	10.1	6.0	3.0
3c.1 Increase member State capacity to develop policies or programmes focused on the protection of migrant workers			
3d. Workplace policies respond to needs for HIV/AIDS prevention, treatment, care and support	7.5	27.0	2.0
3d.1 Increase tripartite constituent capacity to develop policies and programmes that address the HIV/AIDS epidemic in the world of work and within the framework of the promotion of decent work			
3d.2 Improve member State implementation of policies and programmes that address the HIV/AIDS epidemic in the world of work and within the framework of the promotion of decent work			
3d.3 Increase the participation of employers' and workers' organizations in policy development and in accessing national and international funding			
Strategic Objective No. 4: Strengthen tripartism and social dialogue	129.1	30.0	13.0
4a. Employers and workers have strong and representative organizations	36.8	6.3	3.0
4a.1 Increase the value of employers' organizations to existing and potential membership			
4a.2 Increase the value of workers' organizations to existing and potential membership			
4b. Social partners influence economic, social and governance policies	31.1	5.5	3.0
4b.1 Increase the participation of employers' and workers' organizations in the development of social and labour policy			
4c. Tripartite dialogue occurs widely in policy-making, labour law reform and implementation	34.1	15.2	4.0
4c.1 Increase member State capacity to develop policies and labour legislation through more tripartite dialogue between constituents			
4c.2 Improve member State capacity to implement policies and programmes			
4c.3 Increase constituents' participation in economic and social development at the regional/subregional level			
4d. Sectoral social dialogue promotes the improvement of labour and social conditions in specific economic sectors	27.1	3.0	3.0
4d.1 Increase the level of consensus on social and labour issues in specific economic sectors			
4d.2 Increase constituent capacity to develop policies or programmes focused on improving labour and social conditions in specific sectors			
Total	440.8	350.0	56.0
Joint immediate outcomes			
Coherent economic and social policies in support of decent work: Increase capacity of member States and development partners to promote coherent economic and social policies in support of decent work at national, regional and global levels			
Integrated policies for the informal economy: Increase constituent capacity to develop integrated policies for upgrading the informal economy and facilitating transition to formality			
Strengthening labour inspection: Increase member States' capacity to carry out labour inspection			
Advancing gender equality in the world of work: Increase capacity of constituents to develop integrated policies and programmes to advance gender equality in the world of work			
Microfinance for Decent Work: Increase the participation of constituents in the formulation of financial policies			
Immediate outcomes for governance, support and management			
Improve utilization of ILO human, financial, physical and technological resources in supporting programme execution			
Improve ILO application of sound management and legal principles, including managing by results			
Improve the functioning of the ILO governing organs and their access to the necessary information, policy advice, services and support			

46. For each *intermediate* outcome the programme and budget proposals define one or several *immediate* outcomes of ILO action. For each immediate outcome, thoroughly revised indicators and targets detail the expected results the ILO seeks to achieve as a basis for the assessment of performance. The immediate outcomes and indicators appear in subsequent sections organized by strategic objective.

47. Cross-cutting issues are addressed in two separate ways. Common principles of action are identified in five areas: contributing to a fair globalization, working out of poverty, advancing gender equality, implementing international labour standards, and expanding the influence of social partners, social dialogue and tripartism. These common principles of action guide all ILO actions across the four strategic objectives. These are described in paragraphs 118–139.

48. In addition, five immediate joint outcomes are listed in table 6. The joint immediate outcomes are proposed in areas requiring intensive coordination. At this stage it is not possible to estimate the extra-budgetary resources likely to be available for the joint outcomes. Regular budget resources are indicated in the section on joint immediate outcomes.

49. Under each immediate outcome, indicators of performance are identified and targets are set. The targets respond to priorities defined by the Governing Body, the regions and in Decent Work Country Programmes.

Managing for decent work results

50. The programme and budget proposals show further progress in applying the principles and the methods of managing resources for results, leading to greater focus and concentration of resources on priorities of the Decent Work Agenda.

51. The hierarchy of results has been clarified. The long-term goal of the Organization and its mandate is embodied in the Decent Work Agenda and its four strategic objectives. A limited number of intermediate outcomes are identified that correspond to constituents' priorities. Intermediate outcomes refer to broad areas in which change is desirable and necessary in accordance with the values, principles and mandate of the ILO.

52. The immediate outcomes, including the joint immediate outcomes, are the changes that are expected to occur as a result of the action taken by the Office in cooperation with its constituents. These are the outcomes the ILO can reasonably be held accountable for, and against which the performance of the ILO is assessed and reported, comparing expected immediate outcomes with actual achievements.

53. The selection and formulation of immediate outcomes has been directly influenced by Decent Work Country Programmes. More than in any previous biennium, proposals have been based on the priorities of the regions. In turn the immediate outcomes will influence the implementation of Decent Work Country Programme outcomes. These outcomes will be supported in an integrated way by all resources available to the Office.

54. In the wake of this renewed focus on priorities within the Decent Work Agenda, a number of programmes have been refocused and administrative units streamlined.

55. Reporting on the implementation of the programme and budget will be done at the level of the immediate outcome, thereby ensuring greater detail and accountability. IRIS functions are being improved to ensure that resource monitoring will be in place at this level of detail for 2008–09.

56. All indicators measuring the achievement of the immediate outcomes have been thoroughly revised and refined in accordance with the standard criteria (specific, measurable, realistic, time-bound).

57. The regular budget and extra-budgetary resources are the principal funding sources of Decent Work Country Programmes, which are the main conduit for the delivery of ILO assistance to countries and regions. A specific target has been set of 70 per cent of regional programme resources and 40 per cent of headquarters technical programme resources spent through country programmes by the end of 2009.

58. The purpose of cross-cutting or mainstreamed strategies has been clarified. Common principles of ILO action are proposed, applying to all ILO actions and interventions in respect of a fair globalization, working out of poverty, gender equality, international labour standards, and tripartism and social dialogue.

59. The ILO will seek to support the new UN Resident Coordinator system in countries so that it benefits the entire UN system. The observance of the “firewall principle” between the Resident Coordinator and the UNDP will be of particular importance in this regard. Together with the UNDP, the ILO is taking a new initiative to intensify collaboration between the two organizations in regions and countries. This collaboration includes mutual training and orientation to be provided through the International Training Centre of the ILO in Turin to UN Resident Coordinators on the Decent Work Agenda and to directors of ILO external offices on UNDP business practices.

60. The programme and budget proposals are consistent with the results-based management strategy adopted by the Governing Body in November 2006.

61. The Information Technology Strategy supports the programme and budget strategy in two major ways. It will include the development of new tools for managers to monitor the implementation of their respective programme and budget and workplan. Technology will also provide more detailed and timely information on the execution and performance of the ILO programme and contribute to greater transparency for the Governing Body and donors.

62. The Human Resources Strategy will support the programme and budget strategy through more efficient use and management of human resources in the ILO.

63. A revised performance management system will be implemented fully in 2008, reflecting good practice within the UN system and elsewhere. The revised system is intended to integrate in a con-

solidated manner the principles of results-based management, planning, accountability, motivation and recognition.

64. The implementation of the new Resourcing, Assignment and Placement System (RAPS) will continue in 2008–09. The new system will improve response time when filling vacancies and allow for more targeted prospection in non- and under-represented countries and regions.

65. The ILO will continue to use funds earmarked for staff development during 2008–09 to ensure a coherent, equitable and effective Office-wide learning and development programme in support of the strategy of the programme and budget proposals. Lessons learned during 2006–07 will support the efforts of the Office to develop a learning culture.

66. The Office will sustain its effort to rebalance the grade structure, taking account of the needs of the Office as well as the results of the grade structure review and the field structure review conducted in 2007.

* * *

67. The Programme and Budget proposals for 2008–09 summarized above, and detailed in subsequent sections, focus on the decent work priorities reviewed by the Governing Body at its 297th Session (November 2006). The proposals constitute further steps in the implementation of the strategic programme and budget approach approved in 1999. This approach seeks an increasingly effective and efficient Organization delivering the services needed by its constituents.

Regional priorities

68. The following paragraphs present priorities identified for the ILO in each region. The regional priorities are based on conclusions of Regional Meetings and ongoing consultations with constituents in each region. The intermediate and immediate outcomes identified in the strategic framework respond to these regional priorities. A pie chart on the distribution of Decent Work Country Programme outcomes by strategic objective is presented for each region. This distribution is valid for 2006–07 and is expected to carry forward into 2008–09, notwithstanding the required flexibility to adapt to changed circumstances.

Africa

Sustained economic growth

69. The regional programmes for Africa are currently covering 53 countries.

70. Between 2000 and 2005 most African countries enjoyed sustained economic growth, with economic activity in Africa rising by nearly 5 per cent in 2005. In some, improvement was due to a significant increase in official development aid, driven largely by debt relief and emergency assistance, while in others improved economic stability played an important role. In still other cases, growth was driven by high prices for minerals and other raw materials, particularly oil.

Persistent poverty

71. Unfortunately, this impressive economic growth has not led to any reduction in poverty or in unemployment. Today, almost half of the continent's population lives on less than US\$1 per day, a greater proportion than 20 years ago. In sub-Saharan Africa, 110 million people are considered "working poor". Most of them are women in rural areas. Unemployment is officially estimated at close to 30 million people, or around 10 per cent of the working-age population, and is much higher for young people. The number of workers employed through the informal economy also continues to grow. This apparent paradox – chronic poverty and strong economic growth compounded by conflict and crisis – needs to be addressed through the creation of new jobs with incomes above the poverty line.

Millennium Development Goal record is mixed

72. In sub-Saharan Africa, only a few countries are set to meet the MDG of halving poverty by 2015. In northern Africa the prospects are better, with Algeria, Egypt, the Libyan Arab Jamahiriya, Morocco and Tunisia on track to achieving this goal. HIV/AIDS continues to wreak havoc on the economy and social fabric of the continent, with most infected people still not having affordable access to antiretroviral drugs. Women are particularly affected as they have the highest infection rates and are the main caregivers. Child labour continues to be a major challenge, with the number of child workers actually increasing.

A regional approach to employment policy

73. The ILO's priorities for Africa will be reviewed by the 11th African Regional Meeting in April 2007. The implementation of the Plan of Action adopted by the Extraordinary Summit of the Heads of State and Government of the African Union on Employment and Poverty Alleviation in Africa (Ouagadougou, September 2004) will continue to define ILO priorities. The Summit elevated the Decent Work Agenda to the highest political level and African political leaders have, on numerous occasions, reiterated the Summit's call to make "employment creation an explicit and central objective of our economic and social policies" at all levels. The ILO is working closely with the African Union Commission, the African Union Labour and Social Affairs Commission, the regional economic communities and national constituents to place employment at the centre of national, regional and continental development frameworks and policies. At the national level this is done through the development and implementation of Decent Work Country Programmes.

Strengthening the technical capacity of constituents

74. To make decent work a reality in Africa, the ILO will continue its efforts to strengthen the technical capacity of its tripartite constituents to influence the policy and funding decisions of national governments, regional and subregional institutions, international financial institutions and bilateral and private donors. This work will be informed by the policy guidance embedded in the international labour standards and tripartite policy documents adopted by the ILO. The ILO will share its knowledge and tools with a wide range of partners

to make development interventions more effective and employment friendly. Interventions will pay special attention to: improving national capacity to gather and analyse labour market information with a view to developing active labour market policies; developing and implementing youth employment programmes; promoting women's entrepreneurship; supporting employment-intensive infrastructure investment programmes (particularly in countries emerging from crisis and conflict); combating HIV/AIDS in the workplace; and extending social protection coverage to the informal sector by combining prevention and insurance.

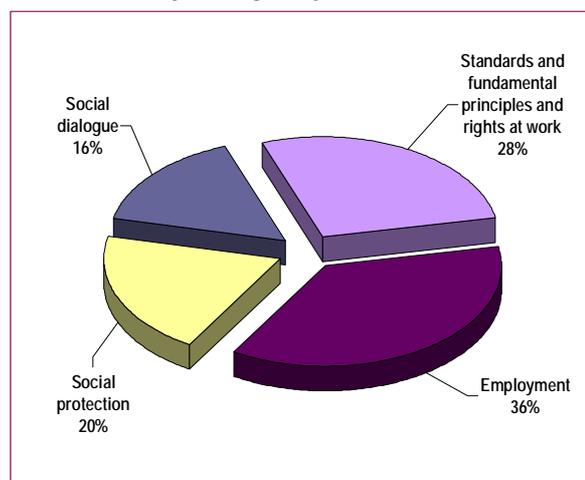
Strengthening social dialogue

75. Social dialogue and tripartite institutions are essential in promoting and operationalizing the Decent Work Agenda for improved governance. This entails active participation in the drafting and implementation of poverty reduction strategies and the promotion of regional and subregional integration. They can also help attract and encourage domestic and foreign direct investment that is employment friendly and respects the fundamental principles and rights at work, and the provisions of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The ILO will continue its efforts to strengthen the capacity of its constituents and their institutions to play their rightful role in this context.

Increasing cooperation

76. The ILO's success in making employment central in development and economic policies depends to a large extent on its ability to build strategic partnerships and to achieve policy coherence with other development organizations active in the region. It will therefore intensify its participation in UN country teams, its linkages with the UN Resident Coordinators and its cooperation with other UN bodies, particularly the UNDP and the Economic Commission for Africa, as well as with the African Union Commission, and the International Monetary Fund (IMF), the World Bank and the African Development Bank. The ILO will also work closely with the newly established Joint African Union/African Development Bank/Economic Commission for Africa Secretariat and with the Economic Commission for Africa to set up a regional employment forum.

Figure 1. Africa: Distribution of Decent Work Country Programme outcomes by strategic objective



77. In Africa, Decent Work Country Programme outcomes reflect the priority given to employment policy, enterprise creation and skills. These are followed by rights at work, social protection (with an emphasis on combating HIV/AIDS) and social dialogue.

The Americas

78. The regional programmes for the Americas are currently covering 33 countries and eight other countries and territories.

79. Since 1999, governments, employers and workers have decided to establish decent work as the axis of economic and social development policies. In Inter-American, Latin American and European Union (EU) summits, Heads of State and Government have approved declarations and plans of action centred on the promotion of decent work. In 2006, both a Decent Work Decade and an Agenda for the Hemisphere 2006–15 were adopted at the 16th American Regional Meeting in order to achieve concrete results with respect to the MDG targets for 2015.

Applying fundamental principles and rights at work

80. Effective labour laws and regulations applying fundamental principles and rights at work are essential to making labour relations more fair and ensuring respect of trade unions, freedom of association and collective bargaining. Particular emphasis will be placed on the eradication of child labour and forced labour, as well as on the promotion of gender equality and the elimination of racial and ethnic discrimination.

Strengthening democratic governance

81. As stated by the 16th American Regional Meeting, in order to build confidence in democracy and social dialogue in the region, it is necessary to generate better quality employment, which requires modernizing labour institutions. The labour ministries need to be strengthened and their capacity to influence economic and social policies enhanced. Labour inspection needs adequate prevention and supervisory capacity in order to enforce the application of international labour standards. There is also a need to boost and coordinate social protection institutions dealing with health and pensions. Policy dialogue between ILO constituents and political parties, parliaments, local authorities and relevant economic and social actors will be stimulated in order to develop strong multi-stakeholder support for the implementation of the Decent Work Agenda.

82. Tripartite institutions and dialogue are essential to achieving greater coherence between economic and social policies. Increasing the influence of the social partners in social and economic policies requires the strengthening of employers' and workers' organizations, as well as the development of their technical capacities. The exchange of experiences will be encouraged with a view to exploring ways of developing appropriate social dialogue institutions and economic and social councils adapted to the realities of each country.

Reducing poverty through proactive economic and employment policies

83. In spite of promising economic outlooks, the quantity and quality of employment is lagging in the region. Vast segments of the population continue to eke out a basic living in the informal economy or are openly unemployed. Effective microeconomic and macroeconomic poverty reduction measures should focus on employment and social protection policies.

84. The ILO will support improvements in competitiveness through enhanced competencies of human resources, focusing on skills development and extending vocational training to vulnerable groups, especially young people, but also to displaced middle-aged workers. In order to enhance labour productivity in the region, particular attention will be given to the school-to-work transition and the quality of vocational training. Labour market information will be enhanced, especially regarding the impact of globalization.

85. Special emphasis will be given to national and local policies for the promotion of productive employment, vocational training, and productivity-enhancing measures. Support will be given to micro- and small enterprises to improve productivity and working conditions, as a means of achieving better living conditions for workers.

Young people, women and the most vulnerable sectors of society will receive special attention. To help address the persistent inequality in income distribution, the ILO will promote wage and income policies that link wage increases to productivity and the cost of living.

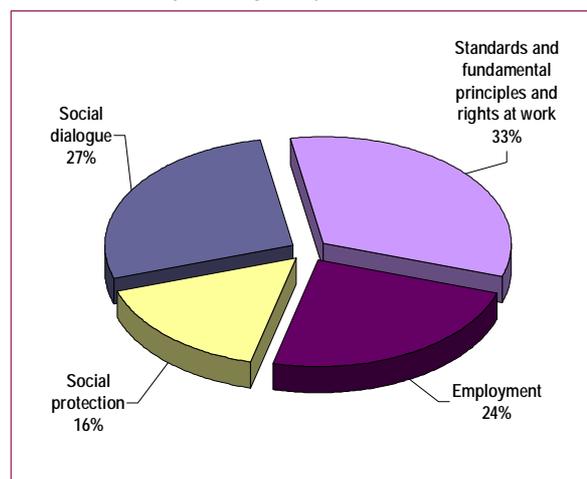
Extending and strengthening social protection systems for social cohesion

86. Programmes to extend social protection coverage will form part of an integrated approach to fight poverty and social exclusion. Proposals will be developed for vulnerable sectors of the labour market, such as young people, women, rural and informal economy workers, and domestic workers. Employment and social protection policies will be designed to support economic growth and formal employment.

87. The ILO will assist constituents to reduce occupational accidents and diseases by supporting national institutions and programmes to provide information on workplace safety and health. Participatory systems will be promoted to enlist the support of governments, employers and workers to establish effective occupational safety and health systems. Workplace programmes related to HIV/AIDS will be increased, especially in the Caribbean countries.

88. The organized management of labour migration, as well as the ratification and application of the ILO standards that protect the labour rights of migrant workers, will be given particular attention in the region. The ILO will support improvements in statistical data. It will help constituents to improve the management of labour migration flows, and to establish regulations to protect migrant workers in countries where the problem is more acute.

Figure 2. The Americas: Distribution of Decent Work Country Programme outcomes by strategic objective



89. Action to implement the fundamental principles and rights at work is the first priority of the Americas. This is followed closely by economic and social governance through international labour standards, social dialogue and employment policy.

The Arab States

90. The regional programmes for the Arab States are currently covering 11 countries and one territory.

91. The Arab States remain significantly affected by global socio-economic and political developments. Countries in the region, be they endowed with natural resources or emerging from crisis, are influenced by these developments in different ways. However, there are common challenges in promoting decent work in the region.

92. Through reforms of legal and policy frameworks and capacity building, countries in the region have taken various measures to tackle socio-economic challenges, including poverty reduction, job creation and social protection. As a whole, the region registered strong economic growth, but the generation of decent jobs has been insufficient to match the rapidly growing labour force. Unemployment rates remain high, particularly among young people and women. Globalization and trade are adversely affecting disadvantaged groups, including women, young people, and workers in the rapidly expanding informal sector.

93. To reduce the decent work deficits in the Arab region, work will focus on the following priorities.

Job creation and youth employment

94. Employment is the most sustainable way out of poverty. There is a continuing need to improve the quality and availability of labour market information. Reliable labour market information allows for the formulation of viable employment policies and programmes designed to improve the quality and quantity of employment, including youth employment. Emphasis will be placed on the development of employment and training policies, and strengthening the capacities of labour ministries, vocational training institutions and employment services. In order for micro- and small enterprises to generate decent jobs, an appropriate legal and regulatory framework is necessary, as well as programmes to improve enterprise skills and knowledge, particularly among young people.

Creating platforms for social dialogue

95. With democratization, free trade agreements, and the accession of some Arab countries to the

World Trade Organization, the ratification and application of international labour standards and fundamental principles and rights at work have gained increased significance. Attention will be given to establishing and enhancing the legal and policy frameworks conducive to social dialogue. Capacity building of employers' and workers' organizations will continue to be a priority, in order to ensure their effective participation in policy dialogue on socio-economic reforms, youth employment, labour codes, pension reforms, gender equality and labour migration. Assistance will also be provided to improve labour administration services and strengthen their role in social dialogue.

Extending social protection coverage to all

96. Social protection is an important means for securing greater economic integration and reducing poverty. The priority will be to extend the coverage of social security. This should include workers in the informal economy (where many women work), in rural areas and in the poorest segments of the population. ILO action will focus on reforming social security systems to include, for example, unemployment insurance funds and pension schemes. Particular importance will be attached to strengthening the capacities of social security institutions to improve their governance. Such institutions are of increasing interest in the region due to prevailing unemployment and poverty.

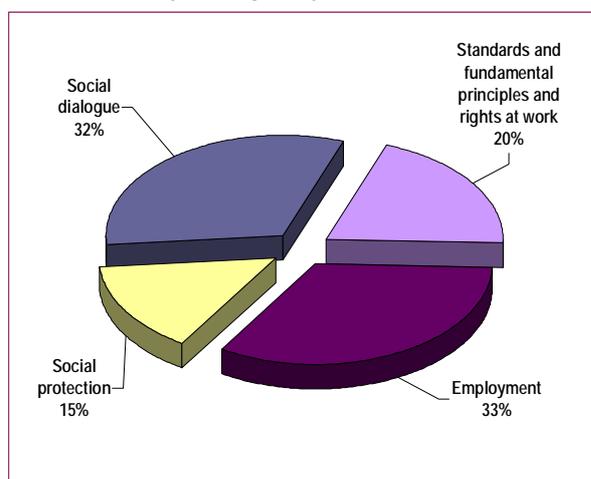
97. In addition, attention will be given to strengthening policies and strategies to secure basic social protection for neglected groups, such as self-employed and migrant workers, and women migrant domestic workers in particular. While awareness of the need to improve occupational safety, health and working conditions is increasing, the related policies and services are not adequate. Efforts will focus on capacity building in occupational safety and health institutions and programmes.

Assistance to crisis-affected countries and territories

98. There is a pressing need for social and economic rehabilitation in Iraq, the occupied Arab territories and Lebanon. Regional and international cooperation is essential. Particular emphasis will be given to promoting the speedy recovery of livelihoods among the most seriously affected populations, especially in the occupied territories. This will involve the use of employment-intensive technologies to generate jobs and income. Attention will focus on enhancing the capacity of government authorities, employers' and workers' organizations and other stakeholders. The ILO will

collaborate closely with UN agencies and its coordination mechanisms.

Figure 3. The Arab States: Distribution of Decent Work Country Programme outcomes by strategic objective



99. In the Arab States, the first two priorities are employment, in particular skills and employment creation, and social dialogue, in particular the strengthening of employers' and workers' organizations. These are followed by fundamental principles and rights at work, and by the extension of social protection coverage.

Asia and the Pacific

100. The regional programmes for Asia and the Pacific are currently covering 33 countries and the South Pacific Islands (16).

101. The Asia-Pacific region is leading the global economy in terms of economic growth and productivity gains. However, job creation has not matched this performance. A critical aspect of the jobs deficit is its impact on youth employment. The jobs crisis is also slowing progress in reducing poverty.

102. While national agendas reflect the region's diversity, there are many common priorities and strong regional cooperation frameworks, stemming from close ties through global production systems, trade, investment, and financial and labour flows. Networking, common databases and regional cooperation can build on these ties to share knowledge, experiences and expertise in the promotion of decent work and the reduction of poverty. Given the region's vulnerability to natural disasters and other crises, enhancing preparedness for rapid response is a priority.

103. The region's priorities will respond to these circumstances and will follow up on the conclusions of the 14th Asian Regional Meeting, which called for an Asian Decent Work Decade. The ILO

Office in Tokyo will continue to foster support for the Decent Work Agenda through advocacy and communication activities, by strengthening partnerships with national institutions and by mobilizing resources for its implementation.

Increasing competitiveness, productivity and jobs

104. Productivity growth is key for Asian countries to remain competitive and effectively reduce working poverty. However, productivity gains can displace employment and do not always translate into higher wages or improved working conditions. The priority is to enable countries to promote sectors with growth and decent employment potential, in which productivity gains can lead to higher incomes for workers. Decent Work Country Programmes will promote gender-sensitive, employment-friendly policies that link fast-growing sectors with the informal economy and rural agriculture. The Programmes will also encourage workplace innovations that improve worker productivity while ensuring observance of labour standards, occupational safety and health, and fair wages. Skills development, policies and systems to equip workers for high-performance work systems and changing labour market conditions will receive special attention.

Improved labour market governance

105. Countries need labour laws, institutions and administration that effectively balance employers' and workers' needs and concerns for greater flexibility and employment security. All these should address changing employment relationships and the large informal economy, which employs the vast majority of women and non-agricultural workers. Decent Work Country Programmes increasingly focus on technical assistance oriented towards labour law reform and the modernization of labour inspection, employment services and dispute-settlement mechanisms. There will be an emphasis on improving the ability of the tripartite constituents to participate effectively in governance structures. This will include initiatives to share information on flexicurity policies based on social dialogue and respect for workers' rights. Expanded access to a regional decent work database will allow better monitoring of the impact of labour market reforms.

Extending social protection

106. Limited social protection remains one of the more challenging decent work deficits, given the significant proportions of uncovered workers in the urban informal economy and in rural agriculture. Shifting patterns of employment, labour migration, rapidly ageing populations, HIV/AIDS and new occupational safety and health hazards pose addi-

tional problems. Particular emphasis will be placed on implementing the Promotional Framework for Occupational Safety and Health and on technical services, knowledge products and policy advice to extend social protection to the informal economy.

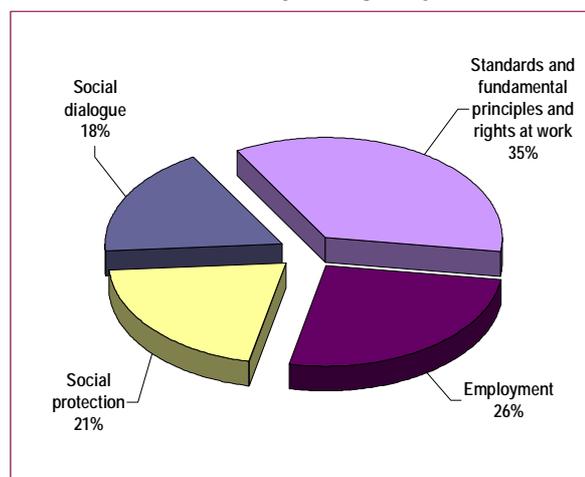
Eliminating child labour, creating opportunities for young people

107. Working to eliminate child labour is one of the most direct contributions that Decent Work Country Programmes can make towards achieving the MDGs. In 2004, the region had two-thirds of the world's economically active children and half of the world's unemployed young people. At the same time, the Asia-Pacific region has the fastest ageing population in the world. The Decent Work Country Programmes will give priority to the comprehensive integration of child labour and youth employment issues into national development policies and programmes, and poverty reduction strategies. Advocacy and knowledge products will highlight the social and economic implications of demographic trends. The strategy will also emphasize cooperation with the Global Task Force on Child Labour and Education, measures to facilitate the school-to-work transition, corporate social responsibility programmes, providing young people with work experience, and tailoring education and training to labour market needs.

Improved management of labour migration

108. Outward labour migration has been growing at an annual rate of 6 per cent in the region. Implementation of the Regional Plan of Action for Labour Migration will assist both sending and receiving countries in effectively addressing migration as a component of gender-sensitive employment policy. This will help to protect the rights of migrant workers and reduce human trafficking. The Plan of Action will strengthen networking among relevant institutions in the region to exchange information, compile statistics and provide joint training for personnel. It will also encourage the adoption of codes of practice on the recruitment and protection of migrant workers, and promote effective utilization of migrant remittances. Available tools will be adapted to address internal migration issues.

