

**Financial Report
and Audited Financial Statements
for the Sixty-eighth
Financial Period (2002-03)**

and Report of the External Auditor



International Labour Organization

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International Labour Office Geneva

ISBN 92-2-113050-9

First published 2004

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Printed by the International Labour Office, Geneva, Switzerland

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¹ International Institute for Labour Studies (IILS)
Inter-American Vocational Training and Research Documentation Centre (CINTERFOR)
International Occupational Safety and Health Information Centre (CIS)

1. Financial report on the 2002-03 accounts

General Fund

Financial results for 2002-03 – Regular budget

1. The International Labour Conference at its 89th Session (June 2001) approved an expenditure budget for the 2002-03 financial period amounting to US\$434,040,000 and an income budget for the period for the same amount. At the budget rate of exchange for the period of 1.77 Swiss francs to the US dollar, the income budget amounted to 768,250,800 Swiss francs. This amount was subsequently adjusted to 768,253,157 Swiss francs following the admission of Vanuatu on 22 May 2003 (2,357 Swiss francs).
2. The overall results for the 2002-03 financial period are summarized in Schedule 1.1.1 while the details of contributions paid by member States and expenditure are shown in the Schedule 1.2.1 and in Statement IV respectively. Valued at the budget rate of exchange and using the accrual method of accounting, total budgetary income for 2002-03 amounted to \$434,041,332. Expenditure under Part I of the budget during 2002-03 amounted to US\$433,165,000 as budgeted, after the absorption of US\$2,753,517 of the US\$3,520,000 in additional expenditure items which were approved by the Governing Body. A further US\$766,483 of the additional items could not be absorbed under Part I and were charged against Part II in accordance with the decision taken by the Governing Body in November 2003. The excess of income over expenditure for the biennium 2002-03, at the budget rate of exchange, thus amounted to US\$109,849. When revalued at the rate of exchange in effect at the close of the financial period (1.30 Swiss francs to the dollar), the excess of income over expenditure amounted to US\$149,564.
3. In accordance with article 18, paragraph 1, of the Financial Regulations, a provision for delays in the payment of contributions in the amount of 100 per cent of the outstanding contributions at 31 December 2003 has been made. Since the total contributions outstanding at 31 December 2003 amounted to 141,810,523 Swiss francs as compared with the total contributions outstanding at 31 December 2001 of 126,651,615 Swiss francs, the provision required at 31 December 2003 was 15,158,908 Swiss francs more than that which was required at 31 December 2001. The net adjustment to income and expenditure was therefore a debit of \$11,660,698 (15,158,908 Swiss francs valued at the December 2003 rate of exchange). This accordingly resulted in a net shortfall of income over expenditure of US\$11,511,135 or 14,964,475 Swiss francs.

Other funds forming part of the General Fund

4. Other funds forming part of the General Fund totalled \$225 million, and consisted, inter alia, of the Working Capital Fund, the Income Adjustment Account, Capital Funds relating to land and buildings, the Building and Accommodation Fund, Programme Support Accounts, and the Terminal Benefits Fund. Details of these funds are given in Schedules 1.1.2 and 1.1.3.

Other funds managed by the ILO

5. Other funds managed by the ILO totalled some \$121 million at 31 December 2003. The major part of this amount (\$110 million) related to funds held for extra-budgetary technical cooperation activities. Expenditure on extra-budgetary technical cooperation activities totalled \$255 million in 2002-03 of which \$17 million was financed by the United Nations

Development Programme, and \$238 million by other donors.¹ In this latter category, expenditure on the International Programme for the Elimination of Child Labour totalled \$88 million. Compared with 2000-01, expenditure on activities financed by the United Nations Development Programme decreased by 43 per cent while expenditure on activities financed by other donors increased by 35 per cent. Details of funds held for extra-budgetary technical cooperation activities are given in Schedule 3.1, while details of other funds managed by the ILO are given in Schedule 2.1

Land and buildings

6. At its 283rd (March 2002) session, the Governing Body approved a proposal to construct new office premises in Lima, Peru. Considerable progress was made on the construction during the biennium. In addition, at its 288th (November 2003) session, the Governing Body, in accordance with the authority delegated to it by the 91st (June 2003) Session of the International Labour Conference, accepted gifts of land by the Government of Chile and the Government of the Republic of Tanzania for the purpose of constructing new office premises. As at 31 December 2003, initial planning and bidding procedures had commenced on both construction projects.

¹ Including trust fund deposits by governments, funds placed at the disposal of the ILO by certain government agencies for multi-bilateral programmes and associate expert schemes, activities financed through United Nations organizations including the United Nations Population Fund, and funds placed at the disposal of the ILO by a number of non-governmental agencies.

2. Report of the External Auditor on the audit of the accounts of the International Labour Organization for the financial period 1 January 2002 to 31 December 2003

Comprising:

- | | |
|--|---------------------|
| ■ Executive summary | (paragraphs 1-7) |
| ■ Scope and approach of the audit | (paragraphs 8-13) |
| ■ Detailed findings for 2002-03 | (paragraphs 14-98) |
| ■ Follow-up to earlier recommendations | (paragraphs 99-106) |
| ■ Acknowledgement | (paragraph 107) |

Executive summary

1. I have audited the accounts of the International Labour Organization (ILO) in accordance with the Financial Regulations and in conformity with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency.
2. **My audit revealed no weaknesses or errors that I considered material to the accuracy, completeness and validity of the financial statements as a whole and I have placed an unqualified opinion on the ILO's financial statements for the period 2002-03.**
3. Under the authority of the Additional Terms of Reference Governing External Audit appended to the Financial Regulations, my report includes specific observations and recommendations directed at improving the ILO's financial management and control.

Main audit findings

On management matters

Review of the implementation of ILO's Integrated Resource Information System (IRIS)

4. In this biennium the ILO has established a project to replace its existing financial systems with an enterprise resource planning system. My staff reviewed the progress of the project utilising the internationally recognised framework Control Objectives for Information and related Technology (COBIT), the main findings were:
 - while in many respects the project has been well managed, a lack of clarity as to the scope of the project and its intended benefits and the complexity of the task has resulted in delay and escalating costs;
 - the cost of the project has risen from initially \$20 million when it was approved in March 2000 to \$44.5 million now; at the same time the date for the delivery of project IRIS at headquarters has been put back from January 2004 to November 2004;

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- the ILO should ensure that the knowledge of the new systems built up in the project team is transferred adequately to its full time staff;
 - the ILO should incorporate the need for future support and upgrades of IRIS into its Information Technology Strategy and make provision for the related costs;
 - the implementation of IRIS will change many business processes and every aspect of the organization culture. The ILO should establish individual user needs and provide training for all users prior to the system going live for successful implementation;
 - the ILO should establish, implement and enforce a comprehensive Information Technology Security policy to ensure that the new system is secure.

Property management

5. In its recent sessions the Governing Body has considered a number of property management related issues, including the need for a new Regional Office for the Americas in Lima, the acceptance of gifts of land from the Government's of Tanzania and Chile and the need for the modernisation of the headquarters building. My staff have reviewed the Office's current property management arrangements and found that:
 - the ILO needs to complete urgently its current exercise to gather comprehensive information on its property portfolio as the basis for developing and implementing an overall accommodation strategy in line with its business needs;
 - the ILO should review all available funding sources for capital projects.

Review of the human resources strategy

6. In 1999, the ILO launched a framework for a new human resources strategy, which involved major changes to the way it would deal with its staff. My staff carried out a review of the implementation of the human resources strategy and in March 2003, I presented this report to the 286th session of the Governing Body. In summary, in the follow-up review my staff found that:
 - the ILO has focused their resources to take action in a number of key areas which will help implement parts of the Human Resources strategy. Progress has been made in developing policies in key areas including grading, mobility and staff training and development, but in order for these to be effective in the long term they require a cultural change within the Office;
 - both senior and middle management have to play a stronger role if new policies are to be implemented successfully;
 - more attention needs to be paid to the costs and benefits of all of the Human Resources Strategy to ensure an efficient prioritisation of funding and resources.

On financial matters

7. In their audit of the Financial Statements my staff noted a significant increase in the value of items recorded under suspense accounts and advances. In addition, in their review of the valuation of the ILO's inventory, disclosed under Note 20, they found that 19 out of the 45 External Offices had not submitted returns of their inventory.

Scope and approach of the audit

Audit scope

8. I have audited the accounts of the International Labour Organization (ILO) for the financial period 1 January 2002 to 31 December 2003 in accordance with Chapter IX, Article 36.2 of the Financial Regulations and the Additional Terms of Reference Governing External Audit appended thereto.

Audit objectives

9. The main purpose of the audit was to enable me to form an opinion as to whether the expenditure recorded in the financial period had been incurred for the purposes approved by the International Labour Conference; whether income and expenditure were properly classified and recorded in accordance with the Financial Regulations; and whether the financial statements presented fairly the financial position at 31 December 2003.

Audit standards

10. My audit was carried out in conformity with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. These standards require me to plan and carry out the audit so as to obtain reasonable assurance that the financial statements are free from material misstatement. ILO's management were responsible for preparing these financial statements and I am responsible for expressing an opinion on them based on evidence obtained in my audit.

Audit approach

11. In accordance with the Common Auditing Standards, my audit included a general review of the accounting systems and such tests of the accounting records and internal control procedures as I considered necessary in the circumstances. The audit procedures are designed primarily for the purpose of forming an opinion on ILO's financial statements. Consequently my work did not involve detailed review of all aspects of financial and budgetary systems and the results should not be regarded as a comprehensive statement on them.
12. My audit also included focused work, in which all areas of the financial statements were subject to direct substantive testing. A final examination was carried out to ensure that the financial statements accurately reflected ILO's accounting records and were fairly presented.

Audit conclusion

13. My report includes a number of observations and recommendations intended to be of benefit to the Organization; and, in accordance with normal practice, my staff record additional findings in management letters to the secretariat. None of these matters materially affected my audit opinion on ILO's financial statements and schedules for the biennium; and, notwithstanding the observations in this report, my examination revealed no weaknesses or errors that I considered material to the accuracy, completeness and

validity of the financial statements as a whole. Accordingly I have placed an unqualified opinion on the ILO's financial statements for 2002-03.

Detailed findings for 2002-03

Management matters

Introduction

14. This continues to be a period of significant change at the ILO, with a number of ongoing initiatives such as the development of the human resources strategy, the implementation of strategic budgeting and a senior management initiative to strengthen the management of delivery and results. The ILO is also in the process of implementing one of the largest single change projects in its history; the Integrated Resource Information System (project IRIS). In essence, the ILO has launched itself into an extensive organisational change. These initiatives are occurring alongside other major events such as the need to invest in the maintenance of the headquarters building and the costs of improving security arrangements for the protection of staff, visitors and the assets of the Organization.
15. All of these initiatives require the ILO to allocate and invest finite staff time and resources to ensure their success. In their initial review my staff found the need for more coordination at a strategic level to minimise duplication of effort, prioritise resource allocation and mobilise in-house support and commitment to their goals. For my report this biennium, I have focused on the three main areas of change and challenge for the ILO. My staff have:
 - reviewed the initial stages of the implementation of project IRIS against the internationally recognised framework of Control Objectives for Information and related Technology (COBIT); this major change project is now scheduled for initial implementation at headquarters in November 2004, followed by a gradual implementation in the field;
 - reviewed the progress made by the ILO in implementing the recommendations I made in my report on the 1996-97 financial statements on property management in light of the need to renovate the headquarters building and the recent gifts of land in Santiago and Dar es Salaam; and
 - followed-up on the progress made by the ILO in implementing the recommendations I made in my review of the implementation of the new human resources strategy presented to the 286th Session of the Governing Body in March 2003.