Figure 4. Asia and the Pacific: Distribution of Decent Work Country Programme outcomes by strategic objective



109. In Asia and the Pacific, a prime focus is the effective application of fundamental principles and rights at work, especially with regard to child labour. Decent Work Country Programme outcomes also reflect the priority given to employment, in particular skills development; labour protection, particularly in the informal economy; the extension of social protection coverage; and social dialogue, especially with regard to employers' and workers' organizations and economic and social governance.

Europe and Central Asia

Decent work as a national, European and global goal

110. The regional programmes for Europe and Central Asia are currently covering 52 countries of very diverse income levels. The enlargement of the EU in 2004 and 2007 has refocused ILO policy advice and technical assistance to south-eastern Europe, Eastern Europe, the Caucasus and Central Asia.

111. The priorities of most of these countries are shaped by their prospects of joining the EU or, for others, participating in the European Neighbourhood Policy. For the western Balkan countries and Turkey, the ILO will provide assistance in improving their institutional and policy framework in support of their possible EU accession. The countries covered by the European Neighbourhood Policy request ILO assistance to gradually adapt their national institutions and policies to EU standards. Other countries of the Commonwealth of Independent States call on the ILO for support to improve employment and social policies for strengthening democratization and further developing their national economies.

112. The overarching objective of ILO assistance in all these countries is to anchor decent work firmly as a national goal and to implement this through Decent Work Country Programmes. Gender will be fully integrated into all ILO activities. Restructuring of ILO offices in Western Europe will lead to a strengthening of ILO Subregional Offices in Moscow and Budapest. It will also lead to stronger ties with the European Commission, the ILO's main international partner in Europe. The Eighth European Regional Meeting is scheduled to be held in 2009.

Advocacy for the Decent Work Agenda

113. Decent Work Country Programmes are the main tool of ILO cooperation in countries, with priorities and outcomes set in close collaboration with the tripartite national constituencies. The formulation and implementation of Decent Work Country Programmes will be closely coordinated with the development programmes of the EU, UN and other development partners. The fund-raising, communication and promotion activities of the Western European offices will also be directed towards supporting the successful implementation of ILO Decent Work Country Programmes.

Improved governance through workers' rights and social dialogue

114. To strengthen democratic development in the region, the ILO will encourage countries to ratify all of the eight core ILO Conventions as well as other important Conventions. It will provide assistance in modifying national legislation to comply with the ratified Conventions and to ensure proper enforcement of legislation in everyday practice. The ILO will organize the training of legal experts from governments, and employers' and workers' associations, and will provide legal and policy advice. International experience and best practices will be shared by facilitating the networking of legal experts, public employment services and labour inspection offices within the subregions. The strengthening of tripartite social dialogue and bipartite collective bargaining at all levels will remain a priority of ILO work in the region.

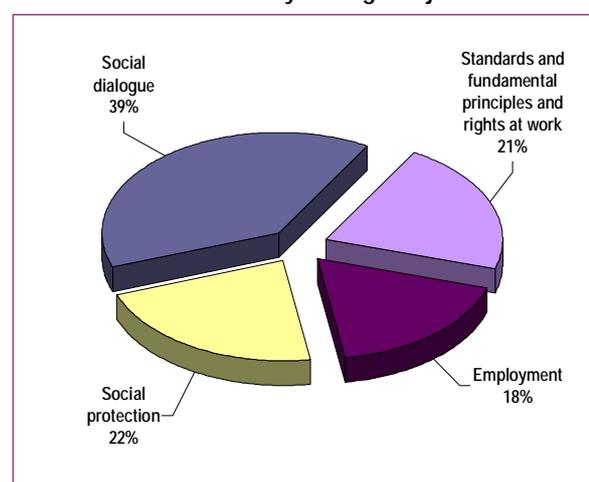
Better employment and social protection

115. Meeting the region's employment challenge requires creating a sufficient number of new and better jobs. This necessitates a combination of sound macroeconomic and investment policy, as well as efficient labour market institutions and policies. Within the framework of the "Bucharest Process", the ILO will work to build the capacity of national employment services. It will continue to support the improvement of active labour market policies to redress inequalities and promote the

integration of disadvantaged groups, with a special emphasis on young people and older workers. In the countries of the Commonwealth of Independent States, ILO assistance will concentrate on the formulation and implementation of national employment strategies and on action plans promoting wage employment and self-employment, particularly of young people. The ILO will also work to help governments and social partners play a more important role in the design, implementation and evaluation of employment and labour market policies. The eradication of child labour through better access to education, and the integration of young people and parents of working children into the labour market, will remain priority issues.

116. Labour migration is a social reality in all European and Central Asian countries, with both positive and negative impacts. Policy-makers need to address the particular challenges of combating forced labour and trafficking in women and children, preventing illegal migration, protecting migrant workers' rights, and encouraging return migration. These challenges can be addressed through stronger job creation, the productive use of remittances in the country of origin and the integration of migrant workers in the host country. The ILO will assist countries in developing effective legislation, institutions and policies.

Figure 5. Europe and Central Asia: Distribution of Decent Work Country Programme outcomes by strategic objective



117. In Europe and Central Asia, the priority lies with strengthening the role of social dialogue in economic and social policy by better application of fundamental labour standards, including building the capacity of employers' and worker's organizations. This is followed by improved labour protection, the extension of social protection coverage, and by employment, in particular small business development.

Common principles of action

118. All ILO policies, programmes and actions are shaped and informed by a common set of principles. These common principles of action define the ILO approach to addressing any social, labour and employment matters related to its mandate. The common principles are the following:

- All ILO action supports a fair globalization.
- All ILO action contributes to poverty reduction.
- All ILO action advances gender equality.
- All ILO action promotes and respects international labour standards.
- All ILO action involves constituents in social dialogue and, where appropriate, tripartite dialogue.

119. All ILO strategies explicitly apply these five principles of action in executing the mandate of the Organization. The principles of action are reflected in the programme and budget in various ways: through strategies; through the focus of outcomes; or through the measurements in indicators. In this manner, the common principles of action underpin ILO's collective efforts in, and contributions to, the Decent Work Agenda.

120. Principles of action are successfully carried out when the ILO achieves the outcomes and indicators that reflect these principles or when the ILO adheres to strategies that incorporate and highlight these principles.

121. The common principles of action are briefly described below.

A fair globalization

122. Making decent work a global goal, as called for in February 2004 by the World Commission on the Social Dimension of Globalization, has been identified by the international community as crucial for a fair and equitable globalization. A 2004 UN General Assembly resolution² called on all countries and international organizations to promote a fair and equitable globalization. Since then, a global consensus has emerged around decent work as a global goal. The 2005 World Summit unambiguously supported the objective of "fair globalization, full and productive employment and decent work for all". The Decent Work

² United Nations General Assembly resolution A/RES/59/57 of 2 Dec. 2004, "A Fair Globalization: Creating Opportunities for All".

Agenda was subsequently endorsed by the ECOSOC 2006 Ministerial Declaration as a central plank of the strategies to achieve the MDGs and associated time frames, calling for significant progress in decent work for all towards 2015. In response to such calls, the African Union, the Americas region, the EU and the Asian Regional Meeting have all taken specific steps to support and implement decent work.

123. The World Commission on the Social Dimension of Globalization underscored that a fair globalization begins at home. The ILO supports a fair globalization by developing viable decent work strategies for countries at different income levels. The strategies rest on a combination of fundamental principles and rights at work, employment and enterprise development, social and labour protection and social dialogue and tripartism. This strategy embedded in Decent Work Country Programmes constitutes the distinct contribution of the ILO to "One UN" country programmes and poverty reduction strategies where applicable. The ILO will systematically advocate and demonstrate that the best route to the achievement of the MDGs rests on a decent work strategy combining the four pillars within a coherent policy environment.

124. This entails that all ILO action will promote further coherence between an integrated Decent Work Agenda and broader economic and social policies.

Working out of poverty

125. The fundamental link between employment creation and decent work for all with poverty reduction has now become explicit in the international agenda. Consequently, it has been requested as one of the indicators of MDG 1 on poverty reduction. Addressing poverty reduction through the lens of the Decent Work Agenda requires tripartite participation and social dialogue, which in turn facilitates national ownership of poverty reduction strategies. The new generation of poverty reduction strategies is more employment friendly and features policies that support productive employment and social protection. Increasingly, national development strategies and economic policies call for the assessment of financial and investment plans for their impact on employment.

126. The ILO supports governments and social partners in promoting decent work through integrated local development strategies for low-

income groups in rural communities and urban informal economies. ILO strategies and tools include skills training, the development of cooperatives and small and medium-sized enterprises, microfinance, and labour-intensive infrastructure investments. Strategies and tools that revolve around poverty reduction also address the elimination of child labour and forced labour, the extension of social protection benefits, the combat against HIV/AIDS, and the advancement of the rights of women, minorities, migrant workers and other vulnerable groups. Finally, poverty reduction strategies promote social dialogue at the local level and necessarily address the collective organization of informal economy operators, employers and workers.

127. All ILO action will consider how and to what extent it can maximize its contribution to poverty reduction. This will be a major dimension of ILO participation in UN efforts towards the achievement of the MDGs at national, regional and international levels.

Gender equality

128. The ILO is firmly committed to accelerating sustainable progress in gender equality in the world of work and, through this, to the advancement of women on an equal footing with men, in all economic and social spheres as called for by the international community and the global development agenda.

129. All ILO action will apply gender lenses to assess its potential and actual impacts on equality of opportunity and treatment for women and men in the world of work. Policies, programmes and activities will apply methodologies and guidelines developed by the ILO to ensure that they contribute positively to gender equality and that no action may inadvertently undermine or limit progress in this regard.

130. Gender audits and gender budgeting will be further developed and applied to assist constituents in their efforts to advance the situation of women, to mainstream gender concerns throughout the multilateral system and within the ILO. In this regard particular attention will be given to gender concerns in Decent Work Country Programmes and through them in UN country programmes and national poverty reduction strategies.

International labour standards

131. The ILO promotes respect for international labour standards and principles, and facilitates the

integration of standards and principles in the development and implementation of social policies, labour laws and mechanisms of social dialogue.

132. ILO Conventions and Recommendations, the 1998 Declaration on Fundamental Principles and Rights at Work and codes of practice provide a reference framework for policy guidance of all ILO interventions.

133. A distinctive feature of the ILO in the UN and multilateral system is its normative role which provides a unique contribution to UN reform and to policy coherence across the international development community. The set of ILO values, principles and policy directives underpin its contribution to UN country programmes, as well as to policies of international financial institutions, development banks and other global and regional institutions that increasingly make reference to, and incorporate, ILO standards.

134. ILO assistance is available for improving the practical application of ILO standards and principles. This is done through information systems, technical cooperation, advisory services and training programmes. Training and capacity building for the implementation of international labour standards is also available through the Turin Centre.

135. ILO technical assistance is informed by the comments of the supervisory bodies and includes support to member States in identifying national priorities, developing legislation, and addressing obstacles and challenges in implementing standards. All parts of the Office provide assistance in this manner through their work.

Expanding the influence of social partners, social dialogue and tripartism

136. Uniquely in the UN system the ILO is the single organization whose governance structure involves representatives of employers' and workers' organizations on an equal footing with governments. It is therefore the most genuine multilateral organization to ensure ownership of its decision-making by the actors of the economy. This is a major contribution by the ILO to enhancing ownership and effective legitimacy of international cooperation and "One UN" reforms.

137. The resolution concerning tripartism and social dialogue (International Labour Conference, 2002) reaffirmed the essential role of the social partners in promoting a fair globalization, decent work, full and productive employment and poverty eradication. Advancing tripartism and social dialogue in broader development frameworks requires strengthening the capacity of all three

constituents – governments, employers and workers – to influence national and international decisions affecting them.

138. Tripartite partners need to be fully involved in the development, implementation, monitoring and evaluation of Decent Work Country Programmes. Strong and effective tripartite constituents can transform decent work priorities into national and global goals. Particular attention is required to strengthen tripartite participation in UN country programmes. This in turn requires greater capacity of the tripartite partners to analyse, make and defend economic and social proposals.

139. Strategies for integrating social dialogue and tripartism into all ILO work consist of four interrelated components, which also reflect gender equality considerations:

- incorporation of tripartite concerns throughout ILO policies and programmes;
- enhanced representation, capacity and knowledge of tripartite constituents for effective participation in social dialogue, and in economic and social policy development at all levels;
- advocacy by the ILO for the inclusion of social dialogue and tripartism as core components of the overall development agenda; and
- clear measures ensuring that governments, employers and workers participate in the identification, formulation and implementation of policies and programmes.

Strategic objectives

1. Standards and fundamental principles and rights at work:

Promote and realize standards and fundamental principles and rights at work

2. Employment:

Create greater opportunities for women and men to secure decent employment and income

3. Social protection:

Enhance the coverage and effectiveness of social protection for all

4. Social dialogue:

Strengthen tripartism and social dialogue

Standards and fundamental principles and rights at work: *(Strategic Objective No. 1)*

Promote and realize standards and fundamental principles and rights at work

140. The ILO's unique normative role is based on a wide body of international labour standards covering a whole range of world of work issues. This is reinforced by the 1998 Declaration on Fundamental Principles and Rights at Work which is widely recognized as a "social floor" for a globalized economy.

141. Real progress in removing children from the worst forms of child labour is possible when a realistic programme founded on labour standards obtains consensus among donors and beneficiaries of technical cooperation and builds on successful time-bound practices, taking account of the different conditions of boys and girls.

142. Through the supervision of ratified Conventions and reporting of the Declaration Follow-up, the ILO has a global picture of how member States apply and promote fundamental principles and rights at work, and what they have yet to do.

The challenge lies in matching these requirements with the ILO's technical and financial resources to help constituents improve the realization of these principles and rights within a decent work framework.

143. Dialogue among the standards supervisory bodies and governments, with the participation of social partners; technical assistance; and a solid knowledge base are indispensable for monitoring and attaining economic and social progress.

144. A new consensus on future ILO standards policy is being developed. The challenges for the supervisory system of increased ratification numbers and consequent reporting obligations, both for member States and for the Committee of Experts on the Application of Conventions and Recommendations are the subject of current reflection.

Strategic budget for standards and fundamental principles and rights at work

	1	2	3
	Regular budget (in constant 2006–07 US\$)	Estimated extra-budgetary expenditure (US\$)	Total extra-budgetary and regular budget (1+2)
Intermediate outcomes			
1a. Fundamental principles and rights at work are realized	16 766 823	15 000 000	31 766 823
1b. Targeted action progressively eradicates child labour, with a particular focus on the worst forms of child labour	12 373 883	141 500 000	153 873 883
1c. International labour standards are broadly ratified and significant progress is made in their application	57 527 072	3 500 000	61 027 072
Total	86 667 778	160 000 000	246 667 778

Intermediate outcome 1a: Fundamental principles and rights at work are realized

Immediate outcome 1a.1:

Increase member State capacity to develop policies or practices reflecting fundamental principles and rights at work

Indicators	Targets
Number of member States that apply ILO products, tools or guidelines to develop new, or modify existing, laws, policies, poverty reduction frameworks, national development frameworks, or practices focused on freedom of association and collective bargaining	5 member States different from those in the other indicators
Number of member States that apply ILO products, tools or guidelines to develop new, or modify existing, laws, policies, poverty reduction frameworks, national development frameworks, or practices focused on forced labour	5 member States different from those in the other indicators
Number of member States that apply ILO products, tools or guidelines to develop new, or modify existing, laws, policies, poverty reduction frameworks, national development frameworks, or practices focused on discrimination, including gender discrimination	5 member States different from those in the other indicators

Strategy

145. By 2008–09, the Declaration and its Follow-up will have been in operation for a decade. The Office has sought to fulfil the Declaration's spirit of "to respect, promote and realize" the fundamental principles and rights at work, by going beyond prescriptive provisions to support implementation of practical policies and operations at national level.

National government capacity

146. Progress at national level in implementing the Declaration can come in many forms. Steps include advocacy, codes of practice, incremental changes in law and policies, institutional reform, strengthening law enforcement and empowerment of the social partners. Ratification may come at any point, whether before, during or after other key actions.

147. The Office will therefore focus on strengthening the capacity of national governments and employers' and workers' organizations to identify where problems exist in relation to fundamental principles and rights at work, to develop effective measures to correct these problems, and to put these measures into practice. For example, building and supporting the Global Alliance against Forced Labour will be integral to these efforts. Special attention will be given to the needs of the most vulnerable groups, including migrant workers.

148. Tools for country-level, gender-sensitive assessments of the fundamental principles and rights at work situation will be developed for use

within Decent Work Country Programmes. Such tools and products will be shared and disseminated through targeted capacity-building activities for each of the constituent groups, and other relevant partners. Follow-up will seek to ensure that the knowledge gained is put to practical effect in the respective institutions involved. To expand the reach of fundamental principles and rights at work into the informal economy, innovative means need to be pursued, for instance through partnerships between ILO constituents and other civil society organizations and the media. All action against forced labour, child labour and trafficking will fully address underlying gender inequalities.

149. Collaboration across the Office to inform and promote labour law reform, institutional change, and an inclusive process of decision-making relating to law and institutions concerning fundamental principles and rights at work will deepen. The capacity of the Office to implement technical cooperation projects, as mandated in the Declaration Follow-Up and in response to requests from ILO constituents, will be dependent upon the availability of extra-budgetary support for such activities.

Integration of individual principles and rights

150. The development and use of global products relating to fundamental principles and rights at work will play an important role in this respect. Such global products are in the first instance the Annual Review and the Global Reports under the Declaration Follow-up. The lessons of technical cooperation and research will be distilled into products for use by constituents and ILO offices.

Work that has to date focused primarily on individual principles and rights will be brought together in an integrated package.

The United Nations and international partners

151. Renewed efforts will be made to enhance the visibility of fundamental principles and rights at work in broader development frameworks, espe-

cially in the UNDAF. The Office will reach out to international partners, including international financial institutions which are showing an increasing interest in introducing safeguards on core labour standards in their lending strategies.

Intermediate outcome 1b:

Targeted action progressively eradicates child labour, with a particular focus on the worst forms of child labour

Immediate outcome 1b.1:

Increase constituent and development partner capacity to develop or implement policies or measures focused on reducing child labour

Indicators	Targets
Number of cases in which constituents or development partners apply ILO products, toolkits, guidelines or methodologies to take measures that are included in the Global Monitoring Plan of the International Programme on the Elimination of Child Labour (IPEC)	10 cases in the Africa region, 15 cases across all other regions
Number of member States that, with ILO technical assistance or support, take at least 2 measures that are consistent with the principal characteristics of time-bound programmes	16 member States in the Africa region, 24 member States across all other regions

Strategy

152. Child labour estimates in the 2006 Global Report, *The end of child labour: Within reach* revealed that child work was declining, and the more harmful the work and the more vulnerable the children involved, the faster the decline. Latin America and the Caribbean made the greatest progress but there was little improvement in sub-Saharan Africa, the region with the highest prevalence of child labour.

153. The ILO strategy against child labour has been evolving towards greater focus on facilitation and upstream policy support, tailor-made technical assistance to member States, and encouragement of national ownership.

Global Action Plan

154. This strategic shift is substantially strengthened in the Global Action Plan against child labour considered by the Governing Body in November 2006. The Action Plan proposed that the International Labour Organization and its member States commit themselves to the elimination of the worst forms of child labour by 2016 and to put in place appropriate time-bound measures by the end of 2008.

155. The Global Action Plan rests on three pillars:

- (i) supporting national responses to child labour through time-bound programmes and mainstreaming of child labour in broader policy frameworks (such as Poverty Reduction Strategy Papers (PRSPs), MDGs, Education for All and UNDAFs);
- (ii) strengthening the worldwide movement against child labour, through high-level advocacy to influence development and human rights frameworks; and
- (iii) promoting integration of child labour concerns within overall ILO priorities, including through Decent Work Country Programmes and other ILO technical programmes.

Education, poverty reduction and social protection safeguards

156. The combination of normative action and focused technical cooperation will be pursued through direct action, policy support and capacity building in education, poverty reduction and social protection safeguards. A particular premium will be placed on improving and disseminating the knowledge base on child labour through research,

documentation of successful practices, advocacy and networking.

157. Promoting a gender-sensitive integration of child labour aspects into national legal frameworks, policies, programmes, services and institutions will be a key concern. Examples of activities would include investigation of child labour's linkages with education and youth employment, the role of conditional cash transfers, and using child labour indicators in PRSP and MDG monitoring systems.

Knowledge base

158. Targeted interventions will be undertaken to develop effective model interventions and demonstrate their usefulness. They will in particular address

specific forms of child labour for which the knowledge base needs further development.

159. ILO work in sub-Saharan Africa will be strengthened, in relation to the knowledge base on child labour, development of national child labour policy, integration of child labour issues in the PRSPs, linkages with education.

Global products

160. Key global products will be developed primarily through technical cooperation. Examples include child labour impact assessment, the Global Task Force on Child Labour and Education for All, international labour standards on child labour statistics, and guidelines on child labour and youth employment.

Intermediate outcome 1c:
International labour standards are broadly ratified and significant progress is made in their application

Immediate outcome 1c.1:

Increase member State capacity to ratify and apply international labour standards

Indicators	Targets
Number of cases in which member States apply ILO targeted technical assistance to ratify international labour Conventions	50 cases
Number of cases in which member States apply ILO targeted technical assistance to develop, or modify, national legislation or practice in line with international labour standards	100 cases
Number of cases in which other organizations and bodies refer to, or make use of, international labour standards and ILO supervisory bodies' comments in their own policies	5 cases

Strategy

161. The strategy for enhancing the effectiveness of the standards system will focus on improvements for the strengthening of the supervisory system, identifying new ways in which the social partners are involved in monitoring the application of standards both at the national and workplace levels, building greater awareness of how standards can be integrated into technical cooperation activities and enhancing collaboration with other technical sectors and the field structure. There is a need to improve the information provided in article 22 and 19 reports on which the supervisory system relies, particularly on the informal economy. The experts are considering a country-based approach to oversight.

Ratification of standards

162. The guidance provided in the comments of the supervisory bodies helps to identify standards-related problems and to determine specific areas where technical assistance could be provided by the Office. The ratification campaign for the fundamental Conventions must now be expanded to include the promotion and ratification of new instruments such as the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187) and the Maritime Labour Convention, 2006. As new ratifications arrive and States' law and practice are reviewed, there will be increased requests for technical assistance. The mainstreaming of standards is designed to ensure that technical cooperation projects by the ILO and other development partners fully integrate standards and that these are reinforced in Decent Work Country Programmes.

Reference to standards by other organizations

163. To enhance the visibility of international labour standards, in cooperation with the Turin Centre, tools will be developed for broader audiences, including parliamentarians, judges, labour inspectors, indigenous peoples and law schools.

164. To reinforce the promotion of international labour standards as an efficient means for achieving economic and social progress, empirical evidence on the economic impact of labour standards will be collected.

165. A better understanding of the dynamic of standards in a rapidly changing world is indispensable to:

- (i) successfully universalize decent work as a “global objective” as recognized by the UN in 2005;
- (ii) implement Decent Work Country Programmes and contribute to integrated development frameworks; and
- (iii) provide an overview of worldwide trends to help member States reach ILO objectives in the context of globalization.

Employment: *(Strategic Objective No. 2)*

Create greater opportunities for women and men to secure decent employment and income

166. The 2003 Global Employment Agenda provides the framework for the ILO's work on employment, guided by the Employment Policy Convention, 1964 (No. 122) and other international labour standards concerning employment promotion.

167. The primary focus of the ILO's work will be on: (i) policies and operational tools to expand employment opportunities and reduce poverty by generating job-rich growth; (ii) policies to upgrade skills and competencies through improved training systems and access to training, especially for disadvantaged groups; (iii) policies and regulatory frameworks to promote job creation and enterprise development. Particular emphasis will be placed on meeting the special needs of Africa. Policies for employment-intensive investment,

youth employment, and the informal economy will be strengthened within the above three areas.

168. An essential element of the strategy will be to improve the knowledge base and enhance the capacity of the tripartite constituents to actively participate in social dialogue on employment and labour market policies. Gender-equality tools and approaches will be an integral part of the strategy. Work on employment-centred responses to crisis will be continued.

169. Building on previous experiences, an important aim will be to integrate employment and decent work policies in PRSPs.

170. Global, regional and national alliances and partnerships to achieve policy coherence with UN agencies and UNDAFs, Bretton Woods institutions and regional bodies will continue.

Strategic budget for employment

	1	2	3
	Regular budget (in constant 2006–07 US\$)	Estimated extra-budgetary expenditure (US\$)	Total extra-budgetary and regular budget (1+2)
Intermediate outcomes			
2a. Coherent policies support economic growth, employment generation and poverty reduction	72 506 594	44 500 000	117 006 594
2b. Workers, employers and society benefit from the wider availability of relevant and effective skills development and employment services	25 246 528	21 500 000	46 746 528
2c. Sustainable enterprises generate productive jobs	37 479 030	44 000 000	81 479 030
Total	135 232 152	110 000 000	245 232 152

Intermediate outcome 2a:

Coherent policies support economic growth, employment generation and poverty reduction

Immediate outcome 2a.1:

Increase constituent capacity to develop policies and policy recommendations focused on job-rich growth, productive employment, and poverty reduction

Indicators	Targets
Number of member States that apply Global Employment Agenda related research, tools or guidelines in an integrated way to develop employment and labour market policies	9 member States in the Africa region, 9 member States across all other regions
Number of member States that apply ILO research, tools or products to explicitly include productive employment and decent work objectives in main policy or development frameworks such as national development strategies, poverty reduction strategies and UNDAFs	6 member States in the Africa region, 18 member States across all other regions
Number of member States in which constituents and financial institutions apply ILO tools or products to develop policies focused on increasing access to financing among the working poor, youth, women, or micro- and small enterprises	5 member States in the Africa region, 5 member States across all other regions
Number of regional and international partnerships, including with multilateral organizations and Bretton Woods institutions, that apply ILO research, tools or products to develop policy recommendations on productive employment and decent work	5 regional or international partnerships
Number of member States that apply ILO technical assistance to develop or refine key labour market indicators, or to develop or refine analysis of employment and labour market trends	10 member States, across 4 regions

Immediate outcome 2a.2:

Increase member State and development partner capacity to develop and implement policies and programmes on employment-intensive investment focusing on infrastructure

Indicators	Targets
Number of member States that apply ILO tools or methodologies to increase the share of public or private investment programmes that goes to employment-intensive investments	10 member States in the Africa region, 5 member States across other regions
Number of member States that demonstrate the technical, operational and economic feasibility of employment-intensive infrastructure programmes	6 member States in the Africa region, 6 member States across other regions
Number of member States in crisis that apply ILO approaches to establish employment-intensive investment programmes	4 member States in the Africa region, 6 member States across all other regions

Immediate outcome 2a.3:

Increase member State capacity to develop policies or programmes focused on youth employment

Indicator	Target
Number of member States that apply ILO technical assistance, data, training, tools or methodologies to develop policies, national action plans or programmes that promote productive employment, rights at work, and/or adequate social protection for young women and men	7 member States in the Africa region, 8 member States across all other regions

Strategy

171. The thrust of the strategy is to strengthen the capacities of ILO constituents to translate into national action, global commitments expressed in the UN for making productive employment and decent work a fundamental component of economic and social policies and/or development strategies.

Global Employment Agenda

172. The strategy for operationalizing the employment component of Decent Work Country Programmes will be based on the Global Employment Agenda (2003) as proposed in the Global Employment Agenda implementation strategy document,³ widely endorsed by the Governing Body in March 2006.

173. In low-income and the least developed countries, where poverty reduction strategies remain the predominant national development framework, the strategy will continue to advocate for employment and decent work policy outcomes and resource allocations under the poverty reduction strategy framework.

174. In middle- and higher-income countries, support will be provided to integrate employment goals in national economic and social policy frameworks and to undertake labour market reforms and adjustments in a manner that meets the objectives of fair globalization, poverty reduction, social inclusion and international competitiveness.

175. In all countries efforts will intensify for a better linkage of ILO approaches and programmes on youth employment, enterprise development, skills and employability, micro-finance and employment-intensive programmes with the main policy framework in the country. Special attention will be given to sector-specific employment strategies including for the rural economy, manufacturing and services.

Knowledge base

176. New methodologies will be developed for assessing the employment impact of public expenditure frameworks and investment plans and for integrating decent work targets in the national monitoring mechanisms.

177. Underpinning this strategy will be further development of the ILO's knowledge base and of constituents' capacities in the following fields:

- The growth–employment–poverty reduction nexus, including both the quantity and quality of employment.
- The trade–employment–labour market relationships, including measuring the impact of trade policy on employment and labour market adjustment.
- The role of sectoral policies in employment creation and job-rich growth, taking into account opportunities in agriculture, manufacturing and services, appropriate to the country's level of development.
- The gender dimension of the employment outcome of economic policies as well as of labour market policies.

178. The strategy to enhance the capacity of ILO constituents to monitor the employment and labour market situations will focus on key indicators of labour markets at the global, regional and national levels. The knowledge base on trends and policies relating to youth employment and the informal economy will be strengthened. Employment trends will be monitored on a regular basis. The gender dimension of the labour market will be given specific attention together with other specific groups, young people, the working poor and persons with disabilities.

Employment-Intensive Investment Programme

179. The Employment-Intensive Investment Programme, within the framework of the Global Employment Agenda implementation strategy, will focus on the following three priorities: employment impact assessments; employment, procurement

³ Document GB.295/ESP/1/1.

and private sector development; and linking employment creation with social protection.

Employment impact assessments

180. The ILO will strengthen its knowledge base and advisory services on employment-intensive economic growth in national development strategies and programmes including poverty reduction strategies as well as municipal, decentralized and sectoral investment plans, particularly for infrastructure. This work will be implemented with social partners and key stakeholders including central and decentralized planning and development agencies. Operational tools and methodologies will help constituents optimize the employment creation potential of such investment programmes, thereby supporting integrated social and local economic development.

Employment, procurement and private-sector development

181. The quality of employment and gender equality in infrastructure development in formal and informal sectors will be raised by integrating labour standards and improved labour practices into procurement systems and legislation. Private-sector development and mainstreaming the employment-intensive investment approach in education and training programmes will help ensure sustainability of job creation.

Employment creation and social protection

182. The ILO will promote the benefits and economic returns of public works as a social transfer mechanism, through asset creation, training and

work experience. The capacity of community associations, women and youth groups, and informal sector enterprises for sustainable job creation will be raised. The ILO will continue supporting direct job and asset creation in reconstruction following natural disasters and in post-conflict transition.

183. The programme will promote decent working conditions, including equal access to job opportunities, training and equal pay for work of equal value. Local participation in planning infrastructure development will be encouraged.

184. To reach these policy objectives, the programme will systematically integrate economic and social policy by:

- (i) mainstreaming employment into national and global investment policy, development strategies and programmes such as poverty reduction strategies, UNDAFs and the Heavily Indebted Poor Countries Initiative, with a focus on infrastructure development in Africa. The strategy includes tools, methodologies and capacity building for employment impact assessments and resource allocations mechanisms valuing both social and economic return on investments;
- (ii) simultaneously increasing job creation and improving working conditions by promoting small and medium-sized enterprises using locally available labour and resources and incorporating labour standards in the contract system; and
- (iii) integration of participatory development principles (organization, collective negotiation and community contracting) for local ownership and governance into decentralized investment policies for rural and urban infrastructure development.

Intermediate outcome 2b:
Workers, employers and society benefit from the wider availability of relevant and effective skills development and employment services

Immediate outcome 2b.1:

Increase member State and constituent capacity to develop or implement training policies

Indicator	Target
Number of member States in which constituents develop new, or modify existing, training policies to make them more responsive to the labour market or technical development, and to make them more accessible to those discriminated against in the labour market	9 member States in the Africa region, 9 member States across other regions

Immediate outcome 2b.2:

Improve member State capacity to develop or implement employment services

Indicator	Target
Number of member States that improve public employment services or the regulatory environment of private employment services to make them more responsive to the labour market or more accessible to those discriminated against in the labour market	3 member States in the Africa region, 3 member States across other regions

Strategy

185. Through Decent Work Country Programmes and UNDAFs, the capacity of constituents will be strengthened by focusing on the following key policy areas: (i) development and reform of training policies and systems; and (ii) employment services development and reform.

Training policies and systems

186. The Human Resources Development Recommendation, 2004 (No. 195) and relevant Conventions will serve as a guide in the development of education, training and lifelong learning policies and systems. Within the framework of the Global Employment Agenda implementation strategy, policy guidelines, tools and examples of best practices will be developed through technical co-operation programmes, research activities and advisory services.

187. The ILO assists governments and the social partners in reviewing and reforming their vocational education and training systems and institutions. The knowledge base of good practices will be expanded to develop more diverse options for the improvement of policy frameworks and operational capabilities of vocational education and training and lifelong learning systems.

188. The role of technology and skills in enhancing employability will be stressed, as well as improved delivery of training through information and communication technologies.

189. The ILO will support constituents in promoting the inclusion of skills in poverty reduction and development frameworks to ensure equitable access to training, employment and income-generating opportunities for the poor. It will also give particular attention to disadvantaged young people, women, informal economy workers, people with disabilities, migrants and other socially disadvantaged women and men. The ILO will facilitate the process of integrating the community-based Training for Rural Economic Empowerment (TREE) methodology into national poverty-reduction frameworks.

Employment services

190. Public employment services and private employment agencies play a major role in promoting employment. Their mission is to help both workers and employers to understand changing market conditions, adapt successfully and ensure that gender concerns are mainstreamed. Advisory services on the reform and development of public employment services will be provided, and the improvement of career guidance practices will be emphasized. The programme will also assist countries in developing gender-responsive national legislation to regulate the operations of private employment agencies in conformity with the Private Employment Agencies Convention, 1997 (No. 181). Collaborative action with global networks (the World Association of Public Employment Services, the International Confederation of Private Employment Agencies) will be enhanced.

National and regional concerns

191. Skills development and employability are priorities for all regions. In Africa, the programme will promote training and skills development as a cross-cutting strategy, with a specific focus on youth employment and women entrepreneurship. Support will be provided in Latin America and the Caribbean to improve the competitiveness of human resources and extend coverage of vocational and educational training systems to disadvantaged groups. In the Arab States, national institutions will be assisted in adopting innovative approaches to training and skills development. In Asia and the Pacific, the programme will provide technical support to develop flexible and gender-sensitive skills training packages and guidelines for making training more responsive to economic and social needs. Technical support will be given to countries in Europe and Central Asia to build the capacity of national employment services and promote the integration of people with disabilities into mainstream training systems.

192. Knowledge, expertise and good practices will be fed into regional skills networks (the Inter-American Research and Documentation Centre on Vocational Training (CINTERFOR), the Regional Skills Network – Asia and the Pacific, the Caribbean Association of National Training

Authorities, the West African Association of Training Funds) to strengthen the capacity of constituents to identify useful approaches to

common concerns, resulting in increased co-operation and information sharing within and among the networks and their member States.

Intermediate outcome 2c: Sustainable enterprises generate productive jobs

Immediate outcome 2c.1:

Increase the capacity of constituents and other organizations to develop policies or regulations that generate more and better jobs in sustainable enterprises and cooperatives

Indicator	Target
Number of constituents and other organizations that apply ILO technical assistance, training or tools to develop policies or regulations focused on promoting small enterprises and cooperatives	10 member States and 25 organizations, across all regions

Immediate outcome 2c.2:

Increase the capacity of constituents and other organizations to develop programmes for local economic development and upgrading of value chains and enterprises that generate more and better jobs

Indicators	Targets
Number of constituents and other organizations that apply ILO tools or methodologies to develop programmes focused on local economic development, value chain upgrading or improving workplace practices	75 old organizations and 25 new organizations, across all regions
Number of organizations and multinational enterprises that apply ILO technical assistance or training to integrate the principles of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy within their programmes, operations or organizational policies	30 organizations

Immediate outcome 2c.3:

Increase the capacity of member States to develop post-crisis recovery programmes

Indicator	Target
Number of member States in crisis situations that apply a coordinated package of ILO technical assistance, tools or approaches to develop employment-centred reconstruction and recovery programmes	10 member States

Strategy

193. The key objective of the ILO's enterprise development programme is to support national governments, constituents and other partners in formulating and implementing policies which enhance the competitiveness and job-creating potential of enterprises and improve the quality of these jobs through the promotion of productivity, entrepreneurship and better workplace practices in formal and informal economies.

194. The programme is guided by and promotes the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), the Promotion of Cooperatives Recommendation, 2002 (No. 193), the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the anticipated outcome of the discussion on the promotion of sustainable enterprises at the 96th Session of the International Labour Conference in June 2007. The programme includes targeted support to high potential but traditionally disadvantaged groups like women,

young people, indigenous people and low-income persons in rural areas.

National policies

195. At the national level, the programme will promote an enabling environment for enterprise creation, growth and quality employment generation, through level playing fields for entrepreneurs, whilst ensuring respect for workers' rights and gender equality. Sound policy and legal frameworks for member-oriented cooperative movements will remain a priority area of work. Special attention will be placed on the important role of social dialogue in policy reform. With the support of the Turin Centre, the use of training packages on appropriate policy reform measures will be expanded. Comparative analysis of national policies to promote positive contributions by multinational enterprises to economic and social progress will be carried out in collaboration with Sectors II and IV.

Local economic development and value chains

196. At the local and sector level the programme will promote enterprise development and job creation through integrated methodologies for local economic development and upgrading of value chains and enterprise clusters. The approach is relevant in countries promoting decentralization

and in crisis-affected countries. This work will produce, field test and promote the application of integrated manuals and capacity-building programmes for constituents and other stakeholders in collaboration with the Turin Centre. At the enterprise level, the programme will document and disseminate examples of good practice, and mainstream them into enterprise development tools and methodologies including those at local and sector level.

Post-crisis recovery programmes

197. In crisis response, the programme will continue to refine and apply an integrated ILO approach in pursuing employment-centred recovery and reconstruction in collaboration with constituents, partner agencies and donors.

International partners

198. The programme will emphasize linkages and partnership with international organizations and platforms such as the International Cooperative Alliance, the Global Compact, the Donor Committee for Enterprise Development, and humanitarian crisis response networks. Technical cooperation projects in support of Decent Work Country Programmes will remain an important priority as a means of demonstrating innovative approaches to job creation through enterprise development.

Social protection: *(Strategic Objective No. 3)*

Enhance the coverage and effectiveness of social protection for all

199. Eighty per cent of the world's population has no access to adequate social security benefits.

200. In 2003, the ILO launched the Global Campaign on Social Security and Coverage for All. The Campaign has led the ILO to explore various means to extend coverage of health-care systems and basic universal cash benefits, particularly to the informal economy. A number of countries have adopted national social security action plans prepared with ILO assistance.

201. In June 2006 the ILO adopted the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187), and Recommendation, 2006 (No. 197) that will guide ILO work in strengthening institutional capacity to improve conditions in workplaces. Decent work at the workplace is largely influenced by legislated minimum conditions and their application, notably through labour inspection, in relation to protection

of wages, minimum wages, hours of work, holidays and maternity protection.

202. HIV/AIDS remains a threat to the health and well-being of workers, their families and to economic growth. By encouraging open discussion and implementing HIV/AIDS programmes, enterprises, workers and workplaces can effectively contribute to national and regional responses.

203. International labour migration is an engine for growth and development, conferring benefits to origin and destination countries and to migrant workers. The ILO's work in this field is guided by, among others, the Multilateral Framework on Labour Migration: Non-binding principles and guidelines for a rights-based approach to labour migration, adopted by a Tripartite Meeting of Experts in 2005. At its 295th Session in March 2006, the Governing Body took note of the Framework and authorized it for publication.

Strategic budget for social protection

	1	2	3
	Regular budget (in constant 2006–07 US\$)	Estimated extra-budgetary expenditure (US\$)	Total extra-budgetary and regular budget (1+2)
Intermediate outcomes			
3a. More people have access to better managed social security benefits	31 564 642	14 500 000	46 064 642
3b. Safety and health and working conditions in workplaces are improved	40 549 650	2 500 000	43 049 650
3c. Labour migration is managed to foster protection and decent employment of migrant workers	10 106 708	6 000 000	16 106 708
3d. Workplace policies respond to needs for HIV/AIDS prevention, treatment, care and support	7 542 529	27 000 000	34 542 529
Total	89 763 529	50 000 000	139 763 529

Intermediate outcome 3a:**More people have access to better managed social security benefits****Immediate outcome 3a.1:**

Increase member State capacity to develop policies focused on improving social security systems

Indicators	Targets
Number of member States that apply ILO technical assistance to generate comprehensive social security data	50 member States
Number of member States that apply ILO technical assistance to develop social security policies that extend coverage to more people and/or increase the level or range of benefits	15 member States

Immediate outcome 3a.2:

Improve member State capacity to manage social security schemes and to implement policies focused on improving social security systems

Indicators	Targets
Number of member States that either apply ILO technical assistance or tools to give effect to the principles of ILO standards, including the tripartite governance of social security schemes, or use ILO tools to increase administrative efficiency and effectiveness or to improve financial sustainability	10 member States
Number of member States in which officials trained by the ILO for good governance, planning and management of social security, enter, or remain in, the employment of social policy-making bodies	15 member States

Strategy

204. Most technical cooperation and advisory services will be consolidated in the form of national social security action plans as part of Decent Work Country Programmes, national PRSPs and UNDAFs, and offer a complete set of advice ranging from diagnoses of national situations, to policy, legal, financial, economic and fiscal analyses. Advisory services to constituents and the social security community will be delivered through Web-based platforms providing online training and discussion forums for social security experts. The ILO strategy to extend and improve the quality of social security coverage to all, taking account of national socio-economic contexts, will have the following principal components.

Social security data

205. First, the Social Security Inquiry and affiliated database will be extended and used to monitor the effectiveness of social security policies, especially with regard to the extension of coverage and gender equality. The data will be made widely available and will provide factual evidence for policy-makers. Strategies will be developed to mainstream the data into national statistical programmes.

National policies

206. Second, the Global Campaign on Social Security and Coverage for All will focus on integrating measures to extend coverage with policies promoting job creation and income generation. Social security standards will be promoted in the context of the extension of social security systems. The role of social dialogue will be enhanced to identify priorities and apply ILO Conventions and Recommendations in the context of achieving the MDGs.

Management of social security systems

207. Third, the ILO will reinforce training activities for policy-makers, planners, managers and constituents involved in developing, supervising and managing national social security systems and will provide them with improved tools. Knowledge and information dissemination for the enhancement of the capacity of field staff will also continue.

International partners

208. Alliances and partnerships with international and national agencies will be strengthened to promote the contribution of social security to sustainable national development.

209. A “guide to extending coverage in social security” will offer social partners and governments a comprehensive overview of the global

and regional policy options and best practice to achieve rapid progress in covering total populations by means of reliable and economically sustainable social security benefits. In addition, a report on “the state of social security around the world” will highlight the findings of the new global Social Security Inquiry. Planned as a biennial publication that monitors the progress of social security coverage in the world, it will provide a major contribution to the Global Campaign.

Intermediate outcome 3b:

Safety and health and working conditions in workplaces are improved

Immediate outcome 3b.1:

Increase constituent capacity to develop or implement policies and programmes on improving working conditions and safety and health at work

Indicators	Targets
Number of member States in which constituents apply ILO knowledge or tools to develop policies on improving working conditions, safety and health	20 member States
Number of member States that, with ILO technical assistance, ratify Conventions or strengthen the application of ILO standards on safety and health, labour inspection and working conditions (including adopting laws or regulations; establishing regulatory bodies or tripartite advisory bodies; or strengthening regulatory bodies or tripartite bodies)	50 member States
Number of member States in which constituents with ILO technical assistance develop programmes; establish regulatory bodies or tripartite bodies; strengthen regulatory bodies or tripartite bodies; strengthen employers’ or workers’ organizations; or strengthen workplace-oriented support services to facilitate the implementation of programmes	30 member States

Strategy

210. Ratification and implementation of occupational safety and health instruments will be promoted through advisory services, including special campaigns. Institutional capacity to apply standards effectively at the workplace will be strengthened through guidelines, information and advocacy materials, training programmes and practical tools.

211. Intersectoral cooperation will be instrumental on issues such as ILO occupational safety and health standard setting and social dialogue. Intersectoral collaboration will support the development and use of practical tools and approaches for decent and productive workplace practices, linking labour protection, social dialogue, productivity and enterprise protection, particularly in the context of global supply chains. Active collaboration will also aim at making practical links between labour protection and combating child labour, promoting fundamental principles and rights at work, local economic development and broader issues of social protection. Particular attention will be given to supporting constituents in identifying and acting on gender differences in labour protec-

tion. Improving women’s and men’s safety and health and conditions of work and employment in the informal economy will be a priority.

Knowledge base

212. Assistance will be provided to member States in developing national profiles as a first step in establishing national systems and programmes, with particular attention to sex-disaggregated data. The capacity of constituents to develop national strategies for conditions of work and employment and for ensuring their application in enterprises will be supported by applied research and the continuing development and updating of international databases on a range of subjects, including wages, working time, work and family, maternity protection, work organization, the treatment of older workers, and violence and harassment at the workplace.

213. The International Occupational Safety and Health Information Centre will further improve the availability of occupational safety and health information worldwide and expand its network.

Chemical safety cards and hazard datasheets on occupations will serve to develop practical tools aimed at the informal economy.

214. Use of the Globally Harmonized System of Classification and Labelling of Chemicals will be promoted.

Labour inspectorates

215. The wider application of the guidelines on occupational safety and health management systems will be promoted. Particular emphasis will be given to strengthening the capacity of labour inspectorates.

Hazardous work in specific sectors

216. Special attention will be paid to hazardous work in specific sectors and industries and to enhancing national capacity to prevent work-related injuries and illnesses, eliminate silica- and asbestos-related diseases and address psycho-social issues at work.

International partnerships

217. International collaborations and partnerships will be reinforced.

Intermediate outcome 3c:

Labour migration is managed to foster protection and decent employment of migrant workers

Immediate outcome 3c.1:

Increase member State capacity to develop policies or programmes focused on the protection of migrant workers

Indicators	Targets
Number of member States that apply ILO technical assistance to develop labour migration policies that reflect the principles, guidelines or best practices of the Multilateral Framework	5 member States
Number of member States that apply ILO technical assistance to develop labour migration policies focused on the needs of women and other vulnerable migrant workers	7 member States
Number of member States receiving migrant workers that apply ILO technical assistance to develop policies or programmes focused on increasing protection, reducing discrimination and improving the integration of migrant workers	5 member States

Strategy

218. The Office will promote the Multilateral Framework on Labour Migration by assisting member States with gender-sensitive policies and institutions for labour migration, in keeping with its non-binding principles and guidelines. The compilation of best practices, annexed to the Framework, will be updated. The Office will strengthen the capacity of the social partners and their participation in national policy-making, in particular through Decent Work Country Programmes, as a means to influence international policy debates on this issue.

Fundamental principles and rights at work

219. Fundamental principles and rights at work for migrant workers will be promoted, along with the principles and the application of the Migration for Employment Convention (Revised), 1949 (No. 97), the Migrant Workers (Supplementary

Provisions) Convention, 1975 (No. 143), and other relevant Conventions.

220. The fundamental principle of equality of treatment and non-discrimination against migrant workers and their integration into societies and workplaces where they live and work will be emphasized. Terms and conditions of employment of migrant workers will be addressed. Special attention will be given to vulnerable groups, such as women domestic workers, the labour rights of irregular migrants, the contributions to and the portability of social security benefits as well as to the occupational safety and health of migrant workers, particularly in dangerous sectors, and the prevention of HIV/AIDS and labour migration.

Economic and social inclusion of migrant workers

221. Work will address the poverty reduction and development impact of labour migration by better linking remittances to domestic financial markets, promoting the productive use of remittances, including through enterprises, the recognition of the skills of migrant workers, and productive use of return migration. The Office will address issues of skilled migration and brain drain, ethical recruitment of migrant workers in health care and education, and the relationship between labour migration and trafficking in migrant workers.

222. The free movement of labour in regional and subregional integration schemes will be examined.

Knowledge base

223. The Office will collect, analyse and disseminate gender-sensitive statistics on labour migration. Data on laws and regulations concerning labour emigration and immigration will be compiled and disseminated.

Intermediate outcome 3d:

Workplace policies respond to needs for HIV/AIDS prevention, treatment, care and support

Immediate outcome 3d.1:

Increase tripartite constituent capacity to develop policies and programmes that address the HIV/AIDS epidemic in the world of work and within the framework of the promotion of decent work

Indicators	Targets
Number of member States that integrate key principles of the ILO code of practice on HIV/AIDS and the world of work in their HIV/AIDS workplace policies	5 member States in the Africa region, 5 member States across all other regions
Number of member States in which each tripartite constituent has a trained HIV/AIDS focal point, adopts a gender-sensitive HIV/AIDS workplace policy, and includes a funded time-bound implementation plan	5 member States in the Africa region, 5 member States across all other regions
Number of member States in which at least 20 formal or informal workplaces provide HIV/AIDS prevention, treatment, care and support services to workers through bipartite HIV/AIDS committees that previously received training on policy formulation and programme design/implementation/monitoring, or through partnerships with national AIDS authorities	10 member States across all regions

Immediate outcome 3d.2:

Improve member State implementation of policies and programmes that address the HIV/AIDS epidemic in the world of work and within the framework of the promotion of decent work

Indicator	Target
Number of workers, including in informal economy settings, who demonstrate increased knowledge of HIV/AIDS issues and have access to referral services through workplace mechanisms coordinated and implemented by bipartite HIV/AIDS committees	250,000 workers, of whom 50 per cent are women, in 5 member States in the Africa region and 5 member States across all other regions

Immediate outcome 3d.3:

Increase the participation of employers' and workers' organizations in policy development and in accessing national and international funding

Indicator	Target
Number of member States in which employers' and/or workers' organizations actively participate in the drafting of national AIDS legal frameworks that integrate key principles of the ILO code of practice on HIV/AIDS and the world of work and in decision-making and delivery processes of national structures, including Global Fund Country Coordination Mechanisms	3 member States in the Africa region, 3 member States across all other regions

Strategy

224. The ILO will continue to support tripartite constituents in developing and implementing programmes for men and women workers, aimed at the intensification of HIV/AIDS prevention and the provision of care, support and access to treatment through workplaces. At country level the integration of HIV/AIDS into Decent Work Country Programmes is essential while respecting the "Three Ones" principles (one agreed HIV/AIDS Action Framework; one National AIDS Coordinating Authority; and one agreed country-level Monitoring and Evaluation System) of the Joint United Nations Programme on HIV/AIDS (UNAIDS) and the recommendations of the Global Task Team to achieve universal access to treatment, care and support.

Prevention and treatment

225. Prevention will include gender-sensitive strategies for the promotion of behaviour change in men and women workers as well as occupational safety and health, including a focus on the specific needs of young people and workers with disabilities. A priority will be the provision of guidance and support to occupational health services in the delivery of antiretroviral treatment on a sustainable basis. Prevention and treatment pro-

grammes will be rooted in a respect for workers' rights, ensuring confidentiality as well as measures to combat stigma and discrimination through gender analysis based on sex-disaggregated data.

Small and micro-enterprises

226. Activities with small and micro-enterprises, whether formal or informal, will be intensified. These will include mobilization of and capacity building for workers' organizations, associations of informal sector operators, and the institutions supporting small enterprise development. Based on existing ILO/AIDS tools, in particular the ILO code of practice, information and training activities will target men and women workers in specific sectors of the formal and informal economies (transport, agriculture, mining, health, attention to migrant workers), and the relevant government authorities, employers' and workers' organizations and civil society groups, including those representing women and men living with HIV/AIDS.

Partnerships

227. The programme will continue to ensure strong links between its regular budget work and activities undertaken with extra-budgetary resources. This will include expanding partnerships

for technical cooperation, especially with UNAIDS and public-private partnerships, to maximize the potential contribution of the workplace and the social partners to prevention and treatment.

Regional priority

228. To address the needs of the hardest hit region and hardest hit groups of women and girls

who are both disproportionately infected and affected by HIV/AIDS, 50 per cent of all resources will be dedicated to Africa. Attention will also be given to addressing the emerging epidemics in the other regions.

Social dialogue: *(Strategic Objective No. 4)*

Strengthen tripartism and social dialogue

229. Tripartism and social dialogue are central to achieving decent work. While there is a global commitment to decent work itself, work will continue at all levels to promote tripartism and social dialogue as a means of realizing this goal.

230. In line with the 2002 International Labour Conference resolution concerning tripartism and social dialogue, active collaboration within the ILO will ensure that the priorities of the tripartite partners are addressed and the processes of social dialogue are strengthened through all ILO programmes, particularly Decent Work Country Programmes.

231. Building the capacity of employers' and workers' organizations remains a priority. This includes the ability of employers' and workers' organizations to influence socio-economic and governance policies, such as effective PRSPs, UNDAFs and regional integration processes. The ILO will assist employers' and workers' organiza-

tions in playing an effective role in ILO policy-making.

232. The ILO will intensify efforts to promote good governance through integrated approaches. The framework for good governance will be strengthened around the elements of:

- effective participation of the social partners;
- labour law and effective labour administration;
- sound industrial relations, tripartism and social dialogue at the workplace in countries and regions; and
- the sectoral dimension of ILO work and tripartite dialogue in economic sectors.

233. Ensuring that institutions and policies are equitable requires the participation of women and men in social dialogue processes and explicit gender-specific actions to achieve results.

Strategic budget for social dialogue	1	2	3
	Regular budget (in constant 2006–07 US\$)	Estimated extra-budgetary expenditure (US\$)	Total extra-budgetary and regular budget (1+2)
Intermediate outcomes			
4a. Employers and workers have strong and representative organizations	36 790 278	6 300 000	43 090 278
4b. Social partners influence economic, social and governance policies	31 072 608	5 500 000	36 572 608
4c. Tripartite dialogue occurs widely in policy-making, labour law reform and implementation	34 142 606	15 200 000	49 342 606
4d. Sectoral social dialogue promotes the improvement of labour and social conditions in specific economic sectors	27 088 143	3 000 000	30 088 143
Total	129 093 635	30 000 000	159 093 635

Intermediate outcome 4a: Employers and workers have strong and representative organizations

Immediate outcome 4a.1:

Increase the value of employers' organizations to existing and potential membership

Indicator	Target
Number of cases in which employers' organizations apply ILO technical assistance or tools to provide new, or modify current, services that respond to the needs of existing and potential members	30 cases, across all regions

Strategy

234. A strong employers' organization attracts and retains membership, and provides quality services to business. Direct services, such as networking, training, information and advice, have to be timely, relevant and effective. Representational services should improve economic and social policy in order to create the conditions for enterprises to succeed in competitive markets. The strategy to strengthen employers' organizations therefore focuses on direct and representational services. It is built on in-depth dialogue and partnership with each organization concerned, in order to identify the needs and priorities of enterprises. Emphasis is on strengthening governance and management of employers' organizations. Strategic planning and staff competence building are central to the strategy.

Research and networking

235. Research and information systems, and support for networking with other employers' organizations are necessary for effective representational services such as lobbying and participation in policy development. The role of employers' organizations in helping to create a positive investment climate for business is important for the Decent Work Agenda, in particular more and better employment for women and men.

Negotiation and advocacy skills

236. The Bureau for Employers' Activities will continue to work to strengthen negotiation and advocacy skills in organizations in order that they may participate more effectively in social dialogue. The Bureau also helps them to participate effectively in social dialogue at the international level, in particular in the ILO, and works with other programmes and units to better reflect employer concerns and interests in the work of the Office. Special efforts will also be made to help employers' organizations to meet the specific needs of women in business.