Review of Project IRIS

Introduction

16. The Organization's existing financial systems were developed in the 1960s and 1970s and are now technologically obsolete and difficult to support. Over time they have become increasingly complex and inflexible from repeated modifications to meet the Office's changing information requirements. As a result they have become costly to maintain and adapt because of the difficulties of ensuring adequate integration between the individual systems, their lack of functionality in meeting the Organization's information needs and

the lack of capacity to support streamlined business processes. The Organization has also had to accept an increased risk of disruption or failure in its day-to-day operations.

17. At its 277th Session in March 2000, the Governing Body approved an Information Technology Systems Fund to finance the procurement and development of major information technology systems to cover both new systems and the replacement and upgrading of existing systems. The fund was established with capital of 38.25 million Swiss francs (\$25 million at the budget rate of exchange adopted for 2000-01). The Governing Body approved \$20 million from the Fund to finance a project for the replacement of the financial systems, which was estimated to last for a period of four years.
18. The overall vision was to have a streamlined financial organisation and processes supported by simple, flexible, transparent and integrated financial systems, to provide sound controls and security of data. The Office identified the main benefits of the project as: support for organisational change and reform; improved integration of field and headquarters; improved management of support; improved access to information; and better alignment of information technology applications with the ILO business processes.
19. In March 2001, the Office identified that the most practicable solution would be to implement an Enterprise Resource Planning (ERP) solution covering not just the Organization's financial systems but also its human resource (HR) systems. Such packages allow an organisation to automate and integrate its business processes, share common data and practices throughout the organisation, and produce and access information in real-time. The ILO named this project the Integrated Resource Information System (IRIS). The Governing Body approved the use of the entire balance held in the Information Technology Systems Fund (\$5 million) to fund the project, bringing the total project budget in March 2001 to \$25 million.
20. The potential for the successful implementation of information systems can be ascertained by addressing five main areas of such projects, these being:
 - a clearly defined scope for the project;
 - management of the organisation's culture to accept change;
 - the ongoing commitment of Senior Management;
 - a change in the business processes to match the new system; and
 - management of the technology used in the project.
21. In their review of project IRIS, my staff have utilised an internationally acknowledged methodology, the Controls Objectives for Information and related Technology (COBIT), to perform their work. This sets out a systematic framework of good practices across specific areas for addressing business risks, control needs and technical issues. The COBIT methodology has four focused domains which provide the basis for the evaluation of systems throughout their lifecycles, these are: the planning and organisation phase; the acquisition and implementation phase; the delivery and support phase and monitoring.

Planning and organisation

Project governance

22. The initial drivers for this project were the limitations of the existing system and the availability of funding. In the light of the decision to adopt an ERP solution the ILO

quickly recognised that the project would require a major organisational change and a fundamental reform of its business processes. In February 2002 the Director General established a project governance structure led by the Executive Sponsors' Committee, consisting of the Senior Management Team, the Director of Finance and the Director of the Information Technology and Communications Bureau (ITCOM). It had the responsibility to establish and maintain effective leadership during the entire life of the project. The committee provided the project direction and priorities, approved project strategy, sourced required internal resources and resolved critical project issues. The Project Owners Committee formed the second tier of project governance. This committee, reporting through the Executive Director Support Services, consisted of the heads of each of the key user departments, the ILO Project Director and the Project Manager from the project's implementing partner. The role of the Project Owners Committee was to provide the day to day oversight, decision making and management support to the project.

23. A high-level project plan was established by the project team, which set out the major project phases and milestones. For each of the major components identified, for example, for finance, human resources, travel and change management detailed plans existed. These plans identified the activities, key deliverables, tasks and milestones to be completed within each phase, together with detailed resourcing plans to ensure the successful completion of the project. It was envisaged that the first phase of the project would be implementation at headquarters in Geneva, with a subsequent rollout to the Regional and other ILO offices. Although these plans were detailed and thorough, and had been presented to the Executive Sponsor's Committee, my staff were unable to determine that they had their formal approval.
24. In early 2004 the Director General commissioned an independent assessment of the project (GB 289/PFA/3 (Add)). This resulted in the revision of the management structure and governance framework of the project. A Senior Executive Project Sponsor, reporting to the Director General, has been appointed to oversee the implementation of the project, with a project board and a reformed stakeholders committee replacing the Executive Sponsors' Committee and the Project Owners Committee. This is aimed at providing clearer lines of responsibility and authority for the successful delivery of the project's objectives.

Project budget and funding

25. In September 2003, following the completion of a pilot exercise the project budget was reviewed from a zero base. This exercise was undertaken to confirm the high-level requirements of the project and identify any additional requirements not previously acknowledged. The review exercise highlighted that the original scope of the project was not aligned fully with the business need and that the initial budget was not soundly based. The exercise redefined the objectives of the project in some areas and revised a number of the work processes. It also found that the ILO had significantly under budgeted the full cost of the project and revised the estimated budget for full implementation at that time of the project to \$34 million. In November 2003, the Office requested an additional \$3.4 million for project IRIS from the Governing Body to fund part of this shortfall.
26. As a result of the review a number of options for changing the scope of the project were considered by the Project Owner's Committee in December 2003, and the impact that these revised scopes would have on the overall project budget. The options identified were the full completion of the project as revised amounting to \$37 million; reducing the scope of the project to match the available funding of \$30.5 million; or cancelling the project with costs of \$15.9 million. However, both the partial solution and the cancel option would result in significant business risks associated with the continued reliance on the existing mainframe systems. As noted above, in early 2004 the Director General commissioned an external review of the project of which the key findings were:

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- the project design was technically sound. It would allow ILO to have a truly integrated information system with modern business processes that support results based management;
 - the project progress is mostly good in terms of design and development of the technical solutions. However the project strategy, budget and timetable need to be revised to address significant implementation issues;
 - the costs of the project have been underestimated. The estimated cost of the project is now \$44.5 million, including \$4.5 million for transition costs and contingencies.

The Director General accepted all the recommendations of the review in the paper distributed to the Programme, Financial and Administrative Committee in March 2004 (GB.289/PFA/3 (Add)).

27. From its inception, the resources for the Information Technology Systems Fund were held in Swiss Francs, but reported in the ILO's accounts in US Dollars. Between December 1999 and December 2003, there was an absolute movement of some \$8.2 million in the value of the fund. In November 2000, the 38.25 million Swiss francs were valued at \$21.25 million, by June 2003 the same amount was valued at \$29.42 million. The ILO has informed my staff that in early 2004 they converted the fund balance to US dollars and realised a gain. The restated resources available to the project, taking into account exchange rate adjustments and interest earned, were \$35.4 million. There remains a shortfall of approximately \$9.1 million.

Human resources

28. By December 2003, the project consisted of approximately 100 personnel; these included contractor's personnel from ILO's implementation partner, ILO Regular Budget staff and staff recruited directly for the project. Approximately 20 per cent of the staff engaged on project work were seconded to the project from other parts of the Organization and approximately the same number were recruited, by the project, on short-term ILO contracts. The remainder of the project team are consultants. It is not clear that there are arrangements to transfer knowledge from contractors and consultants to Regular Budget staff.
29. Notwithstanding the new systems documentation, there remains a significant risk that the ILO's corporate knowledge gained by the individual project team members will be lost after the project is implemented, as the consultants and short term staff leave the ILO and the Regular Budget staff return to their original posts. I consider this to be a real risk to the Organization's ability to effectively maintain and operate the system after the consultants are no longer employed.

Recommendation 1. I recommend that the ILO ensure that comprehensive knowledge transfer protocols are established to maintain the effective post implementation support of IRIS.

Ongoing costs of IRIS

30. In September 2003, the ILO tentatively estimated the additional annual operating costs after IRIS has been implemented at approximately \$3.7 million per year. These additional costs relate to hardware maintenance, software licences, network and database administration operations and the associated infrastructure, application support and network upgrades. Some potential savings in existing costs, mostly related to the redeployment of staff resources, were identified and these could total \$2.4 million. However, these savings will only materialise if the existing staff supporting the legacy

systems are either significantly re-skilled to support the IRIS system, or are able to fill other existing vacancies within the ILO. For the 2004-05 biennium, no additional operating costs for project IRIS have been included in the Regular Budget approved by the Governing Body. These costs will therefore have to be met either from savings identified from Part I of the budget during the biennium, the provision for unforeseen expenditure in Part II of the budget or the re-prioritisation of resources.

31. The ILO should also consider other sources of financing for operating costs. IRIS will provide significant support to the extra-budgetary technical cooperation component of the ILO's work, through the implementation of Oracle grants accounting for technical co-operation project accounting and reporting. Additional contributions towards operating costs could also be generated from programme support, derived from the 13 per cent management charge levied against all extra-budgetary technical cooperation projects.

Recommendation 2. I recommend that the ILO considers options for financing ongoing support costs, including for example, allocating an appropriate element to its programme support funds.

Acquisition and implementation

32. My staff reviewed the procurement process undertaken for the project from the initial invitations of interest, the invitations of offers to 49 vendors, through to the selection of three candidates in the shortlist. My staff noted that the process was undertaken in accordance with the established ILO procurement methodology at every stage before awarding the software contract to Oracle. At the end of the procurement exercise the ILO entered into a separate contract with Accenture to implement Oracle applications within the Organization.

Future upgrades

33. Under its existing contract, the ILO is licensed to use ORACLE applications until April 2005. At this time the ILO will have a number of options: to negotiate with the software vendor for continued support and authority to use the current version of the software; to upgrade to a newer version of the application; or consider a new application by a different company. While the licence fee for the upgraded software is likely to be comparable with the existing fees, significant additional costs may need to be incurred in the re-customization of the newer version of the software to meet the ILO's needs.
34. While these additional costs can be delayed in the short-term, at some point within approximately three to five years it will be necessary for the ILO to upgrade its application software, simply because the vendor will no longer provide support for, or licence the older versions of its applications.

Recommendation 3. I recommend that the ILO expands its existing IT strategy to include the post roll-out phase of IRIS and specifically for the inevitable upgrading of its software to keep pace with the market; this should include plans for the timing of upgrading and the identification of funding sources for such further upgrades to inform future budget proposals to the Governing Body.

Testing plans

35. Detailed product testing plans were developed by the project implementing partners for the roll out of IRIS to ILO Headquarters in Geneva, covering the period January to June 2004, these dates were subsequently revised to January to November 2004. Three different types of testing will be performed to ensure that the systems meet ILO's specifications.

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36. During January to June 2004, the main product testing will be performed to ensure that each of the applications function as expected. To facilitate these tests and agree the results, pre-defined data scenarios have been scripted to replicate normal ILO process activity to ensure that the system performs as expected. For example, for the payroll module, one of the many scenarios developed for testing was to pay a professional staff member who has returned from mission status. These scenarios have been developed in consultation with users, to ensure that the systems address possible problem areas. In total four separate product tests are planned for the payroll module, allowing the project team time to modify and correct any anomalies identified during testing. This is a prudent approach given that payroll represents some 80 per cent of the Regular Budget expenditure.
 37. On completion and approval of the product testing, integration testing of the different modules within the system will take place. This is scheduled to be performed during June and August 2004. The purpose of integration testing is to ensure that the completed system operates as expected, this is especially important given the ILO's customisation of some parts of the system and of specific applications within it.
 38. From September 2004 user acceptance testing will occur. This is to ensure that individual departments take ownership of systems that were designed to meet their specified requirements. I note that within the user acceptance testing planning, certain processes, particularly payroll, have been identified for parallel running and the output generated compared with the corresponding results from the legacy systems.

Recommendation 4. While this parallel running of systems can be expensive and time consuming, I consider to be particularly important in ensuring systems are performing as expected and I urge the ILO to undertake this form of testing wherever practicable.