237. The programme will support and strengthen employers' organizations' networks as a way of sharing knowledge, exchanging experience and developing benchmarks for performance. The potential for closer cooperation with other business organizations, including women entrepreneurs' organizations, will also be explored to ensure a strong and coherent business voice.

Training tools

238. Available tools and training packages will be further developed and new tools will be developed in collaboration with the Programme for Employers' Activities of the Turin Centre. This collaboration will be strengthened to build a better training component for the overall programme of assistance to employers' organizations.

Immediate outcome 4a.2:

Increase the value of workers' organizations to existing and potential membership

Indicators	Targets
Number of cases in which workers' organizations apply ILO technical assistance or tools to integrate the ILO Conventions, the ILO Declaration on Fundamental Principles and Rights at Work, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the Global Employment Agenda into strategic planning and/or organizing techniques, training methodologies, policies, action plans or training programmes	15 cases, across all regions
Number of cases in which workers' organizations apply ILO technical assistance or tools to integrate strategic planning and organizing techniques into operations or improve training methodology	11 cases, across all regions
Number of cases in which workers' organizations apply ILO technical assistance or tools to policies or action plans or training programmes related to the following topics and fields related to decent work: trade union rights; poverty reduction; child labour; migrants; gender; employment; informal economy; social security; export processing zones; occupational safety and health; or HIV/AIDS at the workplace	30 cases, across all regions

Strategy

239. Strengthened and representative workers' organizations, defending democracy and social justice are preconditions for their effective contribution to decent work for all. Institution and capacity building will be the bedrock of activities aimed at consolidating social dialogue and tripartism as means of delivering the Decent Work Agenda nationally and internationally. This will raise the efficiency of workers' organizations in promoting international labour standards, employment, social protection and gender equality. The representation of women at decision-making levels in workers' organizations will be an important aspect of this strategy.

Workers' education

240. The merger of the two largest international trade union centres is an opportunity to strengthen

workers' education. A coherent and holistic approach to workers' education will help trade union organizations provide new and better services to their members and expand their outreach. Through a rights-based approach based on ILO standards, inequality and poverty, employment relations, occupational safety and health, HIV/AIDS and migration will be addressed.

Under-represented groups of workers

241. Assistance in organizing workers in the formal and informal economy and in export processing zones will be central to these efforts. Emphasis will be placed on strengthening workers' organizations by increasing the membership and leadership from under-represented groups of workers, often women and young people.

242. The workers' education programme in Turin will be an integral part of this work.

Intermediate outcome 4b:

Social partners influence economic, social and governance policies

Immediate outcome 4b.1:

Increase the participation of employers' and workers' organizations in the development of social and labour policy

Indicators	Targets
Number of cases in which employers' organizations participate in policy discussions at the national, regional or international levels, and this participation results in an improved policy environment for enterprises	20 cases, across all regions
Number of cases in which workers' organizations apply ILO technical assistance or tools to participate in the supervisory mechanisms and procedures to contribute to increased compliance with fundamental workers' rights and international labour standards	10 cases, across all regions
Number of cases in which workers' organizations apply ILO technical assistance or tools to participate in policy discussions to promote decent work objectives with different institutions and agencies (Bretton Woods institutions, UN agencies, etc.) in different processes and frameworks (poverty reduction strategies, UNDAFs, Decent Work Country Programmes, etc.)	10 cases, across all regions
Number of cases in which workers' organizations apply ILO technical assistance, products or tools to participate in global qualification programmes, engage in Internet discussion forums on policy issues, engage in policy discussions via electronic mailing lists, or submit policy research to trade union networks (based on sex-disaggregated data and gender-sensitive analyses)	10 cases, across all regions
Number of cases in which employers' and workers' organizations, together, participate in social and labour policy discussions	10 cases, across all regions

Strategy

243. Employers' organizations play an important role in lobbying for a business-friendly environment that in turn provides the basis for employment. The Bureau for Employers' Activities will work to strengthen negotiation and advocacy skills in organizations in order to lead to effective representation of the business voice. Effective influencing also requires technical knowledge. Special efforts will be made to assist employers' organizations in the areas of competitiveness and productivity, youth employment and corporate social responsibility.

244. The Bureau for Employers' Activities will strengthen its cooperation with other ILO units in order to channel the views and priorities of employers within the Office and build programme synergies.

245. The Office will facilitate the participation of both employers' and workers' organizations in policy discussions and Decent Work Country Programmes.

246. Workers' organizations will be provided with tailor-made technical assistance in the context of

Decent Work Country Programmes, and with global tools (policy advice, thematic publications and CDs, the Global Research Network, the Global Labour University) to help them with strategic approaches to policy-making in the following areas: national and international governance coherence; sustainable rights-based development, poverty alleviation and environmental protection; decent work for women and men on the basis of the Global Employment Agenda; gender-sensitive social protection; gender equality; migration; informal economy and export processing zones with a special emphasis on young people and women; effective elimination of child labour. Partnerships under UNDAF priorities will be promoted to help workers' organizations contribute more effectively to democratization and the sustainability of national development agendas.

247. The Bureau for Workers' Activities will contribute to overcoming multiple forms of discrimination facing women by supporting the setting and enforcing of standards and social policy nationally and internationally.

248. Workers' organizations will promote decent work for all as a global goal and governance principle through national, regional and international

institutions, including the UN, the World Trade Organization and the Bretton Woods institutions. The major thrust will be on workers' rights and the promotion and implementation of international labour standards.

249. While the focus will be on core Conventions, with freedom of association and collective bargaining as the bedrock, work will also involve priority Conventions and other up to date instruments. International labour standards related to the quality of work and employment will be used to promote livelihoods, economic growth and rights-based sustainable development.

250. Particular attention will be given to the quantitative and qualitative dimensions of decent work for young people through four interrelated objectives: creating more decent jobs for young people; ensuring the quality of existing and new jobs; enhancing skills, qualifications and access to

education; and improving transition from school to work, matching employees with employers, and shortening unemployment duration.

251. Globalization entails negative implications for employment, inequality and poverty, thereby fuelling labour migration. A rights-based approach to migration will be promoted based on ILO standards on migration and on the UN International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families.

252. Particular attention will be paid to the expansion of the role of women in decision-making bodies. The Bureau for Workers' Activities will deepen its cooperation across the Office.

253. The Office will facilitate the participation of both employers' and workers' organizations in policy discussions and Decent Work Country Programmes.

Intermediate outcome 4c:

Tripartite dialogue occurs widely in policy-making, labour law reform and implementation

Immediate outcome 4c.1:

Increase member State capacity to develop policies and labour legislation through more tripartite dialogue between constituents

Indicators	Targets
Number of member States that apply ILO technical assistance to ratify key ILO Conventions (Nos. 144, 150, 151 and 154) on tripartite consultation, labour administration and promotion of collective bargaining	20 member States
Number of member States that apply ILO technical assistance to develop new, or modify existing, labour policies or laws reflecting ILO labour standards	5 new member States

Immediate outcome 4c.2:

Improve member State capacity to implement policies and programmes

Indicators	Targets
Number of member States that apply ILO technical assistance to create or modify labour ministry institutions, including institutions that promote social dialogue, to implement key provisions of Conventions Nos. 144, 150, 151 and 154	10 member States
Number of member States that apply ILO technical assistance to improve the training of management or staff within labour ministry institutions or other organizations to implement key provisions of Conventions Nos. 144, 150, 151 and 154	10 member States
Number of member States that apply ILO technical assistance to improve the responsiveness and efficiency of labour ministry institutions or programmes to implement key provisions of Conventions Nos. 144, 150, 151 and 154	10 member States

Immediate outcome 4c.3:

Increase constituents' participation in economic and social development at the regional/subregional level

Indicator	Target
Number of cases in which constituents participate in regional or subregional accord negotiation processes	5 cases

Strategy

254. The strategy will focus on support to ILO constituents to improve governance in addressing economic, labour and social issues at national level, across labour markets within countries and in individual workplaces.

255. The core strategy will be to deliver advice and assistance to constituents with regard to implementing appropriate labour policies and laws which reflect relevant international labour standards, efficient and responsive labour administration and meaningful and effective tripartism and social dialogue. Gender considerations will remain a cross-cutting element.

256. Research undertaken in 2006–07 on changing industrial relations trends, particularly with respect to collective bargaining, and on the representation of women in social dialogue institutions, will be developed further in the form of practical guides, training materials and information tools identifying recent trends and good practices, and assisting in the measurement of progress.

Ratification of Conventions

257. ILO assistance will focus on improving the effectiveness and substantive outcomes of social dialogue. Encouraging member States to ratify the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), and the Collective Bargaining Convention, 1981 (No. 154) will remain a priority.

Labour legislation

258. Modernizing labour legislation remains a priority for many countries. ILO technical assistance will be provided in the form of advice and comments on policy and related legislative issues and on draft legislative texts, and provision of labour legislation guidelines, comparative labour law information and explanatory materials on international labour standards. Legislative implementation of matters covered by the Employment

Relationship Recommendation, 2006 (No. 198) is anticipated to be an area of particular focus.

Capacity of labour ministries

259. New approaches, guides and tools developed in 2004-05 (labour administration and the informal economy) and extended in 2006–07 (labour administration and migration) will be a key part of strengthening the capacity and responsiveness of labour ministries. Continuing attention will be given to systems and mechanisms needed to promote workers' rights, in line with the Labour Administration Convention, 1978 (No. 150).

260. At national level, assistance will be provided to support the proper functioning of tripartite institutions (and their formation, where they do not exist), as well as in relation to improving dispute prevention and resolution machinery and processes.

Labour–management relations

261. Workplace-level support will promote good collective bargaining practices and labour–management cooperation, including appropriate forms of social dialogue.

262. In several regions, there is an increasing demand for integrating sound labour–management relations, improved working conditions and respect for workers' rights as means to raise productivity and create decent work and employment in global supply chains. Collaborative arrangements across the Office will continue to support an innovative extra-budgetary funded programme supporting global product development and individual country-level projects which address these issues.

Regional/subregional integration

263. Work will continue to help ILO constituents influence the social dimension of regional/subregional social and economic integration processes through effective use of social dialogue.

Intermediate outcome 4d:

Sectoral social dialogue promotes the improvement of labour and social conditions in specific economic sectors

Immediate outcome 4d.1:

Increase the level of consensus on social and labour issues in specific economic sectors

Indicators	Targets
Number of cases in which constituents reach consensus by adopting conclusions, recommendations, codes or guidelines in sectoral meetings	75 per cent of all sectoral meetings decided upon by the Governing Body for the biennium
Number of cases in which the follow-up actions from recommendations adopted by sectoral meetings are implemented	10 cases

Immediate outcome 4d.2:

Increase constituent capacity to develop policies or programmes focused on improving labour and social conditions in specific sectors

Indicators	Targets
Number of cases in which constituents apply ILO technical assistance, training or tools to ratify sectoral Conventions	20 cases, across 4 regions
Number of cases in which constituents apply ILO technical assistance, training or tools to develop policies based on sectoral codes of practice or guidelines	8 cases, across 4 regions
Number of cases in which constituents apply ILO technical assistance, training or tools to develop national tripartite plans of action on sector-specific issues	8 cases, across 4 regions

Strategy

264. Sectoral social dialogue addresses the key labour and social issues that affect specific economic sectors at the international, regional and national levels. At the international level, sectoral activities benefit from direct consultation with governments and employers' and workers' organizations. At the national level, the ILO works with the national constituents to develop innovative responses to the challenges facing particular sectors.

265. The ILO will continue to monitor salient issues. Sector-specific issues may require prompt reaction and will be given priority attention. Flexibility is needed in such cases in order to provide timely assistance to constituents.

Sectoral activities and collaboration

266. The ILO's sectoral activities strategy builds on cooperation with work units across the four strategic objectives. Work on the sectoral aspects of gender equality, conditions of work and occupational safety and health is a central part of its activities. Recent examples include the Maritime Labour Convention, 2006, the sectoral action programme on construction and the action programme on agriculture. Close collaboration with the Bureau for Workers' Activities and the Bureau for Employers' Activities and the ILO field structure, and cooperation and consultations with national constituents ensure that relevant sectoral issues are addressed within Decent Work Country Programmes, as in the textiles action programme.

United Nations partnerships

267. The ILO will continue to build inter-agency cooperation into its sectoral activities, such as in the postal sector with the Universal Postal Union, education with the United Nations Educational, Scientific and Cultural Organization (UNESCO), health services with the World Health Organization, fishing with the Food and Agriculture Organization of the United Nations and maritime activities with the International Maritime Organization.

Sectoral standards

268. Sectoral social dialogue will contribute to global governance through the promotion of international labour standards, including sectoral standards. In addition, the sectoral approach has created a rich body of codes of practice and guidelines, which will be actively promoted. An example is the 2006 code of practice on safety and health in underground coalmines.

Research

269. Another strategic component will be research. More rigorous, timely research with a sectoral focus will provide opportunities for furthering the Organization's understanding of the rapid changes and opportunities brought about by globalization. User-friendly and gender-sensitive training packages and practical tools will be developed and promoted, such as the Port Worker Development Programme.

270. Research and tripartite meetings complement the ILO's ability to provide relevant advisory services.

Action programmes

271. Sectoral action programmes will continue to play an important role in supporting social dialogue platforms through which national constituents can act as locomotives for change. Action programmes may not be limited to the budgetary cycle, but rather to sectoral requirements so as to foster sustainable results. The sectoral dimension in Decent Work Country Programmes will be strengthened.

Joint immediate outcomes

Joint immediate outcomes address areas that require coordinated policies and draw from multiple technical fields. All sectors and regions participate in the implementation of joint outcomes, and through collaborative arrangements combine resources and coordinate strategies to deliver common outputs and achieve defined results. The joint immediate outcomes are linked to several intermediate outcomes and strategic objectives.

Two or more sectors and departments share lead responsibility for implementing joint outcomes. Administrative arrangements for the implementation of joint immediate outcomes will be determined, taking into account their collaborative nature. Task forces and knowledge sharing will be emphasized.

At this stage, only regular budget resource information is provided for the joint outcomes. Regular budget resources for joint outcomes are part of the strategic budget (see table 1). New proposals will be developed to mobilize additional extra-budgetary resources for the joint outcomes.

The following joint immediate outcomes are discussed below:

- Coherent economic and social policies in support of decent work
- Integrated policies for the informal economy
- Strengthening labour inspection
- Advancing gender equality in the world of work
- Microfinance for decent work

Coherent economic and social policies in support of decent work

Joint immediate outcome:

Increase capacity of member States and development partners to promote coherent economic and social policies in support of decent work at national, regional and global levels

Indicators	Targets
Number of member States that use ILO assistance to review social and economic policies in relation to decent work	10 member States, across all regions
Number of bilateral, multilateral and inter-agency initiatives that call for the coordination of agency policies and programmes related to the Decent Work Agenda	10 global, regional or national initiatives

	Regular budget (in constant 2006–07 US\$)
Strategic budget for coherent economic and social policies in support of decent work	6 149 465

Strategy

272. The strongest impact of the Decent Work Agenda is attained when policies and programmes under its four strategic objectives are mutually reinforcing and when the policy interactions between them can be identified and maxi-

mized. Similarly, the impact of decent work policy interventions can be significantly improved when they are developed and implemented in a conducive and enabling broader economic and social policy environment. This calls for the further development of the analytical underpinnings of policy coherence and convergence across the

various immediate and intermediate outcomes being pursued by the ILO, and between them and the economic and social policy environment in which they can bear fruit at the local, sectoral, national, regional and international levels.

273. This joint outcome will be pursued through coordinated work across the Office at five specific and complementary levels:

- (1) Further development of the integrated checklist of policy areas for internal coherence across the four strategic objectives of the Decent Work Agenda. This work will take into account the policy guidance provided by the Governing Body in its successive discussions on the vision and policy analysis and development areas in each of the strategic objectives of the Decent Work Agenda.
- (2) Integration of decent work objectives into national development strategies and plans. To ensure consistency with the commitments adopted by countries at the highest political level, nationally, regionally and at the UN General Assembly Summit in September 2005, advocacy and dialogue will be promoted, supporting the participation and influence of the tripartite constituents in national decision-making concerning decent work objectives and strategies in concrete development policies and plans.
- (3) Policy coherence between decent work objectives, policies and programmes, on the one hand, and development cooperation at country level provided by the UN and Bretton Woods institutions, on the other. Work will focus on ensuring the integration of Decent Work Country Programmes in “One UN” development frameworks and poverty reduction strategies. The participation of the ILO in

“One UN” pilot countries will be a major vehicle for ensuring coherence across the multilateral system in delivering decent work-friendly policies and programmes.

- (4) Further refinement of the “toolkit” to mainstream full and productive employment and decent work for all across the CEB member organizations as called for in the ECOSOC 2006 Ministerial Declaration and adopted by the CEB. The “toolkit” is designed to be used by each agency to assess and maximize, individually and collectively, their contribution to decent work objectives, thus establishing a solid and coherent base for inter-agency cooperation beyond country programmes.
- (5) Specific policy coherence initiatives with other international organizations. Work will continue in 2008–09 on the ILO-initiated Policy Coherence Initiative on Growth, Investment and Employment to achieve, together with development partners in the multilateral system, a common understanding of the technical foundations of greater economic and social policy coherence in this area. Other inter-agency policy coherence initiatives may be developed.

274. This joint outcome will be carried out by all technical sectors and regions, in varying degrees according to their involvement in the five levels described above. The Policy Integration Department will provide support to technical sectors on upstream policy analysis, and the Department of Partnerships and Development Cooperation and the Bureau of Programming and Management will provide policy guidance and support for the development of inter-agency partnerships at global, regional and national levels and for action through Decent Work Country Programmes in broader development frameworks at country level.

Integrated policies for the informal economy

Joint immediate outcome:

Increase constituent capacity to develop integrated policies for upgrading the informal economy and facilitating transition to formality

Indicators	Targets
Number of cases in which UN country programmes incorporate and apply ILO standards, guidelines, tools or knowledge to develop integrated initiatives for productive employment opportunities and social protection of informal economy workers and producers as a means to facilitate transition to formalization	15 cases, across all regions
Number of cases in which governments, employers and workers, through tripartite dialogue, use ILO knowledge and approaches in policies related to the informal economy	5 cases

	Regular budget (in constant 2006–07 US\$)
Strategic budget for integrated policies for the informal economy	10 128 055

Strategy

275. This outcome responds to the resolution concerning decent work and the informal economy (International Labour Conference, 2002) and follows on the 2006–07 InFocus Initiative on the informal economy. The upgrading of the informal economy is a major contribution to the alleviation of poverty and is key to the achievement of halving poverty by 2015 as set by MDG 1.

276. To facilitate the transition of informal economy activities to the formal economy, the ILO will develop an integrated approach that combines employment promotion with social and labour protection, including consideration for rights and representation. To promote the transition of informal economy activities to the formal economy, the ILO will develop an inventory of tools, good practices, guidelines and standards for integrating policies. The ILO will also offer advice on incorporating

good practices, relevant to defined economic sectors and/or local areas, into national policies and international development frameworks. The ILO will assist ministries of labour, employers' organizations and workers' organizations in supporting the self-employed, micro- and small enterprises and other workers in the informal economy.

277. Sectors 2 and 3 hold lead responsibility for this joint outcome, in collaboration with Sectors 1, 4 and the regional programmes.

278. This joint outcome contributes to multiple intermediate outcomes, namely those on economic growth, employment generation and poverty reduction; access to social security benefits; safety, health and working conditions; ratification and application of international labour standards; and tripartite dialogue in policy-making, labour law reform and implementation. It will contribute to underpin a crucial dimension of regional priorities and Decent Work Country Programmes.

Strengthening labour inspection

Joint immediate outcome:

Increase member States' capacity to carry out labour inspection

Indicators	Targets
Number of member States that apply ILO assistance to carry out tripartite audits of their labour inspection systems	10 member States, across all regions
Number of member States that apply ILO assistance to formulate national action plans on labour inspection	15 member States, across all regions
Number of member States that apply ILO assistance to increase financial resources allocated to labour inspection	10 member States, across all regions

	Regular budget (in constant 2006–07 US\$)
Strategic budget for strengthening labour inspection	2 534 829

Strategy

279. Good governance requires strong labour inspection systems as an integral part of sound labour administration and labour–management relations based on modern labour laws. Together with governments, social partners play a key role in improving the effectiveness of labour inspection. The ILO will promote the ratification and implementation of relevant ILO standards. It will also provide technical assistance for tripartite labour inspection audits and the formulation and implementation of national action plans with due regard to the observations of the supervisory processes in relation to the Labour Inspection Convention, 1947 (No. 81), the Labour Inspection (Agriculture) Convention, 1969 (No. 129), and the Occupational Safety and Health Convention, 1981 (No. 155). The ILO will promote the adoption of modern inspection practices focusing on prevention and integrate labour inspection more effectively within other programmes, including Decent Work Country Programmes and those concerned with occupational safety and health, working conditions, wages and industrial relations, HIV/AIDS, social security, migrant workers and forced and child

labour. Particular attention will be paid to the informal economy in relation to Article 7 of the Labour Administration Convention, 1978 (No. 150). The ILO will also highlight the need to allocate more resources for labour inspection, including adequate office and transport facilities. The ILO will continue to develop information and training tools for constituents, including the Internet-based labour inspection portal and the Integrated Labour Inspection Training System, providing country assistance where appropriate. Broader national and international networking will be encouraged, to improve the professional competence and experience of labour inspectors. The ILO will seek extra-budgetary resources to expand its activities in this area.

280. Sectors 3 and 4 will lead this joint outcome with collaboration from Sectors 1 and 2 and the regional programmes.

281. This joint outcome contributes to the intermediate outcomes on fundamental principles and rights at work; child labour; sustainable enterprises; safety and health and working conditions; and tripartite dialogue in policy-making, labour law reform and implementation.

Advancing gender equality in the world of work

Joint immediate outcome:

Increase capacity of constituents to develop integrated policies and programmes to advance gender equality in the world of work

Indicators	Targets
Number of cases in which UN country programmes and national decisions in such countries apply ILO assistance to develop policies or programmes focused on: increasing equal opportunities for women and men for training and skills development; improving job recruitment and retention; advancing women into decision-making positions; promoting women's entrepreneurship; or promoting women's access to financing and resources	15 countries
Number of cases in which countries, whether they ratified or not, establish programmes, legislation, policies, collective agreements or court decisions to implement key provisions of Conventions Nos. 100, 111, 156 and 183	20 cases

	Regular budget (in constant 2006–07 US\$)
Strategic budget for advancing gender equality in the world of work	5 095 960

Strategy

282. In line with the resolution concerning the promotion of gender equality, pay equity and maternity protection (International Labour Conference, 2004) and the 2007 Global Report on Discrimination, the Office will apply a two-pronged strategy to advance gender equality.

283. One prong involves the systematic integration of gender-related concerns in all ILO programmes and actions. The ILO will explicitly address the specific and often different needs of both women and men, or boys and girls, in the design and implementation of Decent Work Country Programmes, and through these include gender issues in the world of work in UN country programmes. The ILO will conduct gender audits and provide recommendations to promote positive changes in policies, legislation, programmes and institutional structures.

284. The second prong includes gender-specific interventions, when analysis shows that one gender – usually women – experiences social, political and/or economic disadvantages. Interventions will target women and men to address discrimination in the labour market, capacity building, social dialogue and representation in decision-making.

285. The ILO will provide comparative information on good practices in relation to advancing gender equality in the world of work, focusing on: gender discrimination in the labour market; the promotion of women's entrepreneurship; recruit-

ment and job evaluation procedures; pay differences based on gender; work and family responsibilities; and maternity protection. Together with observations of the supervisory bodies in relation to ratified Conventions pertaining to gender equality, the ILO will use this information to organize a series of tripartite and bipartite dialogues to identify measures to advance gender equality, with particular attention to vulnerable groups of women workers, and to influence national policies and international cooperation accordingly. These strategies are consistent with the Equal Remuneration Convention, 1951 (No. 100), the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), the Workers with Family Responsibilities Convention, 1981 (No. 156), and the Maternity Protection Convention, 2000 (No. 183).

286. The mobilization of extra-budgetary resources will continue to support the regular ILO programme on advancing gender equality.

287. The Gender Bureau will coordinate this joint outcome, with implementation responsibility resting with all sectors and regions. This joint outcome contributes to intermediate outcomes on international labour standards; employment and skills policies; sustainable enterprises; access to social security; safety, health and working conditions; and tripartite dialogue in policy-making, labour law reform and implementation. It will support knowledge sharing and coordinated action with the multilateral system, thereby contributing to gender equality in UN reform.

Microfinance for decent work

Joint immediate outcome:

Increase the participation of constituents in the formulation of financial policies

Indicators	Targets
Number of cases in which constituents participate in developing or applying microfinance policies, social funds, or credit schemes that benefit the working poor or other vulnerable groups	25 cases, across all regions

	Regular budget (in constant 2006–07 US\$)
Strategic budget for microfinance for decent work	1 407 657

Strategy

288. The Governing Body mandated the Office in November 2005⁴ to develop services and knowledge to help constituents to effectively participate in the formulation of financial policies that benefit the working poor and other vulnerable groups. The ILO will analyse the costs and benefits of various policy options in microfinance. Microfinance contributes to several MDGs and supports decent work by making financial resources accessible to the working poor.

289. Microfinance enables the poor to build assets, establish and consolidate enterprises, and participate in credit and savings programmes. Microfinance mitigates the need for children to work, thereby increasing children's chances of attending school. Microfinance empowers women, enabling them to participate in the generation of household income and increase the value of their personal assets; this in turn facilitates women's greater control over the decisions that affect their lives.

290. ILO work on microfinance will address both productive and protective considerations and draw on the collaboration of employers' and workers' organizations. It will contribute to overall UN and international development cooperation to promote the use of microfinance as a tool to combat poverty. It will thus be integrated into Decent Work Country Programmes and UN country programmes under "One UN".

291. Work for this joint outcome will be carried out by all sectors and regions, with the support of the microfinance focal point in the Employment Sector. This joint outcome on microfinance integrates work on credit, savings, insurance and transfers carried out by the sectors and regions. The Turin Centre will continue to hold the world's pre-eminent microfinance course once a year. The Office will use extra-budgetary resources to develop activities in this area.

⁴ Document GB.294/ESP/3.

Institutional capacities

Extending partnerships

292. There is a global commitment to decent work and the MDGs. ECOSOC has called on UN agencies, funds and programmes and on financial institutions to support and mainstream full and productive employment and decent work for all.

293. The ILO is called upon to promote and support the mainstreaming of the Decent Work Agenda throughout the multilateral system and to actively explore and support collaborations and inter-agency partnerships within the UN system and with the Bretton Woods institutions. This new situation will require the ILO to work with its tripartite constituents in strengthening partnerships based on policies and programmes with UN programmes and agencies, the World Bank, donor agencies, regional organizations and the private sector.

294. In the context of moving towards “One UN”, the ILO will forge strong partnerships with the UN system through joint programmes, participation in UN country programmes and through joint agency initiatives. The ILO will enhance its capacity to fully participate in “One UN” country programmes and address all the operational and policy implications.

295. Partnerships with regional organizations in Africa, Asia, the Americas, the Middle East and Europe (the African Union, the Arab League, the Association of Southeast Asian Nations, the EU and the Organization of American States), regional development banks and donor agencies will help to promote decent work policies and their relationship to strategies to achieve the MDGs.

296. The ILO will also build public private partnerships combining ILO expertise with that of private enterprises, trade unions and governments whenever this proves useful to advance decent work objectives.

A communication strategy for decent work

297. The overall objective of the ILO’s communication strategy is to explain the role of decent work in a fair globalization, poverty reduction and sustainable development, and underscore the relationship between the Decent Work Agenda and the MDGs. All ILO communications and public information messages and products aim to equip

ILO constituents, policy-makers and practitioners with materials to promote decent work.

298. The ILO will deliver clear and concise information in a timely manner through a variety of channels – print, broadcast and Internet. Academic institutions, universities and libraries in low-, medium- and high-income countries will have access to ILO materials in print and electronic form. ILO information will appear in different languages appropriately tailored for a broad array of audiences. These efforts recognize the fact that messaging to global audiences is essential to gaining greater support for the implementation of the Decent Work Agenda.

299. ILO information centres at headquarters and in external offices will use common information management methods and a common database to input, analyse and monitor data. The continuing digitization of ILO print publications will contribute to improving knowledge dissemination. The ILO database Labordoc will enable constituents, partner institutions and the wider public to access information on social and labour issues with ease and efficiency.

Capacity building of constituents

300. All ILO programmes have in-built elements of capacity building of constituents, through the production of specific materials and the holding of consultations, workshops and meetings.

301. In collaboration with the International Training Centre of the ILO, Turin, a coordinated strategy will develop the capacity of constituents in each of the four pillars of decent work and in integrated approaches to implement decent work. The planning and coordination between the Centre and the ILO regional and technical programmes will be enhanced.

302. The Centre’s five-year Development Plan for 2007–11, which the Board of the Turin Centre adopted in November 2006, will drive the Centre’s work for the biennium. The Plan draws heavily from the ILO’s Decent Work Agenda, the Global Employment Agenda and the conclusions and recommendations of the World Commission on the Social Dimension of Globalization.

303. The Turin Centre will focus its Development Plan on the following themes: socially responsible globalization; integration of tripartism; gender mainstreaming and corporate social responsibility.

304. Emphasis on the regions is a key feature of the 2007–11 Development Plan. The Centre plans

on devoting at least 35 per cent of its activities to addressing the needs of countries in Africa by 2011. The Centre will employ a variety of methods in its training, ranging from residential training to distance learning platforms and tools.

305. The Turin Centre will become a key partner in running induction-training programmes for new ILO staff as well as providing staff training in knowledge sharing and in generic and technical areas.

306. The International Institute for Labour Studies will reinforce existing collaboration with the Turin Centre in providing the ILO with an educational facility, offering courses in social and labour policy to future leaders from the ILO's constituency, as well as arranging seminars and policy dialogues.

Extending and sharing ILO knowledge

307. The Organization's effectiveness is largely determined by its ability to gain and use the knowledge needed by its constituents for the Decent Work Agenda. The ILO will ensure better coordination of its research strategy, introduce systematic peer review mechanisms and aim for a limited number of high-quality publications.

308. The priorities of the ILO research agenda result from the interplay between the main sources of demand stemming from the ILO's constituents and organs of governance, the development of effective Decent Work Country Programmes and the international community.

309. New research will be concentrated on a limited number of themes on which progress can be made in 2008–09, and for which there is a clear demand for an ILO contribution. The goal is quality and depth on issues which are central for the ILO and its constituents. Better management and use of ILO knowledge implies reassessing the strategy for publications and the dissemination of research results.

310. First, strategies for a Decent Work Decade call for the preparation of medium-term scenarios to inform policy debates on the achievement of decent work goals. These must map out the likely developments in labour markets, job creation, gender equality, poverty and working conditions, and take into account major external changes, such as the growing importance of China and India in the global economy. Scenarios will be prepared for each region and will inform Decent Work Country Programmes which take a medium-term perspective.

311. Second, there are key cross-sectoral areas that require further analysis and policy development. These include the promotion of decent work in the rural economy (to which the 2008 International Labour Conference discussion will contribute); labour market governance, where the ILO must support its constituents' efforts to balance flexibility and security, combining legislation, institutions, dialogue and economic policies; and the ways to embed the ILO's goals and values in growing global production networks, combining productivity, competitiveness and decent work.

312. Beyond these broad areas there are specific components of the strategic objectives in need of further investigation. These are policies to reduce forced labour and discrimination, and workable measures to extend labour standards and rights in the informal economy; policies to increase the employment content of growth and to facilitate labour market adjustment to trade and technology; policies to extend basic social protection coverage, the workplace impact of HIV/AIDS policies, and protection of migrant workers; policy packages to improve quality of production and employment in export processing zones.

313. Work will continue on policy trade-offs, complementarities and synergies between the components of decent work, and on the coherence between global economic and social policy, with a view to reinforcing the constituents' capacity for integrated policy formulation.

314. The 90th anniversary of the founding of the ILO, in 2009, is an occasion to celebrate the contributions to thinking on labour and social policy that the ILO has made throughout its history, and the Office will bring together a variety of perspectives and experiences.

315. The Office will establish procedures for the systematic review of research proposals to ensure quality, relevance and coherence with the Decent Work Agenda. All research proposals will be reviewed against those criteria by early 2008. In addition, research materials proposed for publication will be subject to a peer review. The Research and Publication Committee, an internal committee with representation from all parts of the Office, will oversee this quality assurance procedure. The ability of the ILO to influence external research networks will be an important criterion to assess the effectiveness of ILO research.

316. The human resources implications of the ILO research strategy will be specified by mid-2008.

317. Based on the medium-term framework for policy research and dialogue adopted by the Institute's Board, the Institute's substantive work in 2008–09 will focus on how better to address decent work goals in growth and development and to promote social goals in the governance of the global economy.

Strengthening statistical capacity

318. A key aspect of the knowledge base concerns its statistical foundations. In 2007, the ILO will reorganize its statistical activities into a centrally managed unit. The main task of the new unit in 2008–09 will be to focus on trends in key dimensions of decent work and to collect and make relevant data available. This will include measurement of the four dimensions of decent work.

This work will be developed in the context of the Decent Work Decade as decided by ILO Regional Meetings and the ECOSOC 2006 Ministerial Declaration, and in conjunction with the measurement of progress towards the MDGs in 2015, in particular MDG 1 on eradicating extreme poverty and hunger.

319. In 2008 the ILO will hold the 18th International Conference of Labour Statisticians which will consider, inter alia, the measurement of decent work.

Governance, support and management

320. To effectively discharge its mandate and assist constituents in member States in promoting and implementing decent work policies and programmes, the ILO relies on a range of internal services that involve the management of human, financial, technological and physical resources, meetings and document production. These services facilitate the oversight of compliance with ILO rules and regulations, and support the ILO's management-for-results approach.

321. The overall goal of the governance, support and management services is to enable the ILO to effectively assist constituents in member States in applying decent work policies and programmes. Two important considerations support this goal: ILO resources must be managed in an effective and efficient way by the Office and constituents must exercise oversight of resources. Given this,

the governance, support and management services of both headquarters and the field are accountable for three specific outcomes that facilitate transparency and risk management. Actual performance on achieving these outcomes will be reported through the indicators detailed under each of them.

322. These indicators and outcomes have been selected to provide an overall picture of the functions related to governance, management and support. In many cases, a more in-depth and detailed view of the indicators and targets for these functions is available through specific strategy documents in areas such as human resources, information technology, evaluation and resource mobilization. More detailed reporting on results achieved under these strategies is provided periodically and directly to the Governing Body.

Outcomes
1. Improve utilization of ILO human, financial, physical and technological resources in supporting programme execution
2. Improve ILO application of sound management and legal principles, including managing by results
3. Improve the functioning of the ILO governing organs and their access to the necessary information, policy advice, services and support

323. The operational resources related to the achievement of governance, support and management outcomes can be found under Information annex 1 of the programme and budget proposals. The departments concerned are: Relations, Meetings and Document Services, Office of the Legal Adviser, Partnerships and Development

Cooperation, Human Resources Development, Information Technology and Communications, Financial Services, Programming and Management, Internal Audit and Oversight, Evaluation, Internal Administration and the Executive Director's Office for Management and Administration.

Outcome 1: Improve utilization of ILO human, financial, physical and technological resources in supporting programme execution

Indicators	Targets
1.1. Percentage of users who report being "satisfied" or "very satisfied" with governance, support and management services in 2008–09 user surveys	An average 15 per cent increase per unit
1.2. Percentage of expenditures allocated to Decent Work Country Programmes (based on expenditure per country)	(i) Minimum of 40 per cent of the regular budget technical and regional programme expenditure (ii) Minimum of 70 per cent of the total extra-budgetary expenditure
1.3. Time lapse between date of vacancy announcement and recruitment recommendation	Average of 90 days
1.4. Time required to complete internal IT HelpDesk requests	85 per cent of requests completed within 1 day, 10 per cent within 4 days
1.5. Access to IRIS functionalities – Finance, Human Resources, Oracle Grants Accounting and the enhanced Strategic Management Module – in the field	All regions have access to IRIS functionalities by the end of 2009
1.6. Number of procurement transactions (for goods and services) per procurement official and value of procurement transactions (for goods and services) per procurement official	(i) 3 per cent increase in number of procurement transactions per procurement official (ii) 3 per cent increase in value of transactions per procurement official
1.7. Level of compliance with relevant UN safety and security measures in ILO offices	100 per cent compliance in all ILO offices

Strategy

324. ILO human, financial, physical and technological resources provide the platform that underpins the delivery of ILO technical programmes. To better link resources to outcomes and to support Decent Work Country Programmes, the use of IRIS in field offices will be expanded to include appropriate new functionalities. Through ongoing training, forward planning and review of existing services and procedures, the ILO will ensure timely processing of payments to staff and suppliers, cost-effective purchasing of supplies and services, and a decrease in the time required for recruitment. Attention will be paid to procedures, with a view to minimizing legal risks. Use of staff development resources will also allow for further improvement of staff capabilities.

325. Processes regarding resource mobilization will help to ensure that donor expectations and ILO priorities are met. Prior to submission to donors, all new technical cooperation proposals will

be required to meet minimum standards with regard to the quality of design, technical and legal feasibility and their contribution to the five common principles of action, in particular to the mainstreaming of gender equality and tripartism.

326. An electronic document management service will be put in place to increase the quality and accessibility of ILO official correspondence, reports, documents and archives. Centrally-provided information technology systems are currently functioning with less than 30 minutes of unscheduled downtime per month, and these availability levels will be maintained or increased.

327. Knowledge sharing and staff development, through use of the dedicated training resources, will also help augment the quality of services, procedures and programmes. To assist in improving the ILO's service orientation, an internal user satisfaction survey will be conducted in 2008, with the 2006 survey results serving as a baseline. The survey questionnaire and its coverage will be improved.

Outcome 2: Improve ILO application of sound management and legal principles, including managing by results

Indicators	Targets
2.1. Percentage of ILO managers who are reviewed through a system assessing programme effectiveness and efficiency in achieving results	75 per cent of all ILO managers
2.2. Percentage of performance appraisals completed in compliance with the new performance management system	70 per cent of performance appraisals
2.3. Percentage of ILO managers who use IRIS-generated reports as a basis for their management decisions	50 per cent of all ILO managers
2.4. Time required by management to implement all internal audit findings and recommendations	(i) All high-priority findings and recommendations within 2 months of the audit report date (ii) All other findings and recommendations within 6 months of the audit report date
2.5. Time required by management to respond to all recommendations and implement agreed upon follow-up actions contained in independent evaluation reports	(i) Management officially responds to all recommendations within 6 months (ii) Management implements agreed upon follow-up actions within 6 months
2.6. Percentage of users who report receiving timely legal services in 2008–09 user surveys	75 per cent of respondents

Strategy

328. ILO managers and staff are the target group for this outcome. The strategy will be supported by management training and clarifications of accountability within an overall change management strategy. The strategy will also put in place internal mechanisms to provide established review procedures on overall performance, audit reports and evaluation. The Office will expand the use of independent evaluations of Decent Work Country Programmes, major strategies and projects as a means of managing for results and building and fostering a culture of accountability. This will also include the development of a self-evaluation system to be used by managers as a tool to evaluate the effectiveness and efficiency of their programmes. These mechanisms will allow the ILO to track responses to these processes, share the knowledge that has been gained and take any additional actions that may be necessary.

329. The use of dialogue will continue to guide the Office with regard to professional and staff relations. The emphasis on informal dispute resolution will increase, with a view to reducing the escalation of workplace-related complaints into formal grievance processes. Steps will be taken to enhance staff awareness of international civil service standards and ILO rules and regulations governing ethics.

330. New legal tools and web site improvements will help to build the capacity of staff across the Office and reduce the demand for direct legal services, where possible, to allow for more timely delivery of legal advice.

331. Missions and services to countries and external ILO offices will be increasingly supported by Internet, telephone and videoconferencing.

Outcome 3: Improve the functioning of the ILO governing organs and their access to the necessary information, policy advice, services and support

Indicators	Targets
3.1. Percentage of regular and extra-budgetary resources that are tracked and reported along immediate outcomes and Decent Work Country Programmes	Two-thirds of resources are tracked and reported
3.2. External Auditor satisfaction with ILO financial statements for 2006–07 and 2008–09	The External Auditor places an unqualified opinion on the financial statements for 2006–07 and for 2008–09
3.3. Percentage of Governing Body members and ILC delegates who rate relations, in-meeting and official correspondence services as "good" or "very good"	95 per cent of respondents rate services as "good" or "very good"
3.4. Time by which Governing Body members and ILC delegates receive materials	(i) Governing Body members receive documents no later than 15 days prior to document discussion (ii) International Labour Conference and Regional Meeting delegates receive documents in accordance with the time requirements specified in the Standing Orders of the ILC and the Rules for Regional Meetings (iii) Participants in sectoral or technical meetings receive documents no later than one month prior to meeting
3.5. Total number of documents and pages per document produced for major ILO meetings	(i) 5 per cent reduction in the total number of documents and pages per document produced for Governing Body documents (ii) 5 per cent reduction in the total number of pages produced for the International Labour Conference, major Regional Meetings and sectoral, technical and related meetings
3.6. Streamlined structures and procedures to reduce costs of ILO governing organs	A reduction of at least \$600,000 for 2008–09

Strategy

332. The quality, timeliness and adequacy of information and services contribute significantly to the effectiveness of the Governing Body and the International Labour Conference in fulfilling their governance role. The Governing Body is currently engaged in a review of possible measures to reform the working methods and procedures of the International Labour Conference.

333. In continuing to improve its support to governance, the Office will emphasize two major dimensions. First, there will be considerable improvement in the transparency and quality of financial, budgetary and performance information.

IRIS will be used to ensure that data are available at a greater level of detail (allocation and expenditure by operational outcomes rather than by operational objectives). The quality of performance information will be addressed through specific links to Decent Work Country Programmes. Information on technical cooperation will be provided with clear links to both the programme and budget and to Decent Work Country Programmes. An annual consolidated evaluation report and plan will be submitted to the Governing Body. There will be continued attention to the follow-up of external and internal audit recommendations.

334. A second dimension of the Office's support relates to the cost and quality of services to con-

ferences and meetings. Within the framework of governance decisions about the functioning of the Governing Body and the International Labour Conference, the Office will seek to maintain and improve services without increasing costs. The Office's information technology will be used to support more efficient document processing. Author units of key documents will be subject to more rigorous requirements related to length and delivery schedules.

335. The need to measure the quality of the information, policy advice, services and support

provided is not fully addressed at this time. This qualitative dimension is important, but is also more difficult to capture. Learning from ongoing experience, the ILO hopes to better address this aspect in the future.

336. The number, duration and running of ILO meetings will be reviewed with a view to introducing greater efficiency in the use of resources. A results-based approach will be applied to review the functioning of the meetings of ILO governing organs in order to develop a strategy to achieve greater efficiency.

Draft budget of expenditure and income for 2008–09

337. The Programme and Budget proposals for 2008–09, after providing for movements in costs, valued at the 2006–07 budget rate of exchange of 1.25 Swiss francs to the US dollar, amount to US\$638,198,183. At this level the proposed budget for 2008–09 remains the same in real terms as the previous biennium.

338. Following an analysis of cost factors, both at headquarters and at field locations, cost increases have been limited to an overall rate of 7.4 per cent. Full information on movements in cost factors is provided in the programme and budget proposals, Information annex 2.

339. The budget rate of exchange for the biennium 2008–09 will be set at the market rate at the time the budget is reviewed by the Finance Committee of Government Representatives at the 95th Session (June 2007) of the Conference. These proposals have accordingly been valued at the same budget rate of exchange (1.25 Swiss francs to the US dollar) as the Programme and Budget

for 2006–07, both to facilitate comparison and because the cost of the proposals in both US dollar and Swiss franc terms will continue to evolve with the exchange rate changes until the budget is finalized.

340. As an indication, however, the UN Monthly Accounting Rate of Exchange for February 2007 was 1.25 Swiss francs to the US dollar. Should this rate remain valid in June 2007, the proposed budget level in US dollar terms would be some \$638.2 million, with resulting assessments of some 797.7 million Swiss francs.

341. The contributions payable by member States in 2008–09 will thus depend on the overall budget level, on the budget rate of exchange which is finally set, and on the scale of contributions approved by the Conference.

342. The draft expenditure and income budget in the form required for adoption by the Conference, with the corresponding figures for 2006–07, is shown below.

Draft budget

Expenditure	2006–07 budget (US\$)		2008–09 estimates (US\$)		Income			
	2006–07 budget (US\$)	2008–09 estimates (US\$)	2006–07 budget		2008–09 estimates			
			(US\$)	(CHF)	(US\$)	(CHF)	(US\$)	(CHF)
Part I								
Ordinary budget	587 253 275	631 207 586	Contributions from member States	594 310 000	742 887 500	638 198 183	797 747 729	
Part II								
Unforeseen expenditure	875 000	875 000						
Part III								
Working Capital Fund	–	–						
Part IV								
Institutional investments and extraordinary items	6 181 725	6 115 597						
Total budget	594 310 000	638 198 183		594 310 000	742 887 500	638 198 183	797 747 729	

343. After completing its examination of the draft estimates submitted in this document, the Programme, Financial and Administrative Committee will wish to submit to the Governing Body for proposal to the International Labour Conference a draft resolution for the adoption of the programme and budget for the 71st financial period (2008–09)

and for the allocation of expenses between member States for 2008–09. The proposed text of this draft resolution is as follows:

The General Conference of the International Labour Organization,

In virtue of the Financial Regulations, adopts for the 71st financial period, ending 31 December 2009, the budget of expenditure of the International Labour Organization amounting to \$..... and the budget of income amounting to \$.....

which, at the budget rate of exchange of Swiss francs to the US dollar, amounts to Swiss francs, and resolves that the budget of income, denominated in Swiss francs, shall be allocated among member States in accordance with the scale of contributions recommended by the Finance Committee of Government Representatives.

Information annexes *

1. Operational budget
2. Details of cost increases
3. Proposed operational budget by item and object of expenditure
4. Summary of regular budget technical cooperation resources
5. Evolution of programme and expenditure levels

* The Schedule of established posts has been included in the programme and budget following a decision by the Governing Body in 1988. It is unchanged each biennium and will remain unchanged until the Governing Body so decides. It has not been included this biennium, but can be consulted in any programme and budget starting in 1990–91.

Operational budget

344. This Information annex provides an operational view of the proposed budget. It lists the resources and describes the major functions of each sector and department. It explains significant changes in resource levels. As described in the Executive overview, all parts of the ILO have been asked to propose efficiency savings during the process of developing the proposals.

Part I: Policy-making organs

345. International Labour Conference, Governing Body and Regional Meetings resources show the direct costs (such as interpretation, preparation and printing of reports, rental of facilities, Governing Body members' travel and some staff costs) of holding two sessions of the Conference and six sessions of the Governing Body, as well as two Regional Meetings during the biennium: the 15th Asian Regional Meeting and the Eighth European Regional Meeting. For budgetary purposes it has been assumed that the agenda of both sessions of the Conference will include three standing items and three items placed on the agenda by the Conference or the Governing Body. The Conference budget is reduced in real terms by US\$300,000 due to continued suspen-

sion of the Resolutions Committee. The cost of Regional Meetings decreases by some \$228,800 because the European Regional Meeting will be convened in Geneva where servicing can be provided at lower cost.

346. Legal Services carries out work pertaining to the Constitution and policy-making organs. It participates in the preparation and examination of international labour Conventions, Recommendations and other instruments. It also provides legal expertise on personnel matters, commercial or technical issues and contracts. Resources of this programme have been increased by some \$168,240 to support the strengthening of the ethics functions of the Office.

347. Relations, Meetings and Document Services provides services to conferences and meetings, including translating, processing, printing and distributing documents, and provides interpretation services, and maintains official relations with member States. Resources for this programme have been reduced in real terms by \$300,000. This is based on further restrictions on the number and length of official documents as well as ongoing changes in work practices, increased productivity and a number of other internal efficiency measures. It represents an increase in Professional and non-staff resources offset by a reduction in General Service work-years.

Operational budget for 2008–09

	Budget proposals 2008–09				Total resources	Revised budget 2006–07 ¹	Differences	
	Professional	General Service	Staff costs	Other costs				%
	(work-years/months)	(in constant 2006–07 US\$)						
PART I								
Policy-making organs								
International Labour Conference	2 / 5	0 / 0	7 988 524	3 144 369	11 132 893	11 432 893	-300 000	-2.6
Governing Body	0 / 0	0 / 0	2 364 620	2 515 061	4 879 681	4 879 681	0	0.0
Major Regional Meetings	0 / 0	0 / 0	253 092	362 375	615 467	844 309	-228 842	-27.1
Legal Services	13 / 0	4 / 1	2 944 760	130 230	3 074 990	2 906 742	168 248	5.8
Relations, Meetings and Document Services	106 / 0	198 / 9	44 049 402	2 854 509	46 903 911	47 203 911	-300 000	-0.6
	121 / 5	202 / 10	57 600 398	9 006 544	66 606 942	67 267 536	-660 594	-1.0
Strategic objectives								
Technical programmes								
Standards and fundamental principles and rights at work (Sector 1)								
Fundamental principles and rights at work	23 / 0	13 / 10	5 673 444	1 047 853	6 721 297	6 721 297	0	0.0
International labour standards	80 / 3	29 / 8	18 021 740	2 436 553	20 458 293	20 925 020	-466 727	-2.2
Executive Director's Office and central support	7 / 0	2 / 0	1 652 248	554 436	2 206 684	2 274 932	-68 248	-3.0
Regular budget technical cooperation	0 / 0	0 / 0		1 321 396	1 321 396	1 321 396	0	0.0
	110 / 3	45 / 6	25 347 432	5 360 238	30 707 670	31 242 645	-534 975	-1.7
Employment (Sector 2)								
Economic and labour markets analysis	23 / 10	11 / 0	5 536 344	1 267 643	6 803 987	0	n/a	n/a
Skills and employability	23 / 10	7 / 8	5 172 184	1 103 885	6 276 069	0	n/a	n/a
Employment policy	28 / 0	10 / 0	6 184 896	1 325 396	7 510 292	0	n/a	n/a
Job creation and enterprise development	45 / 7	14 / 8	9 892 636	1 809 916	11 702 552	0	n/a	n/a
Executive Director's Office and central support	10 / 0	23 / 6	4 546 223	1 075 389	5 621 612	5 795 476	-173 864	-3.0
Regular budget technical cooperation	0 / 0	0 / 0		2 155 834	2 155 834	2 155 834	0	0.0
	131 / 3	66 / 10	31 332 283	8 738 063	40 070 346	40 994 967	-924 621	-2.3
Social protection (Sector 3)								
Social security	32 / 5	17 / 1	7 908 462	384 332	8 292 794	9 479 400	-1 186 606	-12.5
Labour protection	59 / 7	30 / 0	14 446 082	1 868 618	16 314 700	15 808 111	506 589	3.2
HIV/AIDS and the world of work	6 / 0	2 / 0	1 309 728	87 108	1 396 836	1 385 017	11 819	0.9
Executive Director's Office and central support	4 / 0	4 / 7	1 388 988	125 172	1 514 160	1 560 990	-46 830	-3.0

	Budget proposals 2008-09					Revised budget 2006-07 ¹	Differences	
	Professional	General Service	Staff costs	Other costs	Total resources			
	(work-years/months)				(in constant 2006-07 US\$)			%
Regular budget technical cooperation	0 / 0	0 / 0		1 190 308	1 190 308	1 190 308	0	0.0
	102 / 0	53 / 8	25 053 260	3 655 538	28 708 798	29 423 826	-715 028	-2.4
Social dialogue (Sector 4)								
Employers' activities	17 / 1	9 / 6	4 279 164	324 177	4 603 341	4 659 252	-55 911	-1.2
Workers' activities	40 / 0	18 / 0	9 375 672	2 098 359	11 474 031	11 613 392	-139 361	-1.2
Social dialogue, labour law and labour administration	32 / 0	12 / 0	7 265 208	830 008	8 095 216	8 380 374	-285 158	-3.4
Sectoral activities	34 / 0	13 / 0	7 603 872	2 943 182	10 547 054	10 728 507	-181 453	-1.7
Executive Director's Office and central support	6 / 0	8 / 0	2 128 036	161 124	2 289 160	2 359 959	-70 799	-3.0
Regular budget technical cooperation	0 / 0	0 / 0		7 671 302	7 671 302	7 671 302	0	0.0
	129 / 1	60 / 6	30 651 952	14 028 152	44 680 104	45 412 786	-732 682	-1.6
Cross-cutting programmes								
Communications and public information	59 / 0	51 / 0	16 863 537	4 949 465	21 813 002	22 143 854	-330 852	-1.5
External relations and partnerships	20 / 8	14 / 0	4 941 407	932 450	5 873 857	5 511 764	362 093	6.6
Support to UN reform and inter-agency programmes	5 / 6	5 / 10	2 140 242	360 746	2 500 988	0	2 500 988	n/a
Gender equality	8 / 0	4 / 0	1 905 968	578 980	2 484 948	2 484 948	0	0.0
ILO contribution to fair globalization	0 / 0	0 / 0	0	0	0	945 594	-945 594	-100.0
International Institute for Labour Studies	0 / 0	0 / 0	0	4 913 743	4 913 743	5 065 714	-151 971	-3.0
International Training Centre of the ILO, Turin	0 / 0	0 / 0	0	6 085 751	6 085 751	6 085 751	0	0.0
Policy integration	20 / 10	10 / 0	5 033 706	1 178 352	6 212 058	6 801 673	-589 615	-8.7
Statistics	20 / 0	24 / 0	6 259 392	1 292 506	7 551 898	7 188 154	363 744	5.1
Technical Meetings Reserve	2 / 0	0 / 0	363 744	796 209	1 159 953	1 659 953	-500 000	-30.1
	136 / 0	106 / 10	37 507 996	21 088 202	58 596 198	57 887 405	708 793	1.2
Total technical programmes	609 / 7	333 / 4	149 892 923	52 870 193	202 763 116	204 961 629	-2 198 513	-1.1
The regions								
Partnerships and development cooperation	11 / 7	4 / 0	2 681 035	84 116	2 765 151	2 765 151	0	0.0
Field programmes in Africa	219 / 0	274 / 0	39 513 466	14 788 204	54 301 670	52 978 706	1 322 964	2.5
Field programmes in the Americas	169 / 0	137 / 11	31 324 500	13 060 490	44 384 990	43 547 675	837 315	1.9
Field programmes in the Arab States	36 / 0	39 / 3	8 051 449	2 819 448	10 870 897	10 659 457	211 440	2.0
Field programmes in Asia and the Pacific	194 / 5	248 / 3	33 529 628	14 398 575	47 928 203	46 991 671	936 532	2.0
Field programmes in Europe and Central Asia	81 / 0	46 / 2	13 455 442	4 181 930	17 637 372	17 563 732	73 640	0.4
	711 / 0	749 / 7	128 555 520	49 332 763	177 888 283	174 506 392	3 381 891	1.9

	Budget proposals 2008-09					Revised budget 2006-07 ¹	Differences	
	Professional	General Service	Staff costs	Other costs	Total resources			
	(work-years/months)				(in constant 2006-07 US\$)			%
Support services								
Information Technology and Communications	47 / 0	29 / 7	11 881 650	9 265 413	21 147 063	21 578 636	-431 573	-2.0
Internal Administration	10 / 0	143 / 0	18 400 643	18 321 531	36 722 174	36 940 670	-218 496	-0.6
Procurement	5 / 0	10 / 0	2 001 840	234 618	2 236 458	2 282 100	-45 642	-2.0
	62 / 0	182 / 7	32 284 133	27 821 562	60 105 695	60 801 406	-695 711	-1.1
Total strategic objectives	1 382 / 7	1 265 / 6	310 732 576	130 024 518	440 757 094	440 269 427	487 667	0.1
Management services								
General management	18 / 0	18 / 0	5 802 905	1 879 949	7 682 854	7 839 647	-156 793	-2.0
Human Resources Development	41 / 0	75 / 11	16 208 895	3 501 154	19 710 049	20 229 642	-519 593	-2.6
Financial Services	31 / 0	58 / 6	12 163 368	1 229 786	13 393 154	13 800 157	-407 003	-2.9
Programming and Management	33 / 0	7 / 7	7 014 598	552 367	7 566 965	7 721 393	-154 428	-2.0
Executive Director's Office, Management and Administration	4 / 0	2 / 0	1 104 577	16 416	1 120 993	1 126 465	-5 472	-0.5
	127 / 0	162 / 0	42 294 343	7 179 672	49 474 015	50 717 304	-1 243 289	-2.5
Oversight and evaluation								
Internal Audit and Oversight	8 / 0	3 / 0	1 782 720	198 700	1 981 420	1 406 341	575 079	40.9
Independent Oversight Advisory Committee	0 / 0	0 / 0	169 000	50 000	219 000	0	219 000	n/a
Evaluation	6 / 0	2 / 0	1 444 056	205 291	1 649 347	937 210	712 137	76.0
	14 / 0	5 / 0	3 395 776	453 991	3 849 767	2 343 551	1 506 216	64.3
Other budgetary provisions	2 / 0	2 / 5	1 469 310	30 367 874	31 837 184	31 708 184	129 000	0.4
Adjustment for staff turnover	0 / 0	0 / 0	-5 052 727	0	-5 052 727	-5 052 727	0	0.0
TOTAL PART I	1 647 / 0	1 637 / 9	410 439 676	177 032 599	587 472 275	587 253 275	219 000	0.0
PART II. UNFORESEEN EXPENDITURE								
Unforeseen expenditure				875 000	875 000	875 000	0	0.0
PART III. WORKING CAPITAL FUND								
Working Capital Fund						0	0	n/a
TOTAL (PARTS I-III)	1 647 / 0	1 637 / 9	410 439 676	177 907 599	588 347 275	588 128 275	219 000	0.0
PART IV. INSTITUTIONAL INVESTMENTS AND EXTRAORDINARY ITEMS								
Security	2 / 0	0 / 0	363 744	2 336 256	2 700 000	2 791 087	-91 087	-3.3

	Budget proposals 2008-09					Revised budget 2006-07 ¹	Differences	
	Professional	General Service	Staff costs	Other costs	Total resources			
	(work-years/months)				(in constant 2006-07 US\$)			%
Accommodation	0 / 0	0 / 0	0	2 000 000	2 000 000	643 200	1 356 800	210.9
Information communication and technology	0 / 0	0 / 0	320 000	452 725	772 725	1 077 440	-304 715	-28.3
Follow-up to the Maritime Session of the Conference	0 / 0	0 / 0	300 000	0	300 000	1 669 998	-1 369 998	-82.0
IPSAS	0 / 0	0 / 0	180 000	10 000	190 000	0	190 000	n/a
TOTAL PART IV	2 / 0	0 / 0	1 163 744	4 798 981	5 962 725	6 181 725	-219 000	-3.5
TOTAL (PARTS I-IV)	1 649 / 0	1 637 / 9	411 603 420	182 706 580	594 310 000	594 310 000	0	0.0

¹ Due to the reorganization of the Employment Sector, departmental resources are not comparable between 2006-07 and 2008-09. \$3,669,927 are transferred from ITCOM to PROGRAM and \$19,703 are transferred from PROGRAM to the Office of the Executive Director, Management and Administration Sector.