Data cleansing and conversion

39. The project plan highlighted the need to convert data from all of the existing legacy systems within the Organization. For each application within the project, conversion processes were identified and a conversion plan was developed by the end of December 2003. The detailed conversion programmes and the manual conversion procedures were to be developed before the end of April 2004. The data conversion process is included in the project's critical path for successful completion and is planned to be completed by the end of June 2004.
40. The project team was responsible for the planning and development of the conversion strategy and to support the data cleansing. The project owners are responsible for confirming the conversion scope, undertaking the actual data cleansing, verifying the converted data, and providing final acceptance of the converted data. This is an important and resource-intensive process which cannot readily be automated. By way of illustration and example, for FINANCE, there exist some 25,000 vendor accounts and 25,000 bank accounts; for Human Resources, some 12,000 assignments and employees and 50,000 entitlements; and for Projects there exist some 1,400 individual projects to validate. Within each of the records referred to, there are a greater number of fields for verification, for example, for the vendor database there are some 140 separate fields to validate, for each of the 25,000 vendors.
41. In December 2003 the ILO was aware that the existing information contained in the legacy systems was not complete, but were unable to determine the scale of the problem. This may pose problems for the efficient implementation of the new system, as incomplete transfer of data required by the new system for its operation could cause processing failures or rejections when processing transactions.

Recommendation 5. I recommend that the ILO ensures that all data for conversion be identified and cleansed as a priority, to minimise the risk of processing failures or rejections after the system is implemented.

Field implementation

42. After the completion of the headquarters element of the project, the ILO plans to deploy IRIS to the field. At the time of my audit, firm plans did not exist for this next stage of the implementation and this will not occur until the system is fully working and stable at headquarters. In the interim, the ILO has launched a further release of its existing software used in the field offices, the financial integrated systems for external offices (FISEXT). This system operates separately in each ILO office and is not integrated into the existing headquarters mainframe applications. It is envisaged that the monthly reports will be incorporated into IRIS through a future electronic data interface, which has yet to be designed.
43. As a result of the later release to the field offices, the full cost of deploying and integrating Oracle applications to all of the ILO users has not been fully determined. Full implementation would provide field offices with the ability to enter and retrieve data directly into IRIS. The ILO is currently testing the existing telecommunications infrastructure to assess whether it has sufficient capacity to enable effective communications between ILO offices and headquarters. However the ILO has not, considered whether the implementation could improve efficiency and benefit existing work practices, for example the additional staff time required for data entry into IRIS, or by examining the cost benefits to be gained by either further decentralising functions, for example budget revisions or centralising certain administrative functions, for example, payroll in the field.

Recommendation 6. I recommend that prior to implementation in the field, management undertake cost benefit exercises to establish the efficiencies to be gained from the extension of project IRIS to users in the Regional Offices and other ILO Offices worldwide.

Delivery and support

44. The implementation of Oracle applications will significantly impact the way the individual departments within the Organization conduct their day to day operations. This embraces not only the administrative and support departments, for example, Human Resources and FINANCE, but also Technical Departments in utilising the strategic management and Oracle grants accounting applications. This will impact not just on the business processes but also on the culture of the organisation.
45. The primary objective of the change management strategy for project IRIS is to prepare the ILO for an on-time and on-budget implementation of the project. The change management strategy has been developed by the ILO's implementing partner for the project and this strategy identified four separate components to ensure these objectives are achieved:
- organizational alignment – this includes the identification of any change that will impact the Organization in terms of process change, job descriptions and assignment, training requirements, organization functionalities and policy and procedures;
 - communication activities – this includes the development of an ownership plan and a communication plan. The ownership plan should provide management with information on the best time to carry out communication activities and what messages should be given. The communication plan will provide each stakeholder group with

an understanding of the project, its changes and requirements and their relationship to achieving desired results;

- organization readiness assessment – regular readiness assessments will be conducted and three formal go/no go decision meetings will be held before going live. Each of these processes will cover four aspects of readiness: people; process; data; and technology; and
 - training activities.
46. One of the key aspects of the successful implementation of a project which impacts so significantly on existing operations is to ensure that the affected users fully understand, learn and embrace the new way of doing their business to ensure that the Organization fully realises the overall project benefits. At the time of my audit, the scope of the project included six different areas: strategic management; human resources; finance; project and donor contribution; procurement; and travel. Within these six areas, there were some thirteen separate Oracle application modules containing approximately 170 different individual processes.
47. Impact analyses, which looked at the changes required to the existing systems, practices and procedures to bring them into alignment with the Oracle systems' requirements, were performed for human resources, finance, procurement and Oracle grants accounting by the project team. These impact analyses were prepared at a relatively high level and identify the changes required to existing circulars, documents and procedures required as a result of the project's implementation. In addition to this, impacts were also identified, particularly for human resources and Oracle grants accounting, in respect of the significant changes in workflows and processes.
48. Within the project plan, timetables have been devised and milestones set for the changes that have been proposed, however these are at a high technical level. Much of the detailed change solutions and decisions regarding changed processes, procedures and the associated impacts on staff member, their roles and job descriptions had not been identified.

Recommendation 7. I recommend that the ILO undertake a full process review to identify the impact on work practices and individual staff positions as a result of the implementation of project IRIS. This review should identify realistic post savings as a result of the changed technology and also new posts required as a result of the implementation of IRIS.

49. With the implementation of the new system all of the departments within the Organization will be affected in the course of their day-to-day work. In July 2003, the project estimated the number of headquarters end-users per project area, for example 240 users were identified for FINANCE functions, and over 200 users for strategic management, procurement and travel. Many of these individual users are likely to be required to be trained in more than one area of the new system.
50. Given the high number of end-users identified, the project has adopted a "train-the-trainer" approach in order to train users. Best practice suggests that the trainers should be ILO staff members to ensure knowledge transfer from the project to the Organization. The project estimated that fifteen trainers would be required, each specialising in different modules and areas. The project initially planned to identify and then train the trainers during April 2004, this was subsequently revised to July 2004. End user training will significantly occur during the September through to December 2004. Training is critical to the successful, on-time implementation and therefore the ILO should consider the impact of other priorities on its training plan.

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51. The original budget approved for training was \$1.8 million, this was increased to \$2.6 million as the project scope increased. Best practice as recommended by the ILO's quality assurance consultants suggests that the budget for change management activities should be in the range of 15 to 18 per cent of the total project budget. In addition, the degree of re-education of users should not be underestimated as this will be a fundamental shift in the operating procedures of the Organization. Departments also currently maintain a myriad of unofficial systems, which include spreadsheets and databases to record and monitor their own differing information needs, which are not provided for under the current system. The development and maintenance of such systems can be wasteful in terms of resources and all staff members of the Organization would benefit from a general awareness of the capabilities of the new system.
52. At the time of my audit, the detailed costs of training staff in each of the new applications had not been identified. There is a risk that insufficient resources will be available to properly and effectively train staff members in the new technology and systems.

Recommendation 8. I recommend that the ILO should, as a matter of priority, identify the individual staff members who require training in each of the project areas and develop a detailed timetable to ensure their training prior to the planned "go-live" date of November 2004.

Recommendation 9. Prior to implementation, I recommend that the ILO should ensure that all staff members have the opportunity to attend awareness raising seminars and training detailing the capabilities of IRIS.

Recommendation 10. Furthermore, after the training needs have been fully identified, I recommend that the project should fully analyse the cost of the training and ensure that sufficient budget is made available.

Information security

53. As part of project IRIS, the ILO will adopt the use of electronic, systems-based approvals and signatures for the approval of transactions, for example in the creation and approval of personnel actions for staff, procurement requests and authorizing expenditures. Traditional paper based audit trails are lost as the internal control structure is transformed to support the changed electronic business processes.
54. Establishing a good information security environment is an important consideration in the implementation of an enterprise system. Security aspects do not just include ensuring that the application has appropriate security controls, but that also the technological and cultural environment within which the application operates is secure. The Organization needs to ensure that it establishes a strong internal control environment to provide assurance for both staff and management in respect of the integrity of both the data within the system and actions resulting from it.
55. In 2001, my staff performed an audit of the ILO's information technology security and found that while it had guidelines on information security, it had no information technology security officer, equivalent to a Chief Information Officer, responsible for monitoring information security within the Organization. The ILO has subsequently issued a draft information technology security master policy, however this remains to be endorsed by senior management.

Recommendation 11. I recommend that the ILO establish, promote and enforce a comprehensive IT security policy, with procedures and controls to ensure that all of the ILO's information systems are protected from unauthorised access.

Monitoring

Quality assurance

- 56.** The ILO engaged Gartner Consulting to provide periodic quality assurance reviews of the project at various stages during its implementation. These reviews were focused on the risk identification and risk mitigation undertaken by the project team. In July 2003, Gartner provided its second quality assurance assessment of the project. The consultants identified four key risks to the project, these were:
- the lack of a comprehensive business case;
 - the need to carefully consider the post go-live support costs of the project;
 - the need for post-deployment IT operations support; and
 - organisation change management issues.
- 57.** In my review, I have also found that the change management and the post implementation support continue to be two of the main issues for the ILO to address.
- 58.** My review found that the project costs are monitored on a weekly basis by the project management. The largest elements of expenditure for the project are recorded from timesheets for all consultants and staff costs identified for the ILO personnel. Non-staff costs are monitored by project financial staff, who also produce regular analyses of the project budget, commitments and related expenditures. The project staff also produce regular cash flow forecasts for management, which project expenditures on a monthly basis through to the final implementation of the project.
- 59.** The project has not yet reached the completion phase and as such measurement of its performance has not been taken against established performance indicators or external benchmarks of similar systems by any independent third parties. My staff will continue to monitor the implementation of project IRIS and report again at a future Governing Body Session on the full implementation.

Property management

- 60.** At each Governing Body session since March 2002, the Building Subcommittee has considered a number of specific developments in relation to issues addressed by report on the 1996-97 biennium, specifically, the optimal use of space at headquarters, the new premises for the Regional Office for the Americas in Lima and the proposed gifts of land from the Government of Chile and the Government of the United Republic of Tanzania. As part of their discussion they requested that the Office produce the accommodation strategy for the Organization.
- 61.** In my previous report, I reviewed the ILO's property management arrangements and made seventeen recommendations relating to:
- the responsibility for property management in the ILO;
 - the ILO's accommodation strategy;
 - the costs and management of the headquarters building; and
 - the management of major construction projects.

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62. The Office provided formal responses to my recommendations and my staff reviewed these as part of the 1998-99 biennium audit. At that time, I noted that a first draft of an accommodation strategy had been produced; and key information on the nature of property assets held in the field had been collected. However the work on the accommodation strategy was not completed.
63. In the field, the ILO has a formal three-tier structure, consisting of the Regional Offices, the Sub-Regional Offices and other ILO Offices. In 2003, following the reorganisation of the ILO field structure there were 65 offices around the world. A number of these offices are co-located, for example, the ILO Regional Office for Africa and the ILO Sub Regional Office for West Africa are co-located in Abidjan. And the ILO Regional Office for Asia and the Pacific and the ILO Sub Regional Office for East Asia are co-located in Bangkok. There also exist a significant number of other ILO office locations, usually specific project offices throughout the world, which were not included in the information used for the reorganisation. The ILO currently has no consolidated details of the number of such offices. During the audit, my staff visited a number of these smaller offices in Madagascar, Cambodia, Trinidad and Tobago and Costa Rica, whilst visiting the main country offices.
64. In October 2003, the ILO developed and issued a new web-based comprehensive infrastructure questionnaire for completion by the Regional Offices and by the Internal Administration Bureau, for the headquarters building. The questionnaire contained some 800 interrelated questions on land, buildings, security, premises condition and staffing issues. Some of the information gathered in the exercise in 1998 remained relevant, however much new information was sought to catalogue the ILO's current accommodation status.

Recommendation 12. I recommend that the ILO completes its survey to ensure that it compiles a comprehensive appraisal of its current accommodation portfolio, in order to complete its accommodation strategy and inform future management and Governing Body decisions.