Strategic objectives

348. Standards and Fundamental Principles and Rights at Work is the technical sector that is responsible for international labour standards, promotion of the ILO Declaration on Fundamental Principles and Rights at Work and its follow-up procedures, including the elimination of child labour. It is organized into two departments: Fundamental Principles and Rights, which manages the major technical cooperation areas of promoting the Declaration and the elimination of child labour; and International Labour Standards, with responsibility for standards-related policy throughout the ILO. The latter department provides support to the Governing Body Committee on Freedom of Association. The sector as a whole is managed by the Executive Director's Office, which also supports the ILO's presence in Myanmar. In total the budget for the sector is reduced by 1.7 per cent. This represents a reduction in Professional resources and General Service resources offset by an increase in non-staff resources.

349. Employment is the technical sector that supports the ILO's Global Employment Agenda and advises on national employment policies and strategies, skills development and training, job creation and enterprise development. The sector has been streamlined into four departments: Economic and Labour Markets Analysis, Employment Policy, Skills and Employability, and Job Creation and Enterprise Development. The Economic and Labour Markets Analysis Department anchors ILO technical work on analysis of major economic and employment trends, analysis, research and data on employment and labour market institutions and policies, and the production of major global employment reports. The Employment Policy Department coordinates employment policy and programme development in support of national economic and social policy frameworks, employment-intensive investment approaches, social finance and the ILO's engagement in poverty reduction strategies, including managing the employment component of the work on the informal economy. The Skills and Employability Department leads on skills and development policies and programmes, employment services and policies and programmes for persons with disabilities and disadvantaged groups. The Job Creation and Enterprise Development Department is responsible for the Office's work in the areas of small enterprise development, local development, cooperatives, multinational enterprises and managing the ILO's crisis response and corporate social responsibility. The sector also supports technical work in selected cross-cutting themes such as youth employment, the informal economy, gender, corporate social responsibility and social finance, requiring the engagement of various departments of the sector and other units in headquarters and in the field. The sector as a whole is managed by the Executive Director's Office. The overall sector budget is reduced by 2.3 per cent. This has been

achieved through a reduction in Professional resources and General Service resources due to streamlining of administrative functions, offset by an increase in non-staff resources including some \$236,400 for the follow-up to fair globalization. Due to the reorganization of the Employment Sector, departmental resources are not comparable between 2006–07 and 2008–09.

350. Social Protection is the technical sector that supports the ILO's expertise on national social security systems, quantitative analyses of existing or planned national social security systems; on occupational health and safety; on conditions of work and employment; on labour migration and on HIV/AIDS and the world of work. In addition to the programme on HIV/AIDS, it consists of two departments: Social Security, responsible for research, development of policies and strategies, advisory services and technical cooperation related to social security issues; and Labour Protection, responsible for safety and health at work, conditions of work and employment and migration issues. The sector as a whole is managed by the Executive Director's Office. In total the budget for the sector is reduced by 2.4 per cent, representing a reduction in Professional and General Service resources and an increase in non-staff resources. The InFocus Programme on Socio-Economic Security previously located in the Social Security Department has been discontinued. Its resources have been used to strengthen the sector, and to achieve savings. Resources amounting to some \$236,400 are included under non-staff costs for the follow-up to fair globalization.

351. Social Dialogue is the technical sector that supports the ILO's expertise on: strengthening employers' and workers' organizations; the legal frameworks, institutions, machinery and processes of tripartite and bipartite social dialogue; industrial relations at enterprise, national, sectoral and subregional levels; and the sectoral implications of all elements of decent work. It is organized into three departments: Employers' Activities, Workers' Activities and Social Dialogue, Labour Law, Labour Administration and Sectoral Activities, all managed by the Executive Director's Office. The Bureaux for Employers' and Workers' Activities nurture and develop the Office's relationship with the social partners. The Social Dialogue, Labour Law, Labour Administration and Sectoral Activities Department helps member States to improve institutions, processes and mechanisms that promote social dialogue, and facilitates the exchange of information between the ILO's tripartite constituents on labour and social developments concerning particular economic sectors. Resources for this sector have been reduced by 1.6 per cent. This has been achieved by reductions in Professional and General Service resources offset by an increase in non-staff resources. Resources amounting to some \$236,400 are included under non-staff costs for the follow-up to fair globalization.

Cross-cutting programmes

352. The **Department of Communication and Public Information** has the responsibility of coordinating the ILO's communication, publication and knowledge management work, through: advising on advocacy and relations with the media; reviewing public information initiatives and materials; managing the ILO's public and internal web sites; facilitating the access of ILO staff, constituents and external clients to information through the Library and its online access points; and managing the production, marketing and distribution of ILO publications. Support to the ILO Internet and Intranet has been increased. Resources have been reduced by 1.5 per cent, mainly through a reduction in Professional staff resources.

353. External Relations and Partnerships supports the Director-General and the Office in relations with the multilateral system, pursues stronger linkages with the UN organizations and other international partners, and promotes ILO perspectives and positions with those organizations and in meetings and forums of the international community. The New York Liaison Office is the principal point of contact with the UN and its agencies located in New York. Professional resources for this programme have been increased by 6.6 per cent in view of its expanded UN coordination activities.

354. Support to UN reform and inter-agency programmes supports activities in the framework of UN reform and the strengthening of inter-agency collaboration.

355. Gender Equality is responsible for supporting the full implementation of a gender mainstreaming strategy in all aspects of the ILO's work at headquarters and in the field. It ensures that the ILO knowledge base expands on gender equality issues and that the ILO's contribution to gender equality is visible. The level of resources has been kept the same as in 2006–07.

356. ILO contribution to fair globalization has been distributed to the sectors and the regions for the follow-up of the policy discussions on the social dimension of globalization.

357. The **International Institute for Labour Studies** serves as a strategic facility to explore emerging labour policy issues with implications for the ILO. It also provides an autonomous and informal vehicle for dialogue between the international academic community and ILO staff and constituents. The level of the ILO's contribution to the International Institute for Labour Studies has been reduced in real terms by 3 per cent or some \$151,900 in light of its financial reserves.

358. The **International Training Centre of the ILO**, Turin, develops and delivers training programmes related to ILO and constituent priorities. Programmes are delivered at the Centre, in the field and through distance-learning technologies.

The level of resources remains unchanged in real terms.

359. Policy Integration is the technical department providing ILO expertise on global economic trends and globalization; integrated decent work policies and programmes and poverty reduction strategies at the national level. The budget for the Policy Integration Department declines in real terms by 8.7 per cent. This includes the transfer of one Professional position to the Bureau of Statistics.

360. Statistics is responsible for work on labour statistics development and analysis. Compared to 2006–07, resources increase by 5.1 per cent due to the transfer of a Professional position from the Policy Integration Department.

361. The **Technical Meetings Reserve** is the budgetary provision for costs associated with preparing reports for and convening technical meetings. Resources have been reduced by 30.1 per cent. An amount of \$500,000 from the Technical Meetings Reserve has been distributed to the regions for: regional and subregional tripartite meetings on the follow-up to decisions of Regional Meetings, the Governing Body and the Conference, including promoting the ratification of the new Maritime Labour Convention, 2006. The provision for technical meetings includes the costs involved in organizing the 2008 International Conference of Labour Statisticians. The Governing Body will be invited to decide on the subject and composition of other technical meetings at future sessions.

The regions

362. Partnerships and development cooperation is the focal point for resource mobilization and partnerships with donors and supports the development, management and evaluation of technical cooperation programmes across the ILO. This requires coordination with technical and field departments on technical cooperation policies and procedures as well as coordination of operational UN system collaboration, especially at the field level and through the United Nations Development Group. Resources have been kept at the same level as in 2006–07.

Field programmes in Africa

363. The **Regional Office currently located in Addis Ababa** is responsible for regional management, supervision and administrative support for ILO offices in the region. ILO offices are located in Algiers, Antananarivo, Dar es Salaam, Abuja, Lusaka, Pretoria and Kinshasa.

364. There are six ILO subregional offices:

- the Subregional Office for West Africa, partially and temporarily relocated to Dakar, covers Benin, Burkina Faso, Côte d'Ivoire,

Ghana, Liberia, Niger, Nigeria, Sierra Leone and Togo;

- the Subregional Office for East Africa is located in Addis Ababa and covers Comoros, Djibouti, Ethiopia, Kenya, Madagascar, Mauritius, Seychelles, Somalia, United Republic of Tanzania and Uganda;
- the Subregional Office for North Africa is located in Cairo and covers Algeria, Egypt, Eritrea, Libyan Arab Jamahiriya, Morocco, Sudan and Tunisia;
- the Subregional Office for the Sahel Region is located in Dakar and covers Cape Verde, Gambia, Guinea, Guinea-Bissau, Mali, Mauritania and Senegal;
- the Subregional Office for Southern Africa is located in Harare and covers Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe;
- the Subregional Office for Central Africa is located in Yaoundé and covers Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda and Sao Tome and Principe.

365. Resources for the region have increased by 2.5 per cent, devoted essentially to increased Professional staff. Non-staff resources include resources earmarked for regional and subregional tripartite meetings on the follow-up to decisions of Regional Meetings, the Governing Body and the Conference, including promoting the ratification of the new Maritime Labour Convention, 2006. Also included are resources for fair globalization and to strengthen service to constituents within the context of Decent Work Country Programmes.

Field programmes in the Americas

366. The Regional Office in Lima is responsible for regional management, supervision and administrative support for ILO offices in the region. A group of regional specialists is located in the Regional Office in Lima.

367. ILO offices are located in Brasilia (Brazil), Buenos Aires (Argentina) and Mexico (Mexico and Cuba). The ILO Office in Washington serves as a liaison point for the United States.

368. There are four ILO subregional offices:

- the Subregional Office for the Caribbean is located in Port-of-Spain and covers Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, Netherlands Antilles, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the

Grenadines, Suriname, Trinidad and Tobago, and Turks and Caicos Islands;

- the Subregional Office for the South Cone of Latin America is located in Santiago and covers Chile, Paraguay and Uruguay;
- the Subregional Office for Central America is located in San José and covers Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and Panama;
- the Subregional Office for the Andean countries is located in Lima and covers Bolivia, Colombia, Ecuador, Peru and Venezuela.

369. The Inter-American Research and Documentation Centre on Vocational Training (CINTERFOR) in Montevideo (Uruguay), in cooperation with ILO subregional offices and ILO offices, develops and consolidates the network of vocational training institutions. It helps to advise constituents on vocational training policies and programmes.

370. Resources for the region have increased by 1.9 per cent. This has been used to increase Professional staff resources and non-staff resources. Non-staff resources include resources earmarked for regional and subregional tripartite meetings on the follow-up to decisions of Regional Meetings, the Governing Body and the Conference, including promoting the ratification of the new Maritime Labour Convention, 2006. Also included are resources for fair globalization and to strengthen service to constituents within the context of Decent Work Country Programmes.

Field programmes in the Arab States

371. The Regional Office in Beirut provides regional management and administrative support for the overall management of ILO activities in the region; financial management of the regional programme; regional monitoring of social and economic developments; the maintenance of relations with regional institutions; and information on ILO activities.

372. The Subregional Office in Beirut covers Bahrain, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, Yemen and the occupied Arab territories in Gaza and the West Bank.

373. The total level of resources for the region has been increased by 2.0 per cent. This has been mainly used to increase Professional staff. Non-staff resources include resources earmarked for regional and subregional tripartite meetings on the follow-up to decisions of Regional Meetings, the Governing Body and the Conference, including promoting the ratification of the new Maritime Labour Convention, 2006. Also included are resources for fair globalization and to strengthen

service to constituents within the context of Decent Work Country Programmes.

Field programmes in Asia and the Pacific

374. The Regional Office in Bangkok is responsible for regional management, supervision and administrative support for ILO offices in the region. The Regional Office covers Australia, New Zealand and Pakistan.

375. ILO offices are located in Beijing, Colombo, Dhaka, Hanoi, Islamabad, Jakarta, Kathmandu and Suva. The ILO Office in Tokyo serves as a liaison point for Japan.

376. There are three ILO subregional offices:

- the Subregional Office for East Asia is located in Bangkok and covers Brunei Darussalam, Cambodia, China, Democratic People's Republic of Korea, Republic of Korea, Lao People's Democratic Republic, Malaysia, Mongolia, Myanmar, Singapore, Thailand and Viet Nam;
- the Subregional Office for South-East Asia and the Pacific is located in Manila and covers Fiji, Indonesia, Kiribati, Papua New Guinea, Philippines, the Independent State of Samoa, the Solomon Islands, Timor Leste and the island countries of the South Pacific;
- the Subregional Office for South Asia is located in New Delhi and covers Afghanistan, Bangladesh, Bhutan, India, Islamic Republic of Iran, Maldives, Nepal and Sri Lanka.

377. Resources for the region have been increased by 2.0 per cent. This has been used to increase Professional, General Service and non-staff resources. Non-staff resources include resources earmarked for regional and subregional tripartite meetings on the follow-up to decisions of Regional Meetings, the Governing Body and the Conference, including promoting the ratification of the new Maritime Labour Convention, 2006. Also included are resources for fair globalization, to strengthen service to constituents within the context of Decent Work Country Programmes and to cover part of the cost of the ILO's presence in Myanmar.

Field programmes in Europe and Central Asia

378. The Regional Office in Geneva is responsible for the planning, coordination and implementation of ILO activities in the region and for relations with other institutions, particularly the EU, the Council of Europe and the UN Economic Commission for Europe. The Regional Office covers Western European countries which include Cyprus, Malta, Israel and Turkey.

379. ILO offices are located in Ankara, Berlin, Brussels (for the EU and the Benelux countries), Lisbon, Madrid, Paris and Rome. The United

Kingdom and Ireland are serviced by a Liaison Officer. There are also national correspondents in Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Kazakhstan, Kyrgyzstan, Republic of Moldova, Romania and Ukraine.

380. There are two ILO subregional offices:

- the Central and Eastern European Subregional Office is located in Budapest and covers Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, the UNMIK-administrated Kosovo, Latvia, Lithuania, The former Yugoslav Republic of Macedonia, Republic of Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine;
- the Eastern European and Central Asian Subregional Office is located in Moscow and covers Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan, Turkmenistan and Uzbekistan.

381. Resources for the region have been increased by 0.4 per cent. This has been used to increase Professional staff and non-staff resources. Non-staff resources include resources earmarked for regional and subregional tripartite meetings on the follow-up to decisions of Regional Meetings, the Governing Body and the Conference, including promoting the ratification of the new Maritime Labour Convention, 2006. Also included are resources for fair globalization and to strengthen service to constituents within the context of Decent Work Country Programmes.

Support services

382. Information Technology and Communications is responsible for the ILO information technology infrastructure including hardware, software and connectivity issues, application development consulting services, database administration, IT research and development activities, and IT standards, as well as for running the technical side of the IRIS. The 2006–07 budget level has been revised to reflect the transfer of the functional side of IRIS to the Bureau of Programming and Management. The level of resources has been decreased by 2.0 per cent.

383. Internal Administration has been reorganized and consists of three sections: Reception, Building Maintenance, and Communications and Files. The Bureau manages and administers property services, travel, transport and insurance services, and the management of contracted services, including security, catering and cleaning services. It also deals with issues related to equipment, furniture and supplies, telephone, facsimile and mail services, and the maintenance of the central filing and archives system. Procurement functions have been transferred from this Bureau and are now presented separately in the budget. In view of this, the 2006–07 budget level

has been revised. Resources are reduced by 0.6 per cent through the elimination of a General Service position.

384. Procurement is responsible for the administration of procurement procedures, the procurement of equipment and services, and the subcontracting and administration of office furniture and other stationery. It now reports directly to the Treasurer and Financial Comptroller. Resources have been reduced by 2.0 per cent. This has been mainly achieved through a reduction in Professional resources due to efficiencies gained through the reorganization of work.

Management services

385. General Management incorporates the executive management of the Office. Resources have been reduced in real terms by 2.0 per cent. Within this limit Professional resources have been increased and non-staff resources decreased.

386. Human Resources Development manages personnel planning and career development supports. It also administers personnel policies, rules and practices, as well as staff salaries, entitlements, benefits and health insurance. Resources have been reduced by 2.6 per cent, mainly through lower non-staff costs and reduced General Service work-years. Resources for the Mediator's Office and for the Joint Advisory Appeals Board are included under this programme without prejudice to the reporting arrangements that may be made.

387. Financial Services is responsible for ensuring that financial duties and obligations are carried out effectively and efficiently and are consistent with the Financial Regulations and Rules. Resources for this programme have been reduced in real terms by 2.9 per cent. This has been achieved by a decrease in Professional work-years, partially offset by an increase in non-staff costs.

388. Programming and Management provides the Governing Body and Conference with the analysis and proposals necessary to define the ILO's programme of work and to monitor its implementation. It advises on and supports the implementation of improvements in internal structures and management systems, including through integrated functional support of IRIS. The 2006–07 budget level has been revised to incorporate the transfer of resources from the Information, Technology and Communications Bureau related to functional support to IRIS and the transfer of non-staff resources. Resources for this programme have been reduced by 2.0 per cent. This has been achieved through the reduction of Professional resources.

389. Internal Audit and Oversight is responsible for the oversight function in accordance with article 30(d) of the Financial Regulations of the Organization. It reports directly to the Director-

General. Resources have been increased in real terms by 40.9 per cent to strengthen the oversight function. This includes additional Professional and General Service resources as well as non-staff resources.

390. In addition, provision has been made for the establishment of an **Independent Oversight Committee**, subject to decisions to be taken by the Governing Body at its 298th Session (March 2007). \$219,000 has been set aside to cover costs associated with the meetings of the Committee in the biennium.

391. Evaluation is responsible for providing independent, high-quality evaluation services to the ILO. Resources have increased by some \$712,100 in real terms to strengthen the evaluation functions of the Office as discussed at the Governing Body. This includes additional Professional and General Service resources as well as increased non-staff resources.

392. Management and Administration is the Office of the Executive Director for the Management and Administration Sector. This sector includes the Financial Services Department (FINANCE), the Bureau of Programming and Management (PROGRAM), the Human Resources Development Department (HRD), the Internal Administration Bureau (INTER) and the Information Technology and Communications Bureau (ITCOM). The Executive Director has responsibility for all the management and administrative services of the ILO. The level of the budget for 2006–07 has been revised to reflect the transfer of non-staff costs from the Programming and Management Bureau to the Office of the Executive Director. In support of the overall decrease in resources for the management services, resources were subsequently decreased by 0.5 per cent from non-staff costs.

Other budgetary provisions

393. This programme includes the budgetary provisions for contributions to various ILO funds and UN common system and inter-agency bodies, as well as provisions that do not appropriately fall elsewhere in the programme and budget.

394. Loan annuities in the ILO building: Provision is made for the payment of two annuities of 3,702,300 Swiss francs in 2008 and 2009 (equivalent of \$5,923,677 for the biennium) for the loan from the Swiss Property Foundation for the International Organizations (FIPOI) in connection with the ILO headquarters building. The loan will be fully repaid by the year 2025.

395. ILO Staff Pensions Fund: Although the provision remains at the same level in real terms, as a result of the decreasing number of the Fund's pensioners, a cost reduction of some \$152,000 has been provided for in 2008–09.

396. Special Payments Fund: The purpose of this Fund is to make periodic ex gratia payments

to former officials or their spouses in accordance with criteria approved by the Governing Body. The regular budget contribution to the Fund of 200,000 Swiss francs is maintained at the same level as in the previous biennium.

397. Staff Health Insurance Fund (SHIF): Contribution for the insurance of retired officials: This provision, which amounts to some \$18.8 million, covers the ILO's contribution to SHIF in respect of the insurance of retired officials, invalidity pensioners, surviving spouses and orphans. In 2006–07 a general provision of \$5 million was made to partially address the deteriorating financial situation of SHIF. Some \$1.7 million of this increase related to staff costs and is being incorporated in the appropriate category of expenditure through the provision for cost increases. The amount proposed for 2008–09 for the retired officials in real terms is at the same level as in the previous biennium. Paragraphs 467–477 of Information annex 2 describe measures required to address the increased costs of SHIF operations.

398. Contribution to the Building and Accommodation Fund: The regular budget provision under this heading is 370,000 Swiss francs per biennium (some \$299,371) which is at the same level in real terms as the previous biennium. Under Part IV of these proposals, Institutional investments and extraordinary items, a provision of \$2 million has been made to move the level of regular financing of the Fund towards a more realistic level.

399. Contribution to various UN common system bodies and inter-agency committees: The contributions to the various UN common system bodies and inter-agency committees are as follows:

- Joint Inspection Unit (\$345,347)
- CEB (\$303,408) in respect of:
 - High-Level Committee on Management (\$270,544)
 - High-Level Committee on Programme (\$32,864)
- ICSC (\$785,739)
- United Nations System Staff College (\$52,125)
- Salary Survey Activities (\$157,668).

400. The total provision of some \$1.64 million covers ILO contributions to these UN common system entities and remains at the same level in real terms as that for 2006–07.

401. Health Services Unit: As jointly agreed by the participating organizations, the Joint Medical Service (JMS) was disbanded at the end of 2005 with the individual medical units absorbed within each organization. The 2006–07 budget proposed the use of the provision for the ILO's contribution to the JMS to establish an Occupational Safety and Health Unit as an integral part of the Office, incorporating the existing functions of the current Health Services Unit, with the staffing and func-

tioning of the Unit to be funded from the budget previously provided for the JMS of \$1,540,431. The same amount in real terms is provided for as in the previous biennium.

402. External audit costs: The provision under this heading amounting to \$703,926 includes the cost of the audit of all the funds for which the Director-General has custody (regular budget, UNDP, trust funds, extra-budgetary accounts and all other special accounts) and remains the same in real terms as in the previous biennium.

403. Administrative Tribunal: The resources under this heading provide for the Registrar of the Administrative Tribunal, part-time secretarial support and a share of other operating costs. Other operating costs consist of the costs of the Assistant Registrar, clerical assistance, mission credits, translation work, the maintenance of the computer database of the Tribunal's case law, and the judges' fees and travel expenses, which are apportioned on the basis of the proportion of ILO staff to the total number of staff of organizations which have accepted the jurisdiction of the Tribunal, and the number of cases involving the ILO to the total number of cases brought before the Tribunal during the biennium. The amount provided remains the same in real terms as in the previous biennium.

404. Staff representation: In accordance with article 10.1 of the Staff Regulations, members of the Staff Union Committee are allowed time off for the purpose of representing the staff of the Office on questions of conditions of work and terms of employment. As in previous biennia, a provision of 4/00 Professional and 1/00 General Service work-years is proposed to partially finance replacements in those units in which members of the Staff Union Committee normally work. A further 2/00 General Service work-years provides for a secretary for the Staff Union. The total provision for staff representation amounts to some \$1,060,000.

405. Childcare facilities: A real increase of 161,000 Swiss francs has been proposed to cover the subsidy of additional childcare places in the local crèche for staff and constituents. The total provision now amounts to 431,000 Swiss francs (some \$345,000).

406. Unpaid liabilities: The amount of \$2,000 provides for the payment in 2008–09 of such transactions in respect of previous years as would not be appropriate to pay from any other item of the budget. This provision is required by article 17 of the Financial Regulations.

Part II: Unforeseen expenditure

407. Provision is made under this item for unforeseen and extraordinary expenses, i.e. those which may arise when, as a result of Governing

Body decisions taken after the adoption of the budget, or for any other reason, an approved budget credit is no longer sufficient for the purpose envisaged; or when the Governing Body approves an item of work or an activity for which no provision has been made in the budget.

408. In accordance with article 15 of the Financial Regulations, no part of the resources provided under this item may be used for any other purpose without the specific prior authorization of the Governing Body.

409. The total supplementary expenditure authorizations approved by the Governing Body in respect of recent financial periods have been as follows:

Financial period	US\$
1996–97	438 900
1998–99	8 682 250
2000–01	2 550 600
2002–03	3 520 000
2004–05	1 473 500

410. Normally, these authorizations have been provided in the first instance for financing to the extent possible out of budgetary savings; failing this, out of the credit under this item; and after exhaustion of this credit, by a withdrawal from the Working Capital Fund.

411. The Governing Body at its 221st Session (November 1982) supported the Director-General's proposal that the provision under this item should be set at a more realistic level. The Director-General had proposed an increase to this provision in 2006–07 but this was revised to its original level because of the prevailing climate of financial constraints. The Director-General, while conscious of the need to maintain this provision in reasonable proportion to the size of the budget, proposes to keep it at the 2006–07 level, i.e. \$875,000.

Part III: Working Capital Fund

412. The Working Capital Fund is established for the following purposes, as defined in article 19(1) of the Financial Regulations:

- (a) to finance budgetary expenditure pending receipt of contributions or other income; and
- (b) in exceptional circumstances and subject to prior authorization of the Governing Body, to provide advances to meet contingencies and emergencies.

413. Level of the Working Capital Fund: The level of the Working Capital Fund was set at 35 million Swiss francs on 1 January 1993 by the

International Labour Conference at its 80th Session (June 1993).

414. Refund of withdrawals: Under the provisions of article 21.2 of the Financial Regulations, any withdrawals from the Working Capital Fund to finance budgetary expenditure pending the receipt of contributions shall be reimbursed from arrears of contributions received. However, where the withdrawal was used to finance expenditure incurred in respect of contingencies or emergencies under prior authorization of the Governing Body, it shall be reimbursed from an additional assessment on member States. It is expected that no provision will be necessary under this part of the budget in 2008–09.

Part IV: Institutional investments and extraordinary items

415. Provision is made under this item to cover institutional investments under security, accommodation, information and communication technology, and two new extraordinary items, follow-up to the 94th (Maritime) Session of the International Labour Conference and the International Public Sector Accounting Standards (IPSAS), for which resources are not provided under Part I of the budget.

416. Security: In continuing the Governing Body's commitment to ensuring that the overall level of security needs is appropriately addressed, \$2.7 million have been provided to cover security costs associated with: supplies and materials to ensure Minimum Operating Security Standards (MOSS) and Minimum Operating Residential Security Standards (MORSS) compliance, the security coordinator position at headquarters, the ILO's contribution to the Office of the United Nations Security Coordinator (UNSECOORD) (\$900,000) and MOSS-related training.

417. Accommodation: A provision of \$2 million is proposed to establish a more realistic level of funding for the Building and Accommodation Fund in order that future needs of the Office relating to ILO premises can be met.

418. Information and communication technology: Provision is made to cover the replacement of servers (\$50,000), network cabling (\$50,000), telephone system upgrades (\$100,000), provision for the deployment of the Electronic Document Management System (EDMS) for headquarters and the field (\$320,000) and provision for IT investments and systems upgrades. It should be noted that these resources are insufficient to fund future ICT needs. Resources have been reduced by 28.3 per cent as compared to 2006–07 levels.

419. Follow-up to the Maritime Session of the Conference: In addition to the provision made under the regions, \$300,000 is set aside for the

promotion of the Maritime Labour Convention, 2006.

420. *IPSAS:* In approving the adoption of the IPSAS at its 297th Session (November 2006), the Governing Body was advised of the estimated

costs to be incurred in 2006–07 as well as 2008–09. An amount of \$190,000 will be required to cover consultancy and other costs related to the implementation of IPSAS during the biennium.

Details of cost increases

	2006-07	2008-09	Programme increases		Cost increases		2008-09	% of total
		estimates in constant	(decreases)		(decreases)			budget
		2006-07 US\$						
	\$	\$	\$	%	\$	%	\$	%
PART I. ORDINARY BUDGET								
Policy-making organs	67 267 536	66 606 942	-660 594	-1.0%	4 515 394	6.8%	71 122 336	11.1%
International Labour Conference	11 432 893	11 132 893	-300 000	-2.6%	927 059	8.3%	12 059 952	
Governing Body	4 879 681	4 879 681	0	0.0%	323 065	6.6%	5 202 746	
Major Regional Meetings	844 309	615 467	-228 842	-27.1%	180 362	29.3%	795 829	
Legal Services	2 906 742	3 074 990	168 248	5.8%	176 222	5.7%	3 251 212	
Relations, Meetings and Document Services	47 203 911	46 903 911	-300 000	-0.6%	2 908 686	6.2%	49 812 597	
Strategic objectives	440 269 427	440 757 094	487 667	0.1%	31 180 095	7.1%	471 937 189	74.0%
Technical programmes	204 961 629	202 763 116	-2 198 513	-1.1%	12 331 863	6.1%	215 094 979	33.7%
Standards and fundamental principles and rights at work	31 242 645	30 707 670	-534 975	-1.7%	1 943 085	6.3%	32 650 755	
Employment	40 994 967	40 070 346	-924 621	-2.3%	2 557 324	6.4%	42 627 670	
Social protection	29 423 826	28 708 798	-715 028	-2.4%	1 779 616	6.2%	30 488 414	
Social dialogue	45 412 786	44 680 104	-732 682	-1.6%	2 726 880	6.1%	47 406 984	
Cross-cutting programmes								
Communications and public information	22 143 854	21 813 002	-330 852	-1.5%	1 383 435	6.3%	23 196 437	
External relations and partnerships	5 511 764	5 873 857	362 093	6.6%	411 799	7.0%	6 285 656	
Support to UN reform and inter-agency programmes	0	2 500 988	2 500 988	n/a	140 312	5.6%	2 641 300	
Gender equality	2 484 948	2 484 948	0	0.0%	152 355	6.1%	2 637 303	
ILO contribution to fair globalization	945 594	0	-945 594	-100.0%	0	0.0%	0	
International Institute for Labour Studies	5 065 714	4 913 743	-151 971	-3.0%	161 281	3.3%	5 075 024	
International Training Centre of the ILO, Turin	6 085 751	6 085 751	0	0.0%	183 790	3.0%	6 269 541	
Policy integration	6 801 673	6 212 058	-589 615	-8.7%	377 367	6.1%	6 589 425	
Statistics	7 188 154	7 551 898	363 744	5.1%	459 395	6.1%	8 011 293	

	2006-07	2008-09	Programme increases		Cost increases		2008-09	% of total
		estimates in constant	(decreases)		(decreases)			budget
		2006-07 US\$						
	\$	\$	\$	%	\$	%	\$	%
Technical Meetings Reserve	1 659 953	1 159 953	-500 000	-30.1%	55 224	4.8%	1 215 177	
Regions and technical cooperation	174 506 392	177 888 283	3 381 891	1.9%	15 442 014	8.7%	193 330 297	30.3%
Partnerships and development cooperation	2 765 151	2 765 151	0	0.0%	155 313	5.6%	2 920 464	
Field programmes in Africa	52 978 706	54 301 670	1 322 964	2.5%	4 523 698	8.3%	58 825 368	
Field programmes in the Americas	43 547 675	44 384 990	837 315	1.9%	4 176 628	9.4%	48 561 618	
Field programmes in the Arab States	10 659 457	10 870 897	211 440	2.0%	775 598	7.1%	11 646 495	
Field programmes in Asia and the Pacific	46 991 671	47 928 203	936 532	2.0%	4 744 799	9.9%	52 673 002	
Field programmes in Europe and Central Asia	17 563 732	17 637 372	73 640	0.4%	1 065 978	6.0%	18 703 350	
Support services	60 801 406	60 105 695	-695 711	-1.1%	3 406 218	5.7%	63 511 913	10.0%
Information Technology and Communications	21 578 636	21 147 063	-431 573	-2.0%	1 415 550	6.7%	22 562 613	
Internal Administration	36 940 670	36 722 174	-218 496	-0.6%	1 852 442	5.0%	38 574 616	
Procurement	2 282 100	2 236 458	-45 642	-2.0%	138 226	6.2%	2 374 684	
Management services	50 717 304	49 474 015	-1 243 289	-2.5%	2 988 212	6.0%	52 462 227	8.2%
General management	7 839 647	7 682 854	-156 793	-2.0%	480 010	6.2%	8 162 864	
Human Resources Development	20 229 642	19 710 049	-519 593	-2.6%	1 135 832	5.8%	20 845 881	
Financial Services	13 800 157	13 393 154	-407 003	-2.9%	814 341	6.1%	14 207 495	
Programming and Management	7 721 393	7 566 965	-154 428	-2.0%	468 254	6.2%	8 035 219	
Executive Director's Office, Management and Administration	1 126 465	1 120 993	-5 472	-0.5%	89 775	8.0%	1 210 768	
Oversight and evaluation	2 343 551	3 849 767	1 506 216	64.3%	215 793	5.6%	4 065 560	0.6%
Internal Audit and Oversight	1 406 341	1 981 420	575 079	40.9%	127 585	6.4%	2 109 005	
Independent Oversight Advisory Committee	0	219 000	219 000	n/a	8 078	3.7%	227 078	
Evaluation	937 210	1 649 347	712 137	76.0%	80 130	4.9%	1 729 477	
Other budgetary provisions	31 708 184	31 837 184	129 000	0.4%	5 164 023	16.2%	37 001 207	5.8%
Adjustment for staff turnover	-5 052 727	-5 052 727	0	0.0%	-328 206	6.5%	-5 380 933	-0.8%
TOTAL PART I.	587 253 275	587 472 275	219 000	0.0%	43 735 311	7.4%	631 207 586	98.9%

	2006-07	2008-09	Programme increases		Cost increases		2008-09	% of total
		estimates in constant	(decreases)		(decreases)			budget
		2006-07 US\$						
	\$	\$	\$	%	\$	%	\$	%
PART II. UNFORESEEN EXPENDITURE								
Unforeseen expenditure	875 000	875 000	0	0.0%	0	0.0%	875 000	0.1%
PART III. WORKING CAPITAL FUND								
Working Capital Fund	-	-	-	-	-	-	-	-
TOTAL (PARTS I-III)	588 128 275	588 347 275	219 000	0.0%	43 735 311	7.4%	632 082 586	99.0%
PART IV. INSTITUTIONAL INVESTMENTS AND EXTRAORDINARY ITEMS								
Security	2 791 087	2 700 000	-91 087	-3.3%	85 549	3.2%	2 785 549	
Accommodation	643 200	2 000 000	1 356 800	210.9%	0	0.0%	2 000 000	
Information and communication technology	1 077 440	772 725	-304 715	-28.3%	33 696	4.4%	806 421	
Follow-up to the Maritime Session of the Conference	1 669 998	300 000	-1 369 998	-82.0%	21 017	7.0%	321 017	
IPSAS	0	190 000	190 000	n/a	12 610	6.6%	202 610	
TOTAL PART IV.	6 181 725	5 962 725	-219 000	-3.5%	152 872	2.6%	6 115 597	1.0%
TOTAL (PARTS I-IV)	594 310 000	594 310 000	0	0.0%	43 888 183	7.4%	638 198 183	100.0%

Methodology

421. The strategic and operational budget proposals are initially developed at constant cost rates, to allow comparability of the approved 2006–07 budget with the budget proposed for 2008–09. This Information annex provides details on the methodology used for calculating the cost increases for 2008–09 and the amounts proposed.

Basis for calculation of cost increases

422. The estimated changes in costs are developed from detailed calculations of each component of staff and non-staff expenditure, and any projected percentage increases are applied to the 2008–09 budget at constant 2006–07 cost rates for the corresponding object of expenditure. The amounts projected make extensive use of verifiable and independent forecast data on consumer price indices to the extent available and published data of authoritative bodies such as the ICSC, the IMF and central banks. Specific consideration is given to input costs and trends in decentralized locations, as inflation varies significantly between and within regions where the ILO operates.

423. Standard costs are used for all Professional staff, regardless of location of assignment, and for General Service staff in Geneva. The standard costs are composed of a number of elements that reflect cost of living, conditions of service, places of recruitment and assignment of staff, as reflected in the salaries and allowances. Increases in standard cost elements are based on the latest salary-related policies and decisions approved by the UN General Assembly under the recommendation of the ICSC for general application throughout the UN common system. As the ILO participates in the UN common system of salaries and allowances, the Office has an obligation to apply these statutory increases.

424. For Geneva-based non-staff costs, increases are based on inflation for Switzerland as forecasted by the major financial institutions in Switzerland and cost trends and projections by major providers of services in Geneva.

425. For the field-based portions of the budget, the most recent local salary scales have been used to which have been applied inflation forecasts as published in independent sources such as the latest *World Economic Outlook* of the IMF for the different countries in which the offices are located. As available inflation forecasts rarely go beyond two years in advance, these forecasts are extrapolated for the 2008–09 biennium. The rates are adjusted to reflect the impact of exchange rate movements since the establishment of the previous budget.

426. In approving successive programme and budgets, the International Labour Conference has

recognized the need to incorporate increases to the constant US dollar budget to ensure funding is available to maintain the desired level of service to constituents. Table A2-1 provides a summary of the amount of approved cost increases and the corresponding percentages for prior biennia.

Table A2-1. Historical cost increases

Biennium	Biennial % increase	US\$
1992–93	13.62	44 853 593
1994–95	9.99	40 521 000
1996–97	6.26	29 192 345
1998–99	1.95	10 682 428
2000–01	-0.16	-785 000
2002–03	1.51	7 022 705
2004–05	3.22	13 980 730
2006–07	6.22	33 293 300

Inter-agency coordination regarding the calculation of cost increases in Geneva-based portions of the budget

427. For a number of biennia the ILO has used assumptions agreed upon in common with other organizations of the UN system having headquarters or major offices in Geneva as a basis for the calculation of cost increases in the Geneva-based portion of its budget.

428. In continuing this established practice, endorsed by the United Nations System Chief Executives Board for Coordination (CEB) – formerly the Administrative Committee on Coordination (ACC), representatives of these organizations met in October 2006 and considered rates of exchange and inflation to be assumed for that part of their proposed expenditure budgets for 2008–09 which would be incurred in Switzerland.

429. The main conclusions of the inter-agency coordination meeting are summarized below. Unless otherwise noted, the commonly agreed assumptions have been used to calculate cost increases in 2008–09 as regards expenditure to be incurred in Switzerland.

Staff costs

430. Professional and higher categories: The General Assembly approved the recommendation of the ICSC that the base/floor salaries for staff in the Professional and higher categories should be increased by 4.57 per cent with effect from 1 January 2007 on a “no loss/no gain” basis to reflect the relative movement over two years (2006 and 2007) of net salaries in the comparator scales.

431. General Service salaries: The next salary survey for Geneva will take place between March

and April 2007; there was no common position on anticipated increases for the next budget period.

432. *Contributions to the United Nations Joint Staff Pension Fund:* The Pension Board has not recommended any change to the total rate of contribution to the United Nations Joint Staff Pension Fund, nor to the share financed by member organizations. The meeting agreed to assume that the status quo with regard to the rate would continue throughout the 2008–09 biennium.

433. Pensionable remuneration of the Professional and higher categories increased in September 2006 by 2.14 per cent and will continue to increase annually to the extent of changes in the total net remuneration (i.e. net base salary and post adjustment).

434. For staff in the General Service category, pensionable remuneration remains the dollar equivalent of the sum of the local gross salary, any language allowance and any non-resident's allowance payable. Any change in the Swiss franc–US dollar rate of exchange would impact the dollar costs of organizations' contributions.

435. *Other common staff costs:* The General Assembly approved the recommendations of the ICSC for a decrease in dependency allowances for staff who become eligible to receive the allowances after 1 January 2007, with no increases for staff currently eligible to receive the allowance. Increases in education grant level for expenses incurred in some designated countries/currency areas were approved with effect from 1 January 2007.

Non-staff costs

436. Rates of inflation in Switzerland and other cost increases: A common set of assumptions could be agreed upon with regard to the evolution of economic factors in Switzerland in the period considered, including the overall rate of inflation, based on a review of official statistics, statements of competent authorities, the views of reputable economic analysts and information gathered from professional associations and other appropriate sources. The inter-agency coordination meeting noted that in some cases these data suggested rates of inflation for individual types of expenditure that differed from the overall rate assumed. The meeting also cautioned that since for a variety of reasons, the estimates for the preceding period embodied different assumptions on cost levels, each organization would need to decide on the adjustments required in its 2006 and 2007 estimates in order to provide an adequate cost base in budgeting for the economic conditions jointly assumed for 2008 and 2009, and the assumptions should be subject to review by individual organizations on the basis of any further information that became available at a later stage.

437. General rate of inflation: The official Swiss consumer price index had shown a year-on-year

increase of 0.8 per cent in 2004 and an increase of 1.2 per cent in 2005. While the average increase from January to September 2006 was 1.3 per cent, participants concluded that a 1.5 per cent general rate of inflation could be used for 2008 and 2009.

438. Contractual services: Except for the cost of paper, which is estimated to increase at a rate of 1.2 per cent per annum, it was agreed that increases for contractual services incurred in Switzerland (including printing and binding, contractual maintenance of premises and equipment) were expected to increase at the annual rate of inflation assumed above.

439. General operating expenses:

- *Fuel oil:* It was difficult to estimate the evolution of fuel prices in the light of recent major increases in crude oil costs. It was agreed that organizations should take into account the latest price levels in effect at the time of the completion of their proposed budgets and assume a general inflation rate thereafter.

- *Other utilities:* As a result of expected higher taxes on water rates by local authorities, water rates are expected to increase by 3 per cent in 2007. For electricity, it was anticipated that prices would not increase from the present levels in 2007 although this could change based on decisions of the local authorities and possible liberalization of the market.

- *Communications (telephone, telex and facsimile services):* Based on historical data, telephone charges were stable from 2004 to 2006 and therefore no significant changes are expected between 2007 and 2009.

- *Post:* Mail, courier and diplomatic pouch service costs are expected to increase at annual rates of 11.4, 5.0 and 2.5 per cent respectively between 2007 and 2009.

440. Supplies and materials: Based on recent market developments, the price of paper is expected to increase at a rate of 1.2 per cent per annum. The cost of other supplies was expected to increase at around the general rate of inflation.

441. Acquisition of furniture and equipment: The price decreases for office automation equipment (hardware and software) are expected to continue, but at a reduced rate. However, the need to replace the old equipment by more sophisticated equipment, which is more expensive, and the purchase of new software packages, were expected to completely offset the anticipated savings. For furniture and other equipment, an overall increase of some 5 per cent is foreseen for 2007.

Cost increases for 2008–09

442. The most recent inflation forecasts for Geneva for 2007 are as high as 1.3 per cent, and

for 2008 the forecasted rate is 1.0 per cent. For the purpose of this budget, a rate of 1.0 per cent has been assumed for 2007 and 2008. The general rate of inflation agreed by the Geneva-based UN organizations has been assumed for 2009. For certain programmes involving specific types of expenditure, it is not realistic to use the average rates of cost increases. Where special consideration has been given, this is explicitly reported below.

443. As stated above, the principal source of inflation estimates for field locations is IMF data. For these locations, the latest 2006 costs are increased for estimated inflation in 2007, 2008 and 2009, and take account of changes in the rate of exchange between the local currency and the dollar and the Swiss franc (where for budgeting purposes the local currency is assimilated to the Swiss franc). The annual rates of cost increase vary considerably between and within regions.

Table A2-2 shows the projected average annual rate for each region, in dollar terms.

Table A2-2. Projected average annual rate by region

Region	Annual % increase
Africa	5.9
The Americas	5.6
The Arab States	3.0
Asia and the Pacific	4.9
Europe	4.7

444. Table A2-3 summarizes the proposed cost increases for 2008–09 by object of expenditure. The total provision for cost increases amounts to US\$43.89 million, or 7.4 per cent over the biennium.

Table A2-3. Cost increases by object of expenditure (US\$)

Object of expenditure	Budget proposals (in constant US\$)	Cost increases	Biennial % increase
Staff costs	411 603 420	29 923 203	7.3 ⁽¹⁾
Travel on official business	13 914 899	160 946	1.2
Contractual services	31 678 217	2 079 233	6.6
General operating expenses	40 188 536	3 034 691	7.6
Supplies and materials	4 715 801	262 224	5.6
Furniture and equipment	4 077 599	126 874	3.1
Loan amortization for headquarters building	5 923 677	0	0
Fellowships, grants and RBTC	57 811 117	3 525 583	6.1
Other costs	5 609 487	-50 423	-0.9
Subtotal	575 522 753	39 062 331	6.8
Staff Health Insurance Fund	18 787 247	4 825 852	25.7 ⁽¹⁾
Total	594 310 000	43 888 183	7.4

¹ As described in paragraphs 445 and 468, the cost increases for staff costs includes a transfer of \$1.7 million relating to 2006–07 which was previously included under the Staff Health Insurance Fund (SHIF). The net cost increase for 2008–09 is therefore 6.85 per cent.

Staff costs

445. Staff costs account for some 69 per cent of the overall expenditure budget; the related cost increase of \$29.9 million (7.3 per cent) constitutes the largest change in absolute terms. The staff cost increases for 2008–09 reflect the full biennial effect of cost adjustments that have already occurred at this stage in the current biennium. Also included is a transfer of \$1.7 million relating to 2006–07 for increased contributions to SHIF. This increase was approved in the previous budget but reported under other expenditure.

446. Staff costs comprise:

- all Professional staff costs, and General Service staff at headquarters, which are budgeted at standard cost and are more fully described below;
- interpreters, committee secretaries and short-term Conference staff, where the proposed provision for cost increase is in line with that provided for Professional and General Service staff at headquarters and agreements with the International Association of Conference Interpreters; and
- locally recruited staff, where the provision corresponds to the projected average annual rate for each office and region as tabulated above.

Staff calculated at standard costs

447. Separate standard costs are used for all Professional staff, regardless of location of assignment, and General Service staff in Geneva. The 2008–09 standard costs are an extrapolation of actual costs in 2006 with appropriate allowances for expected trends of inflation, changes in staff entitlements, and the movement and overall composition of staff. Cost increases are provided to cover an increase in the standard cost for one Professional staff work-year from \$181,872 to \$194,184. The standard cost for one General Service staff work-year at headquarters has increased from \$109,248 to \$115,656.

448. Although these standard cost rates have been reflected in the provision for cost increases, the standard costs per work-year used in the estimates in the budget tables in Information annex 1 are those for 2006–07, as the proposals are presented in 2006–07 constant dollars. When the budget is adopted by the Conference in June, the budget tables will be restated to reflect staff costs including the estimated cost increases and the impact of the new budget rate of exchange for the 2008–09 biennium.

449. Professional category: The projected cost of Professional staff includes an adjustment for increase in base/floor salary of 4.57 per cent as approved by the UN General Assembly in December 2006. This increase was offset by a corresponding decrease in post adjustment rates. Other elements of the standard cost that are dependent upon base salary (e.g. pensionable remuneration, contribution to health insurance and the contribution to the terminal benefits fund) have been revised accordingly. Increases in base salary resulting from statutory entitlements relating to length of service have been applied.

450. Changes in the post adjustment indices arise from exchange rate fluctuations and movements in the cost of living as determined by the ICSC in New York. As the budget is set at a fixed Swiss franc–US dollar budget rate of exchange, and the current proposals are established at the existing budget rate of exchange, there are no changes in Geneva post adjustment arising from this factor. However, there were two statutory increases in the Geneva post adjustment index in August 2005 and April 2006 for cost of living, both of which significantly exceeded provisions made in the 2006–07 budget (13.4 per cent and 3.0 per

cent compared with budget estimates of 2.5 per cent and 2.6 per cent respectively).

451. Post adjustment rates in field locations are determined by the ICSC and reflect the relevant cost of living and the relationship between the local currency and the dollar. The weakening of the dollar has led to an unanticipated average increase of some 29.0 per cent for this element beyond the provision made in the 2006–07 budget.

452. The Pension Board has not recommended any change to the total rate of contribution to the United Nations Joint Staff Pension Fund or to the share financed by member organizations. It is assumed that the status quo with regard to the rate will continue throughout the 2008–09 biennium. However, pensionable remuneration of the Professional and higher categories as determined by the United Nations Joint Staff Pension Board continues to increase at higher rates than those contained in the previous programme and budget. The increase promulgated by the United Nations Joint Staff Pension Fund in September 2006 was 2.14 per cent. Annual increments linked to forecasted New York inflation have been provided for in the 2008–09 estimates.

453. The analysis of demographic data has shown a decrease in the number of eligible dependents, which has resulted in a decrease in the number of claimants for this statutory entitlement.

454. General Service category: The next comprehensive salary survey of the Geneva duty station is not foreseen before May 2007. Therefore estimates for Geneva inflation as indicated in paragraph 442 have been included in the salary projection for General Service staff. As most officials in this category are locally engaged, a lower provision has been made to cover expatriate benefits due to non-local staff, such as home leave.

455. Pensionable remuneration for staff in the General Service category is the dollar equivalent of the sum of the local gross salary, any language allowance and any non-resident's allowance payable.

456. Table A2-4 shows the composition of the standard costs, with comparative figures for 2006–07. The Swiss franc component of the standard cost elements of the Professional category is based on an exchange rate of 1.25 Swiss francs to the US dollar. The standard cost elements of the General Service category are in Swiss francs.

Table A2-4. Composition of standard costs, 2006–07 and 2008–09

Staff category	2006–07 budget in US\$ at the rate of CHF1.25	2008–09 budget in US\$ at the rate of CHF1.25
Professional category		
Base salaries	84 337	86 592
Post adjustment	40 393	48 780
Dependency allowances	2 672	2 412
ILO contribution to the Pension Fund	28 011	28 680
ILO contribution to staff health and other insurances	3 964	4 896
Education grants and scholastic travel	6 611	7 224
Relocation travel and allowances and terminal payments	15 884	15 600
Total	181 872	194 184
	2006–07 budget (CHF)	2008–09 budget (CHF)
General Service category		
Base salaries	102 001	107 472
Dependency allowances	7 917	7 932
ILO contribution to the Pension Fund	20 300	21 564
ILO contribution to staff health and other insurances	3 289	4 008
Education grants and scholastic travel	1 338	1 404
Relocation travel and allowances and terminal payments	1 715	2 196
Total	136 560	144 576
	\$109,248 at CHF1.25 to the US\$	\$115,656 at CHF1.25 to the US\$

Non-staff costs

Travel on official business

457. No inflation has been provided on ticket costs; this reflects the expected greater use of lower cost travel options. Increases have been provided for subsistence allowances to reflect real increases in daily subsistence allowance rates in the different locations in which the ILO operates. The projected cost increases relate only to travel of members of the Governing Body, the Committee of Experts on the Application of Conventions and Recommendations, and participants in sectoral and technical meetings. No cost increase has been provided for mission travel by ILO officials.

Contractual services

458. Cost increases for external collaboration contracts are based on the percentage increase for Professional staff at 4.0 per cent per annum. External printing and binding contracts are forecast to increase at the same rate as for paper i.e. some 1.9 per cent. The annual rate of inflation has been assumed for other categories of contractual services in field locations.

General operating expenses

459. Fuel oil: Crude oil prices have risen significantly in recent times above the 4.5 per cent used in the estimates for the 2006–07 budget. A real price increase in fuel oil of some 16 per cent was experienced in early 2006 although this has now partially abated. The IMF forecasts price increases of 8.3 per cent for 2007. Based on these historical trends, and the uncertainty of this key commodity, an annual inflation rate of 10 per cent over the 2006–07 level has been assumed.

460. Other utilities: In the absence of more precise information beyond 2007, it is assumed that water and electricity rates will increase at the general rate of inflation.

461. Communications: No cost increases have been provided for this category of expenditure. Reduced unit charges have been offset by increased demands and use of mobile connectivity for voice and data communications.

462. Rent: Provisions have been made to cover contractual increases for rent and increased costs following relocations for security reasons. Owing to the global security situation, further increases in insurance premiums are expected.

Supplies, materials, furniture and equipment

463. Paper and printing supplies, periodicals, journals, etc.: Based on industry forecasts, pulp prices are expected to increase by between 3 and 6 per cent per annum and increases for paper are expected to range from 2.0 to 11.7 per cent depending on the paper type. Overall cost increases of 1.9 per cent per annum have been applied for paper and stationery supplies. The cost of library materials, in particular periodicals, continues to increase at rates significantly higher than general inflation. Books, periodicals and other subscriptions have been increased by an annual average of 8.5 per cent.

464. Acquisition of furniture and equipment: In line with current price trends, no increases have been provided for data processing equipment. Cost increases for acquisition of furniture and other equipment have been assumed at location annual rates of inflation.