Regional Offices

65. In March 2002, the Governing Body was requested to approve a new Regional Office for the Americas. The Governing Body requested additional information from the Secretariat on the project. By November 2002, many of the obstacles to constructing new premises on the existing site had been removed and the Office informed the Governing Body that the cost to redevelop the existing site could remain within the budget ceiling of \$2 million approved. In March 2003, following a procurement exercise, the Governing Body approved an amount not exceeding \$1.921 million for the construction of the ILO Regional Office (286/PFA/BS/1 (add)), on the basis of the successful bid.
66. In January 2004, my staff visited the Regional Office for the Americas as part of their routine audit procedures. They visited the construction site and found that the concrete superstructure for the six storey building had been completed and work was progressing on the installation of the buildings essential services, for example, the air conditioning, fire suppressant systems and the cabling for power, telecommunications and information technology prior to the installation of the external and internal walls. At 31 December 2003, my staff noted that the Organization had expended some \$1.149 million of the \$1.921 million allocated to the project. The balance of \$772,000 was allocated to finalise the project in 2004.
67. In addition to the \$1.921 million approved by the Governing Body, my staff found additional expenditure on the project of, at least, \$600,000. This additional expenditure was incurred to provide the buildings essential services, for example, the air conditioning, security and fire suppressant systems, the cost of the sixth floor and the expenses of the

Geneva based project manager. The Office has met the additional costs from savings generated by the Lima Regional Office during 2003 against its Regular Budget expenditure and also its Programme Support Income allocation for 2003.

Headquarters building

68. In 1974, the headquarters building in Geneva was built at a cost of approximately 146 million Swiss francs (\$112 million). The cost to ILO was met through a loan from the Property Foundation for International Organizations (FIPOI), repayable over 40 years from 1975. In 1996, the Swiss authorities decided to waive interest on all loans made by FIPOI to international organisations for the construction of their buildings and standardise the loan repayment period to 50 years. At 31 December 2003, the balance owed by the ILO to FIPOI was \$63 million.
69. Each biennium the ILO charges its loan repayment of 7.40 million Swiss francs (\$5.33 million for 2002-03 biennium) to its Regular Budget. In addition, the general upkeep and regular maintenance costs of the headquarters building are approximately \$4 million each biennium.
70. In March 2002, the Governing Body in its 283rd Session requested that the Office review optimising the use of the existing space at headquarters, after the Office had requested funding for additional temporary accommodation in Geneva. An interim report in November 2002 identified that modifications could be made to the existing building, by for example removing partitioning, to increase occupancy by approximately three to five per cent. More importantly, the report identified that the fabric of the building no longer conformed to relevant Swiss or European building standards and directives and therefore there was a need for a comprehensive review to more fully inform the Governing Body. In particular the report noted that the materials and fittings currently in use, including the carpeting, partitions, false ceilings, fire detectors and security equipment no longer conformed to the relevant Swiss or European directives on health and safety in the workplace.
71. In November 2003, at the 288th Session of the Governing Body, the Building Subcommittee was informed that it would cost approximately \$3 million per floor to modernise the office space in line with the current Swiss standards. This estimate did not include the provision of new furniture, nor did it include any costs for the replacement or renovation of the buildings facilities, for example, the concrete superstructure, the lifts and the heating and air conditioning. In total the estimated cost of renovating the headquarters building could exceed \$50 million. No decision was taken at this time. In its following session in March 2004, the Governing Body requested that proposals for financing the headquarters renovation be made at the November 2004 session.
72. In addition to the immediate need for the renovation of the headquarters building, the ILO will need, in future, to renovate its seven current properties in Abidjan, Brasilia, Brussels, Buenos Aires, Islamabad, Lima and New Delhi, valued in total at cost at \$6.6 million. At present the ILO has a Building and Accommodation Fund, however this would not be sufficient to fund major works on these properties.

Recommendation 13. I recommend that the ILO review its sources of funding for major building refurbishments, which might include the options for attracting private financing or the establishment of a regularly funded reserve specifically for future renewals.

Review of the implementation of the Human Resources Strategy

73. In November 1999 the framework for a new ILO Human Resources (HR) Strategy was presented to, and endorsed by, the Governing Body (GB.276/PFA/16). As part of my 2002-03 audit I undertook a review and evaluation of the implementation of this Strategy at the request of the Director General, and presented this review to the Governing Body in March 2003 (GB.286/PFA/14).
74. My review highlighted some successes, but also delays in implementation of the Strategy as a whole, the lack of links between several elements of the Strategy, and the need for an integrated and co-ordinated approach to overcome the slow pace of implementation. During the 2002-03 biennium, evaluation criteria have been developed for gender balance, grading and mobility using benchmarking against United Nations standards, and other targets have been set for recruitment, gender equity and work-related grievances. I believe that the positive steps taken towards major changes in grading, staff mobility and staff and management training should be taken forward for practical implementation within this biennium. My staff have now undertaken a follow-up review which updates the position regarding the findings and recommendations of my previous report.

Personal and career development

75. The Strategy set out to establish a structured system for personal and career development, replacing the performance appraisal process and introducing Personal Development Plans (PDPs), and reviewing the Young Professionals Career Entrance Programme. Since my initial review, action has been focused in these areas and the Organization has made progress in piloting a new PDP system, and analysing the funding and benefits of the Young Professional Programme. The Programme has been stopped whilst changes for the future are proposed. One problem has been finding posts for graduates of the scheme, hence the importance of linking it to proposed changes in grading structures and rotation which should give new lower level Professional grade posts.
76. A new Staff Rotation (mobility) policy has been developed; this is a good example of developing a new policy in a reasonably short timescale after extensive consultation with staff. The policy is currently being refined for presentation to Senior Management by April 2004. The aim is to implement such a policy as soon as possible to help close the perceived gap between staff at headquarters and those in the field, as well as assisting in career development.
77. On PDPs, the pilot programmes have shown that there is a real need for a training and development programme for all staff, based on analysis of business needs and personal skills gaps. However, although final adjustments can be made to the details of the scheme once final analysis is completed during 2004, funding may not be available to meet the needs identified if the PDP system were applied to all staff.

Prospection, recruitment and selection of staff

78. The Strategy envisaged facilitating the recruitment of the highest calibre of candidates through a transparent and merit-based process, and it also aimed to speed up the recruitment process. My initial review found that there were no less than eleven stages in the recruitment process, and the average recruitment time extended to some 300 days in late 2002. The average recruitment time has been reduced to 195 days in late 2003. This is a welcome step forward and the time could be further reduced by simplifying the number of stages and concentrating on reducing time in stages where problems occur, in particular the stage from when the shortlist is received to the final recommendation from the chief of

section, which takes up half of the elapsed time. The Human Resource Department's (HRD) internal target of an average recruitment time of five months by 2005 is encouraging, but is still too long if the Office wishes to recruit the best talent available.

79. In 2003, changes were made to the operation of assessment centres to make them shorter and simpler to operate, with a focus on measuring key generic grade competencies. In line with my previous recommendations the centres will focus on managerial posts, with the assessors being given more credit for their work in this area. Line managers are attempting to improve succession planning by identifying prospective vacancies as far in advance as possible to enable full use of the assessment centres. Unfortunately budget limitations mean that assessment centres are unlikely to be used to any great extent for the individual development purposes as I recommended.

Classification and collective agreements

80. A key aim of the Strategy was to move away from individual job descriptions to establish job requirements in terms of outputs, competencies and capabilities, using job families and broad generic job descriptions within those families. This was implemented in June 2003, it emphasised the greater managerial responsibility in workforce planning, management and accountability. Line managers have also been receiving guidance and training on job grading, while HRD retains a role in ensuring consistency of the re-gradings by examining all requests for grade reviews. However, the key to the necessary fundamental change will be to further challenge the culture of over-grading. To speed up this process, HRD has produced a draft paper on ILO Grade Structure at Professional and Director levels which will be passed through an open consultation process, using line managers input, for presentation to Senior Management in 2004.
81. The draft grading paper also directly links with important areas such as mobility, vacancies and succession planning. Coupled to key targets for grading in each Sector, Department and Region, again within a specific maximum timescale, this could achieve many of the aims of the Strategy, but it will need a fundamental culture change amongst staff and management for such an initiative to succeed in terms of major change and accepting more responsibility at line manager level.
82. In respect of the situation of short term staff with "precarious" contracts, all but two of the outstanding cases have been resolved. On inappropriate contracts more generally, the Organization has instigated spot checks on managers where problems have occurred in the past. Further action which will include the statistical analysis of the position of staff contracts and external collaborator contracts awaits the introduction of IRIS, whose functionality will include a central database of all contracts. The introduction of IRIS will allow a more thorough review of the contract positions of staff working for the ILO. In the longer term, the International Civil Service Commission (as the standard setting mechanism for all United Nations bodies), is reviewing contractual arrangements for each of three groups of staff (fixed term appointments, continuing appointments, and temporary appointments). The ILO will in due course look to adopt this work to simplify its own contract structure.
83. The seven Collective Agreements signed by the Office and the Staff Union are being reviewed in turn by 2005. These are crucial in the context of the wider proposals on matters such as recruitment, grading and PDPs (these revisions are planned for negotiation in 2004).

People management skills

84. The Strategy was envisaged to make significant improvements in people management skills across all levels of management. This is vital for breaking down the barriers which are currently acknowledged to exist in the Office. The Organization is currently considering the implementation of a Learning and Development Framework, which confronts this management challenge through all aspects of management, including controlling projects, communications and people management.
85. HRD has made progress in arranging a series of open invitation, monthly line managers meetings, to discuss key current human resource issues and also running a one-off retreat for line managers. These have been encouraging in the number of attendees and open discussion on human resource issues. Ultimately the effective implementation of all of the aims of the Human Resources Strategy can only be achieved with the strong advocacy of line managers. This area of the Strategy has been given extra impetus by using funding from the Management Challenge component of 2000-01 surplus proposals to pilot initiatives under the Learning and Development Framework.

Recommendation 14. I recommend that the process in involving line managers in HR developments should be continued and given priority in order that line managers play a greater role in implementing the HR Strategy within the Office.

86. The major outstanding area from my recommendations for early action is the adoption of a new staff appraisal system. The Organization has completed much research, but now needs to develop specific proposals as a priority in early 2004 for discussion and presentation to the Senior Management Team as soon as possible. It is the intention of HRD that performance appraisals should remain separate from PDPs as I had previously recommended.

Recommendation 15. I recommend that a new staff appraisal system should be the next priority and be implemented by the end of the current biennium.

Employee relations and external awareness

87. During the period since my report, negotiating machinery has been set up in line with the aim of the Strategy to take forward human resource issues and to foster a partnership approach between management and the Staff Union. Three of the Collective Agreements (established on a two year basis), covering recognition, grievance and harassment have now been revised with the Staff Union. The remaining Collective Agreements are due for negotiation and revision in 2004. The Ombudsperson's role is expected to become one of mediator rather than investigator in line with my recommendation.
88. The Organization has developed a limited number of exchange programmes with various bodies. It will be useful to incorporate the programme into a coherent Office-wide practice to introduce experience and new methodologies across the whole of the ILO.
89. My recommendation that the Organization should have a more professionally qualified HR staff, and should streamline procedures where possible, has proved difficult to implement in the short term. The Human Resource Department have informed me that professionally qualified staff are sought for vacancies, but the low staff turnover within the department, age profile and the lack of an effective appraisal system limit the scope for identifying suitable candidates. This is an area which needs to be urgently addressed if the Organization is to address the issues identified in the Strategy.

Communications and costings

90. The Organization has set up internal and external communications working groups and is using monthly line managers meetings to identify best information media for staff; and as recommended the HRD website has a set of Frequently Asked Questions and appropriate responses as well as a clear published chart of responsibilities. Communications remain key in persuading all staff that the changes from the Strategy are ultimately beneficial to them as individuals as well as to the future of the Office.
91. In my previous report I estimated that the cost of implementation of the full strategy consisted of an initial cost of \$3 million, with annual on-going costs of some \$5 million. The Organization has not costed the whole strategy, preferring to focus on the key issues and the parts of the Strategy mentioned above which can be implemented in the short term. I believe that it will be useful to have a full costing of each element of the Human Resources Strategy, before implementation as this could help further prioritise potentially limited resources.

Recommendation 16. I recommend that cost benefit exercises are undertaken by HRD for all current and future areas of the Human Resources Strategy to be implemented, to ensure an efficient prioritisation of resources allocated.

Financial matters

Suspense accounts

92. Note 18 to the financial statements shows that the balances in the suspense accounts related to ILO external offices have increased from \$847,000 to \$1.7 million since the previous biennium. In my staff's review of these balances, they found that the majority of the underlying transactions did not represent valid accounts receivable of the Organization at 31 December 2003, but related to expenditures proper to either the 2002-03, or prior biennia which had not been cleared.

Recommendation 17. I recommend that the ILO fully analyses its suspense accounts the during and at the end of each financial period to ensure that all expenditure incurred is properly brought to account.

Staff advances

93. The Organization provides its staff cash advances to cover a variety of expenses which are reimbursable under the ILO Staff Regulations. These advances include advances for mission travel, education grants and mobility and hardship allowances. At 31 December 2003, outstanding advances across the Organization were \$9.6 million, an increase of \$1.9 million from the previous biennium.
94. My staff analysed the outstanding advances and found that the increase mostly related to the increase from \$5.2 million to \$7.2 million in outstanding education grant advances. These advances are provided to eligible officials to cover up to 75 per cent of the allowable expenditures on their child's education for each scholastic period. My staff reviewed the aged profile of the outstanding amounts and found that some \$1.6 million had been outstanding for more than one year and \$200,000 had been outstanding for over two years. The ILO should ensure that all outstanding advances are cleared on a timely basis, with the associated education grant expenses been charged to expenditure.

Recommendation 18. I recommend that the ILO ensures that the long-outstanding education grants are cleared by the officials concerned and that the expenditure incurred is properly brought to account as a matter of priority.

Maintenance of inventory records

95. In accordance with the Chapter XI of the Organization's Financial Rules, the ILO reports the value of its furniture and equipment in its financial statements (Note 20). At 31 December 2003, the ILO reported a total value of \$43.9 million of furniture and equipment. At the time of my audit in March 2004, my staff found that the Headquarters inventory had been completed. However, they found that 19 out of 45 External Offices had not submitted returns of their inventory. A value of \$5.7 million of the inventory was not supported by returns at this date.

Recommendation 19. I recommend that the ILO take steps to ensure that it receives inventory returns from all offices during and at the end of each biennium to ensure accurate disclosure of inventory held.

Frauds, ex-gratia payments, amounts written off and contingent liabilities

96. The ILO notified my staff of ex-gratia payments totalling \$804,983.33 (compared with \$80,444 in 2000-01); and writes-off against the Regular Budget of \$100,000 (\$197,002 in 2000-01). The ILO notified my staff of no writes-off of technical co-operation equipment in 2002-03 (\$47,415 in 2000-01). ILO provided explanations for all the cases notified and I am satisfied that it has taken proper account of the full circumstances of each case. The main reason for the tenfold increase in the ex-gratia payments related to termination payments to staff employed under precarious conditions and as a result of the restructuring of the ILO language school.

97. The ILO notified my staff of seven cases of fraud, attempted fraud or presumed fraud (compared with thirteen in 2000-01), involving approximately \$30,000 of ILO funds (\$60,000 in 2000-01). Five cases involved fraudulent health and compensation claims and two cases involved falsified financial records.

98. The ILO informed my staff of three pending legal cases in respect of which a claim could arise against the Organization. The ILO has estimated the maximum potential liability in these cases to be approximately \$371,200 as at 31 December 2003.

Follow-up to earlier recommendations

Action taken in response to the recommendations in my report on ILO's 2000-01 accounts

99. The recommendations I made in my 2000-01 report and the action taken by the ILO are set out in detail at Annex 1 to this report. I comment below on the extent to which ILO has successfully implemented my recommendations.

Management matters

On the review of the reclassification exercise

100. In my report on the 2000-01 Financial Statements, I reported on the reclassification exercise that had been undertaken by the ILO. Subsequently I presented a report in March 2003 on the implementation of the Human Resources Strategy across the ILO, of which the reclassification exercise was one part. I have noted, in the section above, the progress made in respect of the recommendations on the reclassification exercise made by the Human Resources Development Department.

On the introduction of strategic budgeting

101. I am pleased to note that the Office has made progress on all of my previous recommendations for strategic budgeting, and that approach has been incorporated into the formulation of the Programme and Budget Proposals for 2004-05. I also note that the project IRIS now includes a module for strategic management to aid the ILO in the future management of its strategic budgeting.

On the review of the Office of Internal Audit and Oversight

102. In my report on the 2000-01 biennium, I made recommendations in respect of the planning, evidencing and reporting of the work of the Internal Audit and Oversight function. The Chief Internal Auditor has taken action to address my recommendations. A biennial audit plan has been prepared, with a more structured risk analysis, and has been submitted to the Director General.

103. At the time of writing this report, the Chief Internal Auditor had informed my staff that the Internal Audit manual was in the last stages of finalisation, prior to its adoption in 2004. The Office of Internal Audit and Oversight has also taken steps to purchase an electronic audit package, to aid in the risk assessment, planning and implementation of its audit work in 2004.

Financial matters

On the Staff Health Insurance Fund

104. In my report for 1998-99, I undertook a review of the Staff Health Insurance Fund from which I issued three recommendations, the two most fundamental of which were that the ILO should review both the legal and constitutional status of the SHIF, and clarify the auditing and reporting arrangements. At the time of writing this report, the ILO and ITU were finalising the outcome of this review with the SHIF Management Committee. Once this has been agreed, the Auditor General of Switzerland, as the External Auditor of the ITU, and I will jointly undertake the audit of the SHIF.

105. After its initial review of the legal position of SHIF, the ILO has excluded the incomes and expenditures related to the SHIF from its 2002-03 financial statements. Cash and Term deposits of \$45.22 million were included in the General Fund and an equal liability to the SHIF was included under other accounts payable. This clearly delineates the custodianship of the ILO for the assets of the SHIF.

106. I also recommended that the ILO should continue to keep under review the potential costs and benefits of outsourcing the operation of the SHIF. The ILO has not completed a formal review to date.

Acknowledgement

107. I wish to record my appreciation for the co-operation and assistance provided by the Director-General and the staff of the ILO during my audit.

26 April 2004.

(Signed) Sir John Bourn,
Comptroller and Auditor General, United Kingdom,
External Auditor.

Annex 1

Action taken in response to the recommendations made in the External Auditor's report on the 2000-01 accounts

Recommendation	Response from ILO Management	External Audit Comment
Review of the reclassification exercise		
<p>Recommendation 1: To ensure that appropriate grading and classification is applied in relation to newly recruited staff and any non-regular budget positions, I recommend that further training be given to all managers who in future would be required to undertake a similar matching exercise.</p>	<p>The need to improve management training was recognized by HRD prior to the audit report and was implemented for the subsequent field baseline-matching exercise. Most field directors received training in grading practice prior to embarking on the exercise. HRD has also conducted seven job-grading workshops for managers in Geneva during the months of July and September 2002. Altogether, 37 managers participated in the workshop. The workshop provided a forum for managers to exchange their experiences in job grading, and at the same time to achieve mutual understanding of, and foster commitment to, the new job-grading methodology. This training will continue in order to ensure that all officials with management responsibilities receive necessary training.</p>	<p>I am pleased to note that the organisation has undertaken the training of managers and encourage them to continue to do so.</p>
<p>Recommendation 2: I recommend that in any future exercises, HRD consider carefully the adequacy of planning and implementation timetables.</p>	<p>As a result of experience gained during the headquarters exercise, longer time-scales were implemented for the field grading exercise, which is now substantially completed.</p>	<p>I am pleased to note that the organisation considered the need for a more realistic timetable for the field grading exercise.</p>

Annex 1

Action taken in response to the recommendations made in the External Auditor's report on the 2000-01 accounts

Recommendation	Response from ILO Management	External Audit Comment
<p>Recommendation 3: I further recommend that the ILO consider whether there would be merit in carrying out a retrospective evaluation of the reclassification exercise to confirm the consistency of application of the generic job descriptions; and also review the procedures for consistency of application of generic job descriptions in any future exercises.</p>	<p>The evaluation of the reclassification exercise will be carried out as a part of the review of the ILO HR strategy which was introduced in November 1999. In the meantime, procedures for ensuring consistency in the future have been considered in the implementation of the Grading Agreement which was signed by the Office and the Staff Union in April 2002. HRD has developed draft internal procedures for this purpose and these will be finalized following consultation with the Staff Union.</p>	<p>I am pleased to note that the ILO intends to complete a review of the reclassification exercise. I shall review progress in this area in future audits.</p>
<p>Recommendation 4: Since the Independent Review Group is an arbitration body in both the baseline agreement and the collective bargaining agreement with the Staff Union, and may be involved in future resolution of disputes, I recommend that the ILO produce formal terms of reference for the Group as a matter of priority.</p>	<p>The terms of reference for the Independent Review Group (IRG) has been drafted and are currently being discussed with the Staff Union.</p>	<p>I am pleased to note that the ILO agreed the terms of reference for the Independent Review Group (IRG) in August 2003.</p>
<p>Recommendation 5: As a matter of good budgetary and financial management practice, I recommend that any future exercises should be fully costed in advance of approval being sought from the Governing Body.</p>	<p>The primary objective of the reclassification exercise was the introduction of fairness and the financial outcome could not have been accurately predicted. However, as suggested by the External Auditor, the Office recognizes that a range of cost estimates could be developed in such instances to better support budget and financial planning.</p>	<p>I note the comments made by the ILO.</p>

Annex 1

Action taken in response to the recommendations made in the External Auditor's report on the 2000-01 accounts

Recommendation	Response from ILO Management	External Audit Comment
The introduction of strategic budgeting		
<p>Recommendation 6: I recommend that the ILO reconsider the usefulness of high-level performance indicators covering the important support and management functions.</p>	<p>Based on discussions with the Governing Body in November 2000 and March 2002, the Office developed an operational objective covering management services, support services, the Relations, Meeting and Documents Services Department (RELCONF) and the Development Cooperation Department (CODEV). In addition, six indicators have been developed and the details included in the 2004-05 Programme and Budget document.</p> <p>It is intended to measure performance in the management and support units in terms of definite, service-linked outcomes through client satisfaction surveys and benchmarking. Data on client satisfaction will be obtained through periodic internal surveys of ILO staff in the technical sectors and field offices. Benchmarking will involve comparing the ILO's performance in specific areas with that of comparable agencies.</p>	<p>I am pleased to note that the ILO has now developed performance indicators for its support and management functions.</p>

Annex 1

Action taken in response to the recommendations made in the External Auditor's report on the 2000-01 accounts

Recommendation	Response from ILO Management	External Audit Comment
<p>Recommendation 7: I commend management for their delivery of training to staff; and I recommend that training courses and material should continue to be made available to all staff at headquarters and field locations, to facilitate the widest participation on the strategic budgeting process.</p>	<p>After several pilot exercises in October and November 2001, training has been delivered to four regions and to a range of headquarters technical and support units. Training is continuing with the goal of reaching all professional staff by the end of 2003. Training workshops will be organized by staff members of PROGRAM and the regional programming units, all of whom were trained by mid-2002. Relevant training material is available on the ILO Intranet.</p>	<p>I note the comments made by the ILO and welcome the goal of reaching all professional staff by the end of 2003.</p>
<p>Recommendation 8: I recommend that management ensure that any developing systems should be compliant with the principles of the Enterprise Resource Planning system and its standards to permit data sharing and to avoid duplication and waste of resources.</p>	<p>PROGRAM is working in close collaboration with the IRIS project to ensure that strategic budgeting functionality will be incorporated in the Enterprise Resource Planning (ERP) system and any possible duplication avoided.</p>	<p>I note that the IRIS project has been expanded to include strategic budgeting functionality. I have commented on project IRIS in my current report.</p>
<p>Recommendation 9: I recommend that management ensure that sufficient resources are available to analyse and make use of data produced from performance indicators in a timely manner and as part of the normal budgeting process.</p>	<p>Funding has been earmarked from the 2000-01 surplus for staff training and the design of management tools for performance evaluation. As the quality of performance data improves, the Office will be able to analyse this data using regular budget resources. Performance reporting to senior management is currently under discussion based on a sample report.</p>	<p>I note the provision of additional resources as per my recommendation.</p>