Fellowships, grants and the regular budget for technical cooperation

465. A cost increase of 5.3 per cent per annum in dollar terms has been applied to regular budget for technical cooperation (RBTC) field projects. RBTC activities have both field and headquarters components resulting in forecasted cost increases based on location. Cost increases of 2.1 per cent per annum in dollar terms have been provided for the contribution to the International Training Centre of the ILO, Turin, reflecting forecast inflation in Italy, and 5.1 per cent per annum local inflation in Uruguay to cover the non-staff components of the contribution to the Inter-American Research and Documentation Centre on Vocational Training (CINTERFOR). As training costs comprise mainly travel, consultancy and printing elements, the inflation rates relating to each of these components have been applied in determining the level of the cost increase for this item.

Other expenditure

466. This is composed of joint administrative activities within the UN system (e.g. ICSC, High-Level Committee on Management, UN Joint Inspection Unit, etc.). The budget estimates for these bodies have been used as a basis where available, with cost increases being based on the general rate of assumed inflation in the location of the various bodies (1.5 per cent for Geneva and 2.0 per cent for New York). In addition, minor modifications have occurred in the apportionment of the costs between participating agencies. Also, a specific amount of some \$500,000 has been provided to cover the increased cost of the ILO's contribution towards SHIF for retired officials due

to increasing number of retirees and local inflation.

Staff health insurance

467. A general provision of \$6 million has been made to cover an expected increase in the Organization's share of the cost of providing health care to serving and retired officials. Although a portion of this increase will be eventually attributed to staff costs, until the final proposal is approved by the International Labour Conference, for the sake of presentation, the total provision is temporarily included under other budgetary provisions.

468. It is recalled that, in June 2005, the 93rd Session of the International Labour Conference, in adopting the Programme and Budget for 2006–07, approved a \$5 million general provision to cover an immediate injection of funds as a measure to restore SHIF's financial equilibrium. This increase came after a 15-year period during which contribution rates had remained unchanged. Of this increase, some \$1.7 million related to staff costs and has now been correctly incorporated under this category. As was advised at the time, the \$5 million general provision was significantly lower than the increase required to ensure SHIF's longer term financial equilibrium according to 2004 actuarial projections, which placed the necessary increase to contribution rates at some 50 per cent. However, the SHIF Management Committee took a phased approach in recognition of the ILO's budgetary constraints which precluded implementation of full remedial measures over a single biennium. The proposed increase of \$6 million would bring the total increase to 39.3 per cent, a figure still significantly lower than the 2004 actuarial recommendation.

469. SHIF's solvency is maintained through a Guarantee Fund, whose year-end amount must be at least one-sixth of the total benefits paid over the last three-year period. The increased rate of contributions during 2006–07, combined with Guarantee Fund investment gains, is expected to enable SHIF to keep the Guarantee Fund above the prescribed minimum.

470. However, SHIF's operating results have been consistently weak since 2000, and operating deficits were recorded from 2003 through 2005. Total benefits paid in 2005 amounted to \$36.3 million, thus exceeding 2005 contributions of \$31.8 million by \$4.5 million. To pay claims, SHIF began liquidating Guarantee Fund assets in 2004 and continued doing so in 2005. As at 31 December 2005, the Guarantee Fund balance stood at \$28.7 million, versus a statutory minimum of \$17.2 million.

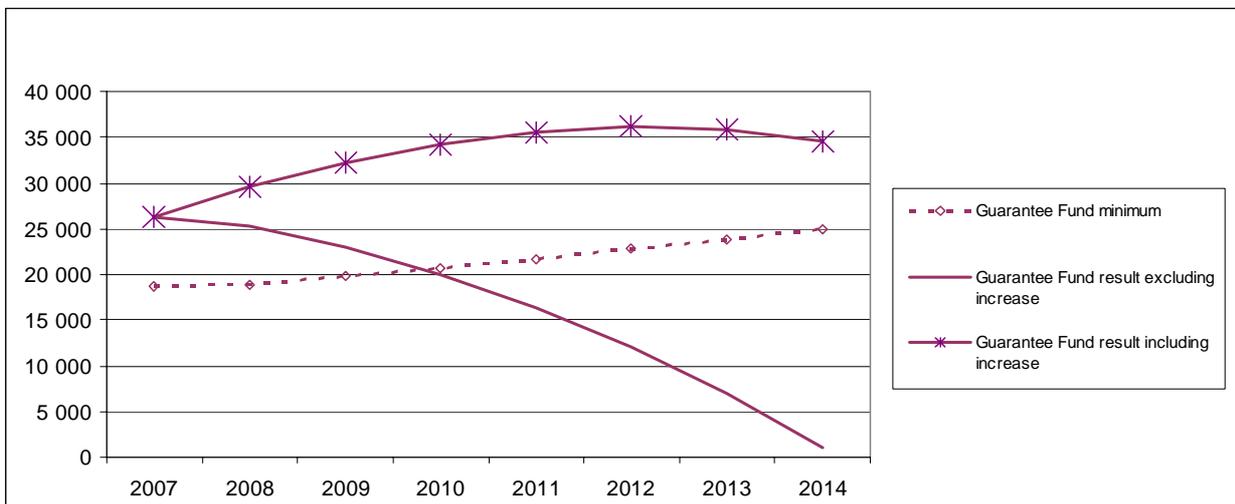
471. The operating deficits cannot be attributed to a single cause. The steady increase in health-care costs is a major contributor to the deficit, as is the significant demographic shift in SHIF's insured population. As at 31 December 2005, SHIF

insured a total of 12,681 people, of which 31.7 per cent were retirees. As is normal, the ratio of claims versus income is significantly lower for active staff members (78 per cent in 2005) than for retirees (162 per cent in 2005). SHIF insured 2.15 active staff members per retiree in 2005, versus 3.17 in 1995. The ratio of active staff members to retirees has thus dropped by over 32 per cent over the past ten years, and the impact of this demographic shift has not been offset by parallel growth in salaries and pensions upon which contributions are assessed. This is exacerbated by rising health-care costs.

472. At its 294th Session (November 2005), the Programme, Financial and Administrative Committee was provided with an overview of the financial situation of the ILO/ITU SHIF.⁵ The Committee was made aware of the need for increased funding of SHIF as from 2008. An actuarial study

commissioned by SHIF in 2006 provided further understanding of SHIF's longer term financial outlook through 2014 and of the impact of measures for implementation as from the 2008–09 biennium aimed at re-establishing SHIF's financial equilibrium and reconstituting solvency reserves. In order to maintain the financial equilibrium of SHIF in the medium term, an 18.2 per cent increase in contributions is required to ensure a balanced operating result through 2011. This translates into an increase in the Office's contribution estimated at \$6 million for the 2008–09 biennium. The actuarial study shows that, without the required increase, a deficit exceeding \$9.3 million can reasonably be expected over the 2008–09 biennium which will result in the Guarantee Fund approaching the regulatory minimum balance. This is detailed in the figure below. Unforeseen losses could result in a fall in the Guarantee Fund balance to below the regulatory minimum.

SHIF Guarantee Fund balances for period 2007–14 (US\$ thousand)



473. The Office's share of the total increase in contributions is estimated at 39.0 per cent. Funding of the balance of the required increase would come from the ITU (\$2.5 million) and the insured members (\$6.9 million). This increase would bring the 2009 Guarantee Fund balance to \$34 million. SHIF's 2005 deficit has shown this margin to be insufficient to ensure solvency above the minimum requirement, should benefits paid exceed projected levels or a significant exchange loss be realized. current base rate of contribution is 3.3 per cent of remuneration or pension. The Office's contribution is assessed at either 100 per cent (active staff members) or 200 per cent (retired staff members) of the base rate. It is assumed that these same cost-sharing arrangements would continue. No separate contribution is currently assessed for recognized dependants, who are automatically covered along with the staff member. Thus, contribution rates are

the same for staff members with no dependants as for staff members with dependants. An 18.2 per cent increase in contributions would bring the base rate to 3.9 per cent of remuneration or pension in a single-contribution system. SHIF's Management Committee is currently considering the introduction of dependant contributions rather than simply an increase in the current contribution base rate. This restructuring of the contribution system would have no impact on the required increase in contribution income. The purpose of the restructuring would be to distribute that increase more equitably, based on the number of family members insured. However, SHIF's Management Committee is mindful of the need to moderate contributions for large families.

475. The effects of a restructured contribution system have been simulated and SHIF contributions compared to those of four other major Geneva-based international organization health insurance schemes. The ILO's contribution as an employing organization after applying the pro-

⁵ GB.294/PFA/19/1.

posed increase of \$6 million is 92.9 per cent of the average contribution of the four other organizations.

476. The SHIF Management Committee continues to focus on cost containment. Supplementary benefit thresholds were increased by 25.0 per cent from 1 January 2006. A campaign promoting use of generic drugs was launched in April 2006. Adjustments will be proposed to wording governing certain benefits, aimed at channelling resources toward clearly defined health-care practices. The Management Committee is also reviewing rules relative to eligibility of salaried

spouses (eligible for coverage under other insurance arrangements) and to eligibility for automatic dependant coverage. SHIF continues to cooperate with other Geneva-based international organizations, to jointly negotiate cost agreements with hospitals, clinics, laboratories and pharmacies.

477. The net increase in staff health insurance costs of \$4,825,852 comprises the \$6 million for the financial stability of the Fund; \$500,000 in respect of increased costs of the Office contribution to retirees' health insurance, less the \$1.7 million transferred to staff costs referred to in paragraph 468 above.

Proposed operational budget by item and object of expenditure

		1	2	3	4	5	6	7	8	9	Total
		Staff costs	Travel on official business	Contractual services	General operating expenses	Supplies and materials	Furniture and equipment	Loan amortization for HQ building	Fellowships, grants and RBTC	Other budgetary items	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
PART I. ORDINARY BUDGET											
Policy-making organs											
International Labour Conference	2006-07	7 663 043	58 477	2 056 450	1 349 388	276 430	10 684	-	18 421	-	11 432 893
	2008-09	7 988 524	82 000	1 380 000	1 582 369	80 000	-	-	20 000	-	11 132 893
Governing Body	2006-07	2 364 620	2 409 318	-	105 743	-	-	-	-	-	4 879 681
	2008-09	2 364 620	2 409 318	-	105 743	-	-	-	-	-	4 879 681
Major Regional Meetings	2006-07	241 094	223 048	107 281	266 769	6 117	-	-	-	-	844 309
	2008-09	253 092	122 600	109 368	123 611	6 796	-	-	-	-	615 467
Legal Services	2006-07	2 826 512	25 001	8 029	-	-	9 514	-	37 686	-	2 906 742
	2008-09	2 944 760	23 792	38 029	-	-	9 514	-	58 895	-	3 074 990
Relations, Meetings and Document Services	2006-07	44 386 950	35 841	999 182	260 471	214 112	758 280	-	549 075	-	47 203 911
	2008-09	44 049 402	35 841	802 760	511 000	214 112	468 280	-	822 516	-	46 903 911
Total policy-making organs	2006-07	57 482 219	2 751 685	3 170 942	1 982 371	496 659	778 478	-	605 182	-	67 267 536
	2008-09	57 600 398	2 673 551	2 330 157	2 322 723	300 908	477 794	-	901 411	-	66 606 942
Strategic objectives											
Technical programmes											
Standards and fundamental principles and rights at work	2006-07	25 972 126	1 106 855	2 294 151	35 292	-	132 360	-	1 701 861	-	31 242 645
	2008-09	25 347 432	1 088 661	2 244 009	52 715	-	148 196	-	1 826 657	-	30 707 670
Employment	2006-07	32 483 767	1 584 381	3 801 860	-	140 942	395 233	-	2 588 784	-	40 994 967
	2008-09	31 332 283	1 389 891	4 029 754	-	140 942	395 233	-	2 782 243	-	40 070 346
Social protection	2006-07	25 870 168	671 191	1 149 141	10 017	38 818	130 040	-	1 554 451	-	29 423 826
	2008-09	25 053 260	575 971	1 216 549	10 017	22 080	116 815	-	1 714 106	-	28 708 798
Social dialogue	2006-07	31 821 102	826 420	1 568 788	2 233 902	6 252	86 523	-	8 869 799	-	45 412 786
	2008-09	30 651 952	1 059 492	1 596 921	2 232 613	6 252	74 411	-	9 058 463	-	44 680 104
Cross-cutting programmes											
Communications and public information	2006-07	17 189 680	198 537	3 061 473	113 351	1 139 189	194 241	-	247 383	-	22 143 854
	2008-09	16 863 537	198 537	3 048 651	110 873	1 051 032	182 401	-	357 971	-	21 813 902

		1	2	3	4	5	6	7	8	9	Total
		Staff costs	Travel on official business	Contractual services	General operating expenses	Supplies and materials	Furniture and equipment	Loan amortization for HQ building	Fellowships, grants and RBTC	Other budgetary items	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
External relations and partnerships	2006-07	4 602 217	85 577	22 511	697 559	11 976	30 738	-	61 186	-	5 511 764
	2008-09	4 941 407	80 000	28 088	689 625	11 976	21 145	-	101 616	-	5 873 857
Support to UN reform and inter-agency programmes	2006-07	-	-	-	-	-	-	-	-	-	-
	2008-09	2 140 242	360 746	-	-	-	-	-	-	-	2 500 988
Gender equality	2006-07	1 906 053	97 333	289 555	-	1 528	24 441	-	166 038	-	2 484 948
	2008-09	1 905 968	97 000	251 570	2 000	1 528	20 000	-	206 882	-	2 484 948
ILO contribution to fair globalization	2006-07	-	312 464	432 979	72 440	-	-	-	127 711	-	945 594
	2008-09	-	-	-	-	-	-	-	-	-	-
International Institute for Labour Studies	2006-07	-	-	-	-	-	-	-	5 065 714	-	5 065 714
	2008-09	-	-	-	-	-	-	-	4 913 743	-	4 913 743
International Training Centre of the ILO, Turin	2006-07	-	-	-	-	-	-	-	6 085 751	-	6 085 751
	2008-09	-	-	-	-	-	-	-	6 085 751	-	6 085 751
Policy integration	2006-07	5 804 867	239 317	486 411	-	-	94 279	-	176 799	-	6 801 673
	2008-09	5 033 706	239 317	605 781	-	-	94 279	-	238 975	-	6 212 058
Statistics	2006-07	5 895 648	154 080	759 720	-	-	209 336	-	169 370	-	7 188 154
	2008-09	6 259 392	134 080	733 139	-	-	209 336	-	215 951	-	7 551 898
Technical Meetings Reserve	2006-07	363 744	960 615	335 594	-	-	-	-	-	-	1 659 953
	2008-09	363 744	660 615	135 594	-	-	-	-	-	-	1 159 953
Total technical programmes	2006-07	151 909 372	6 236 770	14 202 183	3 162 561	1 338 705	1 297 191	-	26 814 847	-	204 961 629
	2008-09	149 892 923	5 884 310	13 890 056	3 097 843	1 233 810	1 261 816	-	27 502 358	-	202 763 116
Regions and technical cooperation											
Partnerships and development cooperation	2006-07	2 701 241	18 871	6 693	-	-	2 331	-	36 015	-	2 765 151
	2008-09	2 681 035	21 472	6 693	-	-	2 331	-	53 620	-	2 765 151
Field programmes in Africa	2006-07	37 888 221	1 450 607	867 215	4 551 183	355 005	342 846	-	7 504 173	19 456	52 978 706
	2008-09	39 513 466	1 412 500	998 396	4 101 417	300 500	417 000	-	7 538 935	19 456	54 301 670
Field programmes in the Americas	2006-07	30 941 977	1 041 522	1 084 990	3 973 465	282 295	186 314	-	6 037 112	-	43 547 675
	2008-09	31 324 500	1 074 107	1 534 642	3 894 066	287 641	159 997	-	6 110 037	-	44 384 990
Field programmes in the Arab States	2006-07	7 664 778	274 271	507 954	403 690	50 750	64 587	-	1 693 427	-	10 659 457
	2008-09	8 051 449	255 254	322 301	425 678	50 569	64 484	-	1 701 162	-	10 870 897
Field programmes in Asia and the Pacific	2006-07	33 767 629	1 298 528	1 267 957	4 325 730	428 571	459 575	-	5 428 211	15 470	46 991 671
	2008-09	33 529 628	1 332 179	2 336 566	4 445 057	454 761	396 452	-	5 433 560	-	47 928 203
Field programmes in Europe and Central Asia	2006-07	13 682 847	203 429	557 518	1 813 403	90 882	106 364	-	1 109 289	-	17 563 732
	2008-09	13 455 442	427 154	1 025 981	1 429 587	74 372	115 115	-	1 109 721	-	17 637 372

		1	2	3	4	5	6	7	8	9	Total
		Staff costs	Travel on official business	Contractual services	General operating expenses	Supplies and materials	Furniture and equipment	Loan amortization for HQ building	Fellowships, grants and RBTC	Other budgetary items	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total regions and technical cooperation	2006-07	126 646 693	4 287 228	4 292 327	15 067 471	1 207 503	1 162 017	-	21 808 227	34 926	174 506 392
	2008-09	128 555 520	4 522 666	6 224 579	14 295 805	1 167 843	1 155 379	-	21 947 035	19 456	177 888 283
Support services											
Information Technology and Communications	2006-07	13 169 528	40 464	6 530 660	1 588 103	-	132 937	-	116 944	-	21 578 636
	2008-09	11 881 650	97 895	5 937 019	2 796 868	-	241 192	-	192 439	-	21 147 063
Internal Administration	2006-07	17 675 068	75 137	79 741	16 944 942	1 431 757	511 002	-	223 023	-	36 940 670
	2008-09	18 400 643	75 000	151 173	16 133 740	1 000 000	700 000	-	261 618	-	36 722 174
Procurement	2006-07	2 183 712	20 000	10 000	29 000	-	11 000	-	28 388	-	2 282 100
	2008-09	2 001 840	20 000	160 861	12 729	-	11 000	-	30 028	-	2 236 458
Total support services	2006-07	33 028 308	135 601	6 620 401	18 562 045	1 431 757	654 939	-	368 355	-	60 801 406
	2008-09	32 284 133	192 895	6 249 053	18 943 337	1 000 000	952 192	-	484 085	-	60 105 695
Total strategic objectives	2006-07	311 584 373	10 659 599	25 114 911	36 792 077	3 977 965	3 114 147	-	48 991 429	34 926	440 269 427
	2008-09	310 732 576	10 599 871	26 363 688	36 336 985	3 401 653	3 369 387	-	49 933 478	19 456	440 757 094
Management services											
General management	2006-07	5 851 218	226 507	1 169 249	496 343	7 956	13 905	-	74 469	-	7 839 647
	2008-09	5 802 905	226 507	1 024 499	496 343	7 956	13 905	-	110 739	-	7 682 854
Human Resources Development	2006-07	16 550 203	150 624	338 643	203 277	5 284	145 245	-	2 836 366	-	20 229 642
	2008-09	16 208 895	150 624	493 236	203 277	5 284	145 245	-	2 503 488	-	19 710 049
Financial Services	2006-07	13 484 107	14 566	4 861	85 543	4 510	27 053	-	179 517	-	13 800 157
	2008-09	12 163 368	15 421	914 517	90 343	-	27 053	-	182 452	-	13 393 154
Programming and Management	2006-07	7 014 598	97 396	362 780	114 939	-	50 526	-	81 154	-	7 721 393
	2008-09	7 014 598	63 652	304 210	34 939	-	44 215	-	105 351	-	7 566 965
Executive Director's Office, Management and Administration	2006-07	1 104 577	-	-	-	-	-	-	21 888	-	1 126 465
	2008-09	1 104 577	-	-	-	-	-	-	16 416	-	1 120 993
Total management services	2006-07	44 004 703	489 093	1 875 533	900 102	17 750	236 729	-	3 193 394	-	50 717 304
	2008-09	42 294 343	456 204	2 736 462	824 902	13 240	230 418	-	2 918 446	-	49 474 015
Oversight and evaluation											
Internal Audit and Oversight	2006-07	1 309 728	44 797	34 353	-	-	-	-	17 463	-	1 406 341
	2008-09	1 782 720	44 797	126 980	-	-	-	-	26 923	-	1 981 420
Independent Oversight Advisory Committee	2006-07	-	-	-	-	-	-	-	-	-	-
	2008-09	169 000	50 000	-	-	-	-	-	-	-	219 000

		1	2	3	4	5	6	7	8	9	Total
		Staff costs	Travel on official business	Contractual services	General operating expenses	Supplies and materials	Furniture and equipment	Loan amortization for HQ building	Fellowships, grants and RBTC	Other budgetary items	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Evaluation	2006-07	836 736	-	89 318	-	-	-	-	11 156	-	937 210
	2008-09	1 444 056	76 295	105 182	-	-	-	-	23 814	-	1 649 347
Total oversight and evaluation	2006-07	2 146 464	44 797	123 671	-	-	-	-	28 619	-	2 343 551
	2008-09	3 395 776	171 092	232 162	-	-	-	-	50 737	-	3 849 767
Other budgetary provisions	2006-07	1 469 310	4 181	15 748	703 926	-	-	5 923 677	19 205 311	4 386 031	31 708 184
	2008-09	1 469 310	4 181	15 748	703 926	-	-	5 923 677	19 205 311	4 515 031	31 837 184
Adjustment for staff turnover	2006-07	-5 052 727	-	-	-	-	-	-	-	-	-5 052 727
	2008-09	-5 052 727	-	-	-	-	-	-	-	-	-5 052 727
TOTAL PART I.	2006-07	411 634 342	13 949 355	30 300 805	40 378 476	4 492 374	4 129 354	5 923 677	72 023 935	4 420 957	587 253 275
	2008-09	410 439 676	13 904 899	31 678 217	40 188 536	3 715 801	4 077 599	5 923 677	73 009 383	4 534 487	587 472 275
PART II. UNFORESEEN EXPENDITURE											
Unforeseen expenditure	2006-07	-	-	-	-	-	-	-	-	875 000	875 000
	2008-09	-	-	-	-	-	-	-	-	875 000	875 000
PART III. WORKING CAPITAL FUND											
Working Capital Fund	2006-07	-	-	-	-	-	-	-	-	-	-
	2008-09	-	-	-	-	-	-	-	-	-	-
TOTAL (PARTS I-III)	2006-07	411 634 342	13 949 355	30 300 805	40 378 476	4 492 374	4 129 354	5 923 677	72 023 935	5 295 957	588 128 275
	2008-09	410 439 676	13 904 899	31 678 217	40 188 536	3 715 801	4 077 599	5 923 677	73 009 383	5 409 487	588 347 275
PART IV. INSTITUTIONAL INVESTMENTS AND EXTRAORDINARY ITEMS											
Security	2006-07	350 566	-	-	123 280	-	-	-	2 317 241	-	2 791 087
	2008-09	363 744	-	-	-	1 000 000	-	-	1 336 256	-	2 700 000
Accommodation	2006-07	-	-	-	-	-	-	-	643 200	-	643 200
	2008-09	-	-	-	-	-	-	-	2 000 000	-	2 000 000
Information and communication technology	2006-07	-	-	-	-	-	-	-	-	1 077 440	1 077 440
	2008-09	320 000	-	-	-	-	-	-	252 725	200 000	772 725
Follow-up to the Maritime Session of the Conference	2006-07	515 231	33 836	692 131	-	428 800	-	-	-	-	1 669 998
	2008-09	300 000	-	-	-	-	-	-	-	-	300 000
IPSAS	2006-07	-	-	-	-	-	-	-	-	-	-
	2008-09	180 000	10 000	-	-	-	-	-	-	-	190 000
TOTAL PART IV	2006-07	865 797	33 836	692 131	123 280	428 800	-	-	2 960 441	1 077 440	6 181 725
	2008-09	1 163 744	10 000	-	-	1 000 000	-	-	3 588 981	200 000	5 962 725

		1	2	3	4	5	6	7	8	9	Total
		Staff costs	Travel on official business	Contractual services	General operating expenses	Supplies and materials	Furniture and equipment	Loan amortization for HQ building	Fellowships, grants and RBTC	Other budgetary items	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
TOTAL (PARTS I-IV)	2006-07	412 500 139	13 983 191	30 992 936	40 501 756	4 921 174	4 129 354	5 923 677	74 984 376	6 373 397	594 310 000
	2008-09	411 603 420	13 914 899	31 678 217	40 188 536	4 715 801	4 077 599	5 923 677	76 598 364	5 609 487	594 310 000
Recosted		441 526 623	14 075 845	33 757 450	43 223 227	4 978 025	4 204 473	5 923 677	84 949 799	5 559 064	638 198 183

Summary of regular budget technical cooperation resources

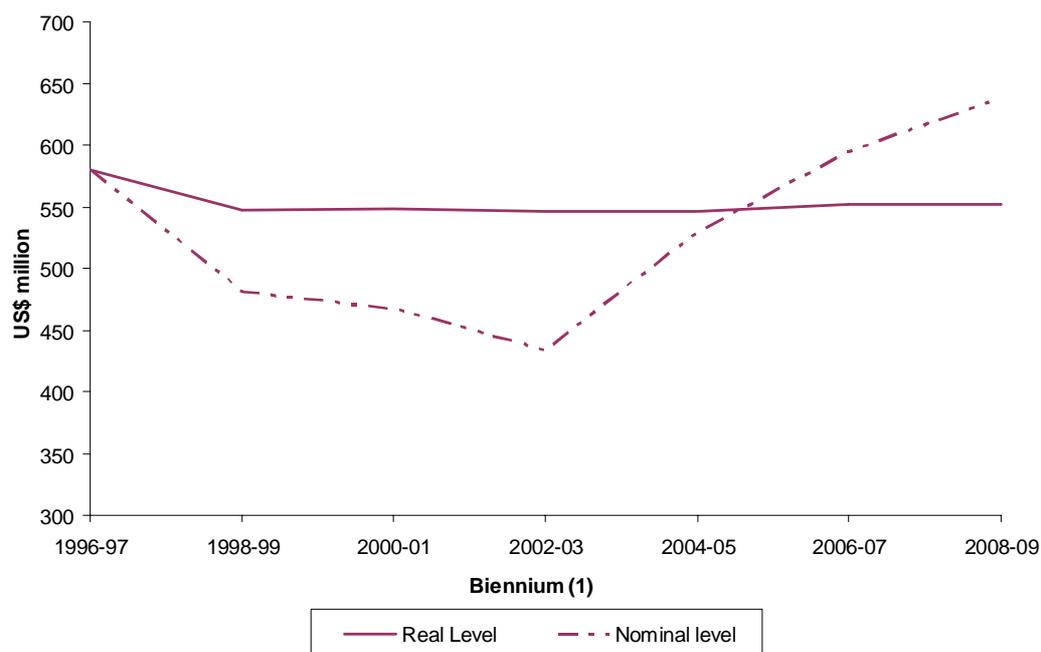
	2006-07	2008-09	2008-09
	(in constant 2006-07 US\$)		(recosted (US\$))
Standards and fundamental principles and rights at work	1 321 396	1 321 396	1 422 200
Employment	2 155 834	2 155 834	2 320 294
Social protection	1 190 308	1 190 308	1 281 112
Social dialogue	7 671 302	7 671 302	8 256 514
Employers' activities	1 862 851	1 862 851	2 004 960
Workers' activities	4 752 948	4 752 948	5 115 531
Gender equality	99 997	99 997	107 626
Statistics	90 762	90 762	97 686
Field programmes in Africa	6 698 870	6 698 870	7 209 900
Field programmes in the Americas	3 732 967	3 732 967	4 017 740
Field programmes in the Arab States	1 540 337	1 540 337	1 657 843
Field programmes in Asia and the Pacific	4 636 944	4 636 944	4 990 678
Field programmes in Europe and Central Asia	841 343	841 343	905 525
	29 980 060	29 980 060	32 267 118

Evolution of programme and expenditure levels

Real programme evolution (1978–2009) (zero base is 1978–79 approved programme and budget)



Evolution of expenditure budget 1996–2009 (using 1996–97 as the base level)



(1) Biennia 1996–97 to 2006–07 are as adopted by the International Labour Conference.