Annex 1

Action taken in response to the recommendations made in the External Auditor's report on the 2000-01 accounts

Recommendation	Response from ILO Management	External Audit Comment
<p>Recommendation 10: I recommend that management establish systems for estimating the cost of recording and collating the different types of performance information, to ensure that costs incurred do not outweigh the benefits received from the information.</p>	<p>The Office is of the view that, to the extent possible, performance measures should be based on data that is collected on a regular basis, rather than on special, one-time surveys and analyses. The evaluation strategy submitted to the November 2002 Governing Body session sets out guidelines for the evaluation of technical cooperation programmes. These guidelines include measures to ensure that budgets for project evaluations are proportionate to the size of the total budgets and are recorded separately to facilitate monitoring of the costs incurred. The Office will return to this issue once the IRIS project is more advanced, as the new system will result in important changes in the ways that performance information is recorded and collated.</p>	<p>I take note of the Office's comments and look forward to the developments in this area.</p>
<p>Recommendation 11: I recommend that the ILO's evaluation strategy should provide for independent review and evaluation of all performance indicators, with the results being reported to the Governing Body.</p>	<p>PROGRAM has developed a comprehensive evaluation strategy for the ILO which was discussed at the November 2002 Governing Body session. The strategy takes into consideration the need for independent monitoring and evaluation of organizational performance. At present, the Office has two main methods of reporting on performance. The annual Implementation Reports (of which the first two, for the 2000-01 biennium, have now been reviewed by the Governing Body), and the scheduled evaluation of eight InFocus programmes which were presented to the Governing Body in November 2002.</p>	<p>I am pleased to note that the Office has already delivered the independent evaluation of two in-focus programmes and that the rest have been planned for delivery.</p>

Annex 1

Action taken in response to the recommendations made in the External Auditor's report on the 2000-01 accounts

Recommendation	Response from ILO Management	External Audit Comment
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Review of the Office of Internal Audit and Oversight

<p>Recommendation 12: A systematic, forward-looking methodology for the assessment of risk is especially important to an organization such as the ILO in a period of implementing significant changes in its operations, structure and activities. I recommend therefore that the Office of Internal Audit and Oversight develop a formal and systematic risk assessment methodology to underpin their work and inform their coverage.</p>	<p>As noted by the External Auditor, the workplan of the Office of Internal Audit and Oversight (IAO) for its internal audit activities in 2000-01 was derived from a comprehensive needs assessment based on audit findings and results of past biennia. This exercise revealed risk areas and also highlighted functions which had not been covered in the past. These included work planning, monitoring and evaluation, and the need to improve performance measurement in line with the strategic budgeting process. Audit scope was thus increased to cover the overall system of internal control rather than limiting audit activities to assessing financial and administrative controls. The briefings and advice provided to management at headquarters as well as regional and country offices addressed main risk areas identified and supplemented audit recommendations. Results of risks assessment are now documented on a more formal basis and will be considered when determining audit coverage in IAO's future workplans.</p>	<p>I note the additional work undertaken by IAO in response to my recommendation.</p>
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Annex 1

Action taken in response to the recommendations made in the External Auditor's report on the 2000-01 accounts

Recommendation	Response from ILO Management	External Audit Comment
<p>Recommendation 13: I recommend that IAO develop a more comprehensive audit plan to cover each biennial period. This should set out defined objectives and outputs, with corresponding resource and timing requirements.</p>	<p>The audit workplan has traditionally covered a one-year period, particularly since the reporting on audit activities to the Governing Body is made annually, but this does not preclude the development of a biennial workplan. Biennial audit plans will be prepared as from the next biennium (2004-05). The 2002 workplan of the Office of Internal Audit and Oversight allocated available staff and travel resources to specific audit activities and indicated the time required for these activities. This process ensures the cost-effective deployment of resources and will be continued. Audit objectives, outputs and scope will in future be incorporated in an annex to the workplan (starting with the 2003 workplan), in order to provide more detailed information for senior management.</p>	<p>I am pleased to report that the IAO has followed my recommendation and developed a more comprehensive plan for its activities for 2004-05.</p>
<p>Recommendation 14: I also recommend that the IAO finalize and adopt an internal audit manual as a matter of priority, to assist the maintenance of appropriate standards and consistency in audit assignments, to inform the planning and execution of activities, and to structure and guide the internal audit team's work.</p>	<p>The preparation of an internal audit manual has been planned since 1999. Although some work has been done, progress has been hampered by a lack of staff resources which continued in 2002. The Chief Internal Auditor recognizes that an internal audit manual is an important tool which will institutionalize the internal audit approach and procedures and a progress report on the development of this manual will be included in his report to the Governing Body in March 2004.</p>	<p>The IAO has informed my staff that they intend to have finalised the manual by June 2004 and adopt the methodology in their work undertaken in the current biennium.</p>
<p>Recommendation 15: I recommend that IAO consider whether audit reports could include estimates of cost savings that might be achieved as a result of recommendations being implemented.</p>	<p>To the extent that they can be determined, IAO will provide estimates of cost savings that might be derived by the Office from implementing internal audit recommendations in future audit reports.</p>	<p>I am pleased to note that IAO have acted upon my recommendation.</p>

Annex 1

Action taken in response to the recommendations made in the External Auditor's report on the 2000-01 accounts

Recommendation	Response from ILO Management	External Audit Comment
<p>Recommendation 16: I recommend that IAO should introduce a systematic methodology for the prioritization and follow-up of recommendations to management.</p>	<p>Guidance to management will be provided to ensure that the most significant audit recommendations are given priority in future. A separate timetable for the completion of other recommendations will also be made available.</p>	<p>I am pleased to note that IAO have acted upon my recommendation.</p>
<p>Recommendation 17: I recommend that, in addition to the existing annual reporting, IAO should submit a biennial audit plan and a biennial report of the results of their work (linked to the biennial plan) to the Director-General and to the Governing Body.</p>	<p>A biennial audit plan will be submitted to the Director-General as from the next biennium. As regards reporting, in accordance with Financial Rule 14.30(v), the Chief Internal Auditor submits a summary report annually to the Director-General, with a copy to the External Auditor, on internal audit activities of the previous year, their orientation and scope and the implementation of status of recommendations. This summary report is submitted to the Governing Body by the Director-General with any comments thereon as he deems appropriate. A biennial report linked to the biennial plan would need to be given careful consideration in order to avoid repetition of work and results already communicated in the annual reports.</p>	<p>I am pleased to note that IAO produced a biennial plan and a biennial report for the Governing Body in March 2004.</p>
<p>Staff Health Insurance Fund (SHIF)</p>		
<p>Recommendation 18: In the interests of good governance and accountability, I urge the ILO to address my earlier recommendations as soon as possible. The earlier recommendations were:</p>		<p>This recommendation has been dealt with in the main body of the text.</p>

Annex 1

Action taken in response to the recommendations made in the External Auditor's report on the 2000-01 accounts

Recommendation	Response from ILO Management	External Audit Comment
<p><i>The ILO should review the legal and constitutional status of the Staff Health Insurance Fund and its relationship with the sponsoring bodies. The review should also consider whether the ILO should continue to include SHIF fund balances in its accounts.</i></p>	<p>A comprehensive review of the legal and constitutional status of SHIF was undertaken by the Office of the Legal Adviser. The conclusions reached by this review have been shared with the SHIF Management Committee, the ITU and the External Auditor. In summary, the review concluded that the SHIF is, in most respects, independent from the ILO. The review also concluded that SHIF fund balances are in the custody of the ILO and should therefore continue to be included in the accounts of the Office.</p>	
<p><i>The ILO should clarify the auditing and reporting arrangements for SHIF, including the arrangements for auditing ITU benefit expenditure.</i></p>	<p>The Office has recommended to the SHIF Management Committee that for reasons of efficiency and economical use of resources, the ILO's External Auditor should be appointed as auditor of SHIF. The ILO External Auditor could coordinate his work with his counterpart in the ITU to ensure that a full and proper audit is carried out. It is the Office's understanding that discussions have taken place between the two external auditors and the SHIF Management Committee in order to implement such arrangement.</p>	

Annex 1

Action taken in response to the recommendations made in the External Auditor's report on the 2000-01 accounts

Recommendation	Response from ILO Management	External Audit Comment
<p><i>The ILO should continue to keep under review the potential costs and benefits of outsourcing the operation of SHIF.</i></p>	<p>Two studies were undertaken in 1990 and 1997 concerning re-organization and rationalization of SHIF operations. However, the possibility of subcontracting SHIF administration to an outside firm has never been examined. Following the concerns which have been expressed by the SHIF Management Committee regarding the claims processing function, HRD decided to explore the subcontracting option of this function with a view to considering potential costs and benefits. A survey of three external contractors that are providing claims processing services to other international organizations was undertaken. The results of this survey will be submitted to the SHIF Management Committee for consideration.</p>	

Administration of staff appointments

<p>Recommendation 19: Therefore I recommend that the ILO ensure that all necessary contract actions are finalized before the commencement of employment..</p>	<p>Following a comprehensive review of the use and administration of employment contracts in the ILO, HRD issued a circular in July 2002 which referred to the late finalization of contracts. The circular requires that personnel action requests are submitted to HRD at least two weeks prior to the date of entry on duty of the official, or before a proposed extension of the official's contract is to take effect. This should ensure that all necessary contract procedures are finalized before the commencement of employment.</p>	<p>I note that the ILO has acted upon my recommendation.</p>
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3. Certification of financial statements and audit opinion

The financial statements numbered I to IV and relevant schedules are approved.

(Signed) Manoj Juneja,
Executive Director,
Acting Treasurer and Financial Comptroller.
31 March 2004.

(Signed) Juan Somavía,
Director-General.
31 March 2004.

Opinion of the External Auditor to the Governing Body of the International Labour Office

I have audited the accompanying financial statements comprising Statements I to IV, the Schedules and the supporting Notes of the International Labour Organization for the financial period ended 31 December 2003. These financial statements are the responsibility of the Director-General of the ILO. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Director-General of the ILO, as well as evaluating the overall financial statement presentation. My audit includes a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I consider necessary in the circumstances. I believe that my audit provides a reasonable basis for the audit opinion.

In my opinion, these financial statements present fairly, in all material respects, the financial position as at 31 December 2003 and the results of the operations and cash flows for the period then ended in accordance with the International Labour Organization's stated accounting policies, set out in part II of the general notes to the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Further, in my opinion, the transactions of the International Labour Organization, which I have tested as part of my audit, have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with Chapter IX of the Financial Regulations and the Additional Terms of Reference governing External Audit appended thereto, I have also issued a long-form Report on my audit of the International Labour Organization's financial statements.

(Signed) Sir John Bourn,
Comptroller and Auditor General, United Kingdom,
External Auditor

National Audit Office,
London.

26 April 2004.

**4. Financial statements and schedules
for the financial period 2002-03**

STATEMENT I : STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
(ALL SOURCES OF FUNDS)
for the biennium ending 31 December 2003
(in thousands of United States dollars)

	GENERAL FUND								Other funds managed by the ILO (Schedule 2.1)		Extra-budgetary technical cooperation (Schedule 3.1)	
	Regular budget		Working Capital Fund Income Adjustment Account Capital funds relating to land and buildings		Other funds forming part of the General Fund		TOTAL					
	(Schedule 1.1.1)		(Schedule 1.1.2)		(Schedule 1.1.3)							
	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01				
INCOME												
Assessed contributions for the financial period	434,041	467,458					434,041	467,458				
Voluntary contributions									524	659	247,862	168,675
Other contributions									-	180		
Other/Miscellaneous income:												
Revenue producing activities					3,374	3,294	3,374	3,294	384	380		
Funds received under inter- organization arrangements					6,593	5,973	6,593	5,973	7,797	9,290	14,673	21,710
Allocations from other funds					27,085	23,704	27,085	23,704				
Income from services rendered					1,937	6,766	3,602	8,057	224	(23)	1,961	13,071
Investment income, including interest			1,665	1,291	22,284	(2,515)	18,968	(196)	138	(75)	136	(20)
Currency exchange adjustments			303	311	1,148	951	1,451	1,262	75	101	(7)	1
Other/Miscellaneous												
TOTAL INCOME	434,041	467,458	24,252	(913)	59,105	40,492	517,398	507,037	9,142	10,512	264,625	203,437
EXPENDITURE	433,931	467,169	-	-	75,741	46,517	509,672	513,686	9,287	10,823	254,828	206,188
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	110	289	24,252	(913)	(16,636)	(6,025)	7,726	(6,649)	(145)	(311)	9,797	(2,751)
OTHER ADJUSTMENTS:												
Revaluation of the budgetary surplus	40	(21)					40	(21)				
Decrease(increase) in the provision for delays in the payment of contributions	(11,661)	60,899					(11,661)	60,899				
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(11,511)	61,167	24,252	(913)	(16,636)	(6,025)	(3,895)	54,229	(145)	(311)	9,797	(2,751)
Transfer of previous biennium's surplus (1)												
To IT Fund	(5,940)	(22,904)					(5,940)	(22,904)				
To Appropriation from 2000-01 surplus	(48,999)	-					(48,999)	-				
To Building and Accommodation Fund	(3,267)	-					(3,267)	-				
To undistributed surplus	(6,490)	(2,073)					(6,490)	(2,073)				
Revaluation of the surplus	3,529	(1,257)					3,529	(1,257)				
Total	(61,167)	(26,234)					(61,167)	(26,234)				
Adjustments to reserves & fund balances			9,776	6,441	58,206	22,904	67,982	29,345	(51)	(121)	(4,643)	(985)
Financing of deficit from Working Capital Fund	11,511	-	(11,511)	-			-	-				
RESERVES AND FUND BALANCES BEGINNING OF PERIOD	61,167	26,234	88,339	82,811	72,454	55,575	221,960	164,620	11,193	11,625	104,651	108,387
RESERVES AND FUND BALANCES END OF PERIOD	-	61,167	110,856	88,339	114,024	72,454	224,880	221,960	10,997	11,193	109,805	104,651

(1) At the 88th session (2000), the International Labour Conference decided in derogation of article 18.2 of the Financial Regulations, to finance the establishment of an Information Technology Systems Fund in an amount of 38,250,000 Swiss francs from the 1998-99 surplus.
At the 90th session (2002), the International Labour Conference decided in derogation of article 18.2 of the Financial Regulations, to retain 90% of the 2000-01 surplus (90,801,000 Swiss francs) for urgent priorities and time-bound investments, including a transfer of 8,850,000 Swiss francs to the Information Technology Systems Fund and 4,867,500 Swiss francs to the Building and Accommodation Fund.

STATEMENT II - STATEMENT OF ASSETS, LIABILITIES, AND RESERVES AND FUND BALANCES (Note 15)
(ALL SOURCES OF FUNDS)
as at 31 December 2003
(in thousands of United States dollars)

	General fund			Other funds managed by the ILO (Schedule 2.2)			Extra-budgetary technical cooperation (Schedule 3.2)		
	2002-03	2000-01	References	2002-03	2000-01	References	2002-03	2000-01	References
ASSETS									
Cash and term deposits	279,100	302,862		409	-		273	555	
Investments	61,771	51,555	Note 17	5,284	5,323	Note 17			
Accounts receivable:									
Contributions receivable from current member States and States which have ceased to be Members	109,085	76,759	Schedule 1.2.1						
Less provision for delays in the payment of contributions	(109,085)	(76,759)							
Interfund balances				5,306	5,930		113,713	107,756	
Other	15,780	16,229	Note 18	57	55		2,808	3,068	
Land and buildings (at cost)	130,109	102,466	Note 19						
TOTAL ASSETS	486,760	473,112	Note 20	11,056	11,308		116,794	111,379	Note 20
LIABILITIES									
Contributions received in advance	11,442	8,979							
Borrowings payable within one year	2,848	2,244	Note 21						
Accounts payable:									
Unliquidated obligations	13,624	18,407	Note 22	59	115		753	1,892	
Interfund balances	119,019	113,686							
Other	2,297	2,590					6,236	4,836	
Amounts payable to member States	4,789	11,925	Note 23						
Borrowings payable after one year	59,806	51,608	Note 21						
Special accounts	2,829	3,115	Note 24						
Funds held in trust (SHIF)	45,226	38,598	Note 25						
TOTAL LIABILITIES	261,880	251,152		59	115		6,989	6,728	
RESERVES AND FUND BALANCES									
Surplus	-	61,167							
Operating reserves				5,728	5,889				
Balances relating to projects funded by donors							109,805	104,651	
Working Capital Fund	15,412	21,212	Schedule 1.1.2						
Income Adjustment Account	27,989	18,513	Schedule 1.1.2						
Capital funds relating to land and buildings	67,455	48,614	Schedule 1.1.2						
Other	114,024	72,454	Schedule 1.1.3	5,269	5,304				
TOTAL RESERVES AND FUND BALANCES	224,880	221,960		10,997	11,193		109,805	104,651	
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	486,760	473,112		11,056	11,308		116,794	111,379	

STATEMENT III - STATEMENT OF CASH FLOW - GENERAL FUND
for the biennium ending 31 December 2003
(in thousands of United States dollars)

	2002-03	2000-01	References
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net excess/(shortfall) of income over expenditure	(3,895)	54,229	Statement I
(Increase) decrease in contributions receivable (1)	-	-	
(Increase) decrease in other accounts receivable	449	1,667	Statement II
Increase (decrease) in contributions or payments received in advance	2,463	(1,226)	Statement II
Increase (decrease) in unliquidated obligations	(4,783)	898	Statement II
Increase (decrease) in other liabilities	(293)	(1,379)	Statement II
Increase (decrease) in special accounts	(286)	803	Statement II
Increase (decrease) in funds held in trust (SHIF)	6,628	1,195	Statement II
Less: Investment income, including interest	(3,602)	(8,057)	Statement I
NET CASH FROM OPERATING ACTIVITIES	<u>(3,319)</u>	<u>48,130</u>	
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES:			
(Increase) decrease in investments	(10,216)	(2,488)	Statement II
(Increase) decrease in interfund balances receivable	-	-	Statement II
Increase (decrease) in interfund balances payable	5,333	(324)	Statement II
Increase (decrease) in borrowings (2)	8,802	(6,688)	
Plus: Investment income, including interest	3,602	8,057	Statement I
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	<u>7,521</u>	<u>(1,443)</u>	
CASH FLOW FROM OTHER SOURCES:			
(Increase) decrease in land and buildings (2)	(27,643)	3,617	
Increase (decrease) in credits payable to member States	(7,136)	(4,217)	Statement II
Transfer of 1998-99 surplus		(26,234)	Statement I
Transfer of 2000-01 surplus	(61,167)	-	Statement I
Other adjustments	67,982	29,345	Statement I
NET CASH FROM OTHER SOURCES	<u>(27,964)</u>	<u>2,511</u>	
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	<u>(23,762)</u>	<u>49,198</u>	
CASH AND TERM DEPOSITS, BEGINNING OF PERIOD	<u>302,862</u>	<u>253,664</u>	Statement II
CASH AND TERM DEPOSITS, END OF PERIOD	<u>279,100</u>	<u>302,862</u>	Statement II

- (1) Contributions receivable are offset by the 100% provision for delays in the payment of contributions. There is thus no net increase or decrease in contributions receivable.
- (2) The increase in borrowings, representing the increase in Swiss franc loan for the Headquarters building, and the increase in land and buildings, are both valued for the 2000-01 biennium at the December 2001 UN monthly accounting rate of 1.65 Swiss francs to the dollar, and for the 2002-03 biennium at the December 2003 UN monthly accounting rate of 1.30 Swiss francs to the dollar.

**Statement IV - Status of regular budget appropriations for the financial period 2002-03
(in thousands of United States dollars)**

Title	Appropriation (1)	Expenditure
Part I. Ordinary budget		
A. Policy making organs	53,061	52,390
B. Strategic objectives	329,306	326,782
C. Management Services	35,524	35,460
D. Other budgetary provisions	18,949	18,533
Adjustment for staff turnover	(3,675)	-
Total Part I	433,165	433,165
Part II Unforeseen expenditure		
Unforeseen expenditure	875	766
Part III Working Capital Fund		
Working capital fund	-	-
Total (Parts I-III)	434,040	433,931
Total 2000-01	467,470	467,169

(1) To improve the comparability of 2002-03 expenditure, appropriations between strategic objectives and management services have been adjusted to reflect staff redeployments as presented in the 2004-05 Programme and Budget - Information Annex 1.

Schedule 1.1.1 - Income and Expenditure and Changes in Reserves and Fund Balances
General Fund - (Regular budget)
for the biennium ending 31 December 2003
(in thousands of Swiss Francs and United States dollars)

	2002-03				2000-01				References
	Budget		Actual		Budget		Actual		
	Swiss francs	US dollars	Swiss francs	US dollars	Swiss francs	US dollars	Swiss francs	US dollars	
INCOME (1)									
Assessed contributions for the financial period	768,253	434,041	768,253	434,041	715,211	467,458	715,211	467,458	(2)
TOTAL INCOME	768,253	434,041	768,253	434,041	715,211	467,458	715,211	467,458	
EXPENDITURE (1)									
Part I - Ordinary budget		433,165		433,165		466,595		466,595	(3)
Part II - Unforeseen expenditure		875		766		875		574	
TOTAL EXPENDITURE		434,040		433,931		467,470		467,169	
EXCESS OF INCOME OVER EXPENDITURE BEFORE OTHER ADJUSTMENTS, AT BUDGET RATE OF EXCHANGE				110				289	
OTHER ADJUSTMENTS									
Revaluation of the budgetary surplus				40				(21)	(4)
Decrease (increase) in the provision for delays in the payment of contributions				(11,661)				60,899	(5)
NET SHORTFALL OF INCOME OVER EXPENDITURE				(14,965)				61,167	
Financing of deficit from Working Capital Fund				14,965		11,511			
Transfer of previous biennium's surplus (Statement I)				(100,927)		(61,167)			
FUND BALANCES, BEGINNING OF PERIOD				100,927				61,167	-
FUND BALANCES, END OF PERIOD				-				100,927	61,167

(1) US dollar income and expenditure figures result from the conversion of Swiss franc income and expenditure to US dollars at the budget rate of exchange (2002-03: 1.77 Swiss francs to the US dollar, 2000-01: 1.53 Swiss francs to the US dollar)

(2) As adopted by the 89th International Labour Conference

768,251
<u>2</u>
<u>768,253</u>

Assessed after the adoption of the budget on Vanuatu which joined the Organization on 22 May 2003

(3) Details of expenditure are provided in Statement IV and Information Annex II.

(4) Revaluation of the excess of income over expenditure from the budget rate of exchange to the United Nations monthly rate of exchange in the last month of the biennium.

Relevant exchange rates (Swiss francs to the dollar):		2002-03	2000-01
A	Budget rate of exchange	1.77	1.53
B	UN rate of exchange in December	1.30	1.65
Excess of income over expenditure:			
C	In '000s of US dollars	110	289
D	In '000s of Swiss francs at budget rate (CxA)	195	442
E	In '000s of US dollars at December 2003 UN rate (D/B)	150	268
F	Revaluation of surplus in '000s of US dollars (E-C)	40	(21)

(5) With the introduction of the accrual method of accounting, all contributions due in a financial period are recorded as income in the financial period (Article 10, paragraph 5), and the excess or shortfall of income over expenditure in any complete financial period is calculated by deducting budgetary expenditure from budgetary income with a financial provision being made for delays in the payment of contributions. Such provision amounts to 100 per cent of the contributions unpaid at the end of the financial period (Article 18, paragraph 1). Contributions outstanding at 31 December 2003 amounted to 141,810,523 Swiss francs while at 31 December 2001 the amount outstanding was 126,651,615 Swiss francs. The provision for delays in the payment of contributions was thus increased by 15,158,908 Swiss francs or \$11,660,698 at the December 2003 rate of exchange. Summary of contributions are provided in Schedule 1.2.1.

Schedule 1.1.1.1 - Additional 2002-03 expenditure items approved by the Governing Body

Governing Body Sessions	Description of Items	Amount in US dollars
283rd (March 2002)	GB delegation to attend the World Summit on Sustainable Development, Johannesburg (26 August to 4 September 2002)	18,000 (1)
283rd (March 2002)	GB delegation to attend the ICAO Conference, Montreal (24 to 29 March 2003)	20,000 (1)
283rd (March 2002)	Additional item on the agenda of the 2003 International Labour Conference concerning improved security of seafarers' identification	475,000 (1)
283rd (March 2002)	Additional preparatory work and two extra days to be added to the maritime tripartite meetings in 2002	77,000 (1)
283rd (March 2002)	High-level tripartite delegation to represent the ILO at the IMO Diplomatic Conference on Maritime Security, London, (4 to 13 December 2002)	20,000 (1)
285th (November 2002)	On-the-spot reviews of technical cooperation projects	15,000 (1)
285th (November 2002)	Meeting of Experts on labour standards in the fishing sector	85,000 (2)
285th (November 2002)	Increase in the base/floor salary scales for Professional staff	1,840,000 (3)
285th (November 2002)	Increase in General Service salary scales and allowances	970,000 (1)
	Total	<u>3,520,000</u>

(1) Financed from savings in Part I.

(2) Financed from cost savings identified in the provision for sectoral meetings.

(3) Financed in the first instance from savings under Part I of the budget and through the use of Part II.

This amount represents the cost implication to the ILO of the UNGA's decision on base/floor salary scale, which was lower than that recommended by the ICSC and tentatively approved by the Governing Body (US\$ 3,228,000).

Schedule 1.1.2 - Income and Expenditure and Changes in Reserves and Fund Balances
General Fund - (Working Capital Fund, Income Adjustment Account and Capital funds relating to land and buildings) (1
for the biennium ending 31 December 2003
(in thousands of Swiss francs and United States dollars)

	Working Capital Fund				Income Adjustment Account				Capital funds relating to land and buildings (2) (in US dollars)		TOTAL (in US dollars)	
	2002-03 Swiss francs	US dollars	2000-01 Swiss francs	US dollars	2002-03 Swiss francs	US dollars	2000-01 Swiss francs	US dollars	2002-03	2000-01	2002-03	2000-01
INCOME												
Other/Miscellaneous income												
Investment income, including interest (3)												
Earned on the Working Capital Fund					386	273	1,001	587			273	587
Other interest earned					2,014	1,392	1,162	704			1,392	704
	-	-	-	-	2,400	1,665	2,163	1,291	-	-	1,665	1,291
Currency exchange adjustments												
Exchange rate gains (losses)					(381)	(288)	399	242	-	(140)	(288)	102
Revaluation of fund balances		5,711		(801)	-	5,186	-	(540)	11,675	(1,276)	22,572	(2,617)
	-	5,711	-	(801)	(381)	4,898	399	(298)	11,675	(1,416)	22,284	(2,515)
Other/Miscellaneous					428	303	504	311			303	311
TOTAL INCOME	-	5,711	-	(801)	2,447	6,866	3,066	1,304	11,675	(1,416)	24,252	(913)
EXPENDITURE												
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	-	5,711	-	(801)	2,447	6,866	3,066	1,304	11,675	(1,416)	24,252	(913)
Cancellation of prior period's obligations					3,393	2,610	3,225	1,954			2,610	1,954
Land and buildings acquired												
Lima									1,762	-	1,762	-
Dar es Salaam									52	-	52	-
Santiago									19	-	19	-
Capital payments made on loan for headquarters building									5,333	4,487	5,333	4,487
Financing of 2002-03 deficit	(14,964)	(11,511)	-	-							(11,511)	-
RESERVES AND FUND BALANCES BEGINNING OF PERIOD	35,000	21,212	35,000	22,013	30,546	18,513	24,255	15,255	48,614	45,543	88,339	82,811
RESERVES AND FUND BALANCES END OF PERIOD	20,036	15,412	35,000	21,212	36,386	27,989	30,546	18,513	67,455	48,614	110,856	88,339

(1) The Working Capital Fund and the Income Adjustment Account are wholly Swiss franc-based, while the Capital Funds relating to land and buildings are partially Swiss franc-based (as regards the headquarters building). Fund balances accordingly either wholly or partially valued in United States dollars at the United Nations monthly accounting rate of exchange in effect at the end of each financial period (2002-03: December 2003 rate of 1.30 Swiss francs to the dollar; 2000-01: December 2001 rate of 1.65 Swiss francs to the dollar)

(2) See Note 19 to Statement II, which gives details of the Capital Funds relating to land and building:

(3) Other interest includes 40 per cent of the interest earned on temporarily surplus regular budget fund:

Schedule 1.1.3 - Income and Expenditure and Changes in Reserves and Fund Balances
General Fund - (Other funds forming part of the General Fund)
for the biennium ending 31 December 2003
(in thousands of United States dollars)

	Other funds (Schedule 1.1.3.1)		Other funds (Schedule 1.1.3.2)		TOTAL	
	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01
INCOME						
Other/Miscellaneous income:						
Revenue producing activities	3,374	3,294			3,374	3,294
Allocations from other funds	687	650	5,906	5,323	6,593	5,973
Income from services rendered			27,085	23,704	27,085	23,704
Investment income, including interest	248	631	1,689	6,135	1,937	6,766
Currency exchange adjustments	2,220	(199)	16,748	3	18,968	(196)
Other/Miscellaneous	889	675	259	276	1,148	951
TOTAL INCOME	7,418	5,051	51,687	35,441	59,105	40,492
EXPENDITURE	6,924	4,429	68,817	42,088	75,741	46,517
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	494	622	(17,130)	(6,647)	(16,636)	(6,025)
Transfer from 1998-99 surplus			-	22,904	-	22,904
Transfer from 2000-01 surplus						
To IT Fund			5,940	-	5,940	-
To Appropriation from 2000-01 surplus			48,999	-	48,999	-
To Building and Accommodation Fund	3,267	-			3,267	-
RESERVES AND FUND BALANCES BEGINNING OF PERIOD	9,765	9,143	62,689	46,432	72,454	55,575
RESERVES AND FUND BALANCES END OF PERIOD	13,526	9,765	100,498	62,689	114,024	72,454

**Schedule 1.1.3.1 - Income and Expenditure and Changes in Reserves and Fund Balances:
General Fund - (Other funds forming part of the General Fund)
for the biennium ending 31 December 2003
(in thousands of United States dollars)**

	Building Accommodation Fund (1)		Publications Revolving Fund		Compensation Fund		Reserve Fund for Extra- budgetary Accounts		Fidelity Guarantee Insurance Fund		Special Payments Fund		Nobel Peace Prize Fund		TOTAL	
	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01
INCOME																
Other/Miscellaneous income:																
Revenue producing activities	526	460	2,848	2,834											3,374	3,294
Allocations from other funds	213	217			362	302					112	131			687	650
Investment income, including interest	152	179	3	105	20	55			38	144	15	60	20	88	248	631
Currency exchange adjustments	2,220	(199)													2,220	(199)
Other/Miscellaneous			69	-	820	675									889	675
TOTAL INCOME	3,111	657	2,920	2,939	1,202	1,032	-	-	38	144	127	191	20	88	7,418	5,051
EXPENDITURE	2,217	141	3,443	3,218	1,120	963					119	68	25	39	6,924	4,429
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	894	516	(523)	(279)	82	69	-	-	38	144	8	123	(5)	49	494	622
Transfer from 2000-01 surplus (2)	3,267	-													3,267	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	6,574	6,058	684	963	281	212	25	25	1,142	998	436	313	623	574	9,765	9,143
RESERVES AND FUND BALANCES END OF PERIOD	10,735	6,574	161	684	363	281	25	25	1,180	1,142	444	436	618	623	13,526	9,765

(1) The fund is Swiss franc based. Fund balances are accordingly valued in United States dollars at the United Nations monthly accounting rate of exchange in effect in the last month of each period (2002-03: December 2003 rate of 1.30 Swiss francs to the dollar; 2000-01: December 2001 rate of 1.65 Swiss francs to the dollar)

(2) At the 90th session (2002), the International Labour Conference decided in derogation of article 18.2 of the Financial Regulations, to retain 90,801,000 Swiss francs of the 2000-01 surplus for urgent priorities and time-bound investments. Of the amount retained, 4,867,500 Swiss francs was allocated to the Building and Accommodation Fund

Schedule 1.1.3.2 - Income and Expenditure and Changes in Reserves and Fund Balances
General Fund - (Other funds forming part of the General Fund)
for the biennium ending 31 December 2003
(in thousands of United States dollars)

	Programme Support		Terminal Benefits fund (1)		Appropriation from 1990-91 cash surplus (2)		Appropriation from 1992-93 cash surplus (2)		ITS Fund		Appropriation from 2000-01 surplus (3)		TOTAL	
	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01
INCOME														
Other/Miscellaneous income:			5,906	5,318					-	5			5,906	5,323
Allocations from other funds													27,085	23,704
Income from services rendered (4)	27,085	23,704											27,085	23,704
Investment income, including interest	428	2,393	578	3,122	6	16	26	96	266	508	385	-	1,689	6,135
Currency exchange adjustments	1	-			128	(23)	627	(252)	6,315	278	9,677	-	16,748	3
Other Miscellaneous	259	276											259	276
TOTAL INCOME	27,773	26,373	6,484	8,440	134	(7)	653	(156)	6,581	791	10,062	-	51,687	35,441
TOTAL EXPENDITURE	30,361	27,392	6,930	12,134	-	159	-	2,246	16,688	157	14,838	-	68,817	42,088
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(2,588)	(1,019)	(446)	(3,694)	134	(166)	653	(2,402)	(10,107)	634	(4,776)	-	(17,130)	(6,647)
Transfer from 1998-99 surplus									-	22,904			-	22,904
Transfer from 2000-01 surplus (3)									5,940	-			5,940	-
To IT Fund											48,999	-	48,999	-
To Appropriation from 2000-01 surplus														
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	17,721	18,740	18,642	22,336	470	636	2,318	4,720	23,538	-	-	-	62,689	46,432
RESERVES AND FUND BALANCES END OF PERIOD	15,133	17,721	18,196	18,642	604	470	2,971	2,318	19,371	23,538	44,223	-	100,498	62,689

(1) The estimated liability for terminal benefits as at 31 December 2003 was \$98.7 million. The Terminal Benefits Fund serves to meet the cost of repatriation grants and other statutory indemnities payable under articles 11.4, 11.5 and 11.6 of the Staff Regulations upon termination of contracts. It is currently financed from the inclusion in staff costs of a provision of 3.5 per cent of the basic salary of eligible officials and from interest earned on the resources of the Fund.

(2) As approved by the 79th (1992) and 81st (1994) sessions of the International Labour Conference respectively. The accounts are Swiss franc-based. Fund balances are accordingly valued in US dollars at the United Nations monthly accounting rate of exchange in effect at the end of each period (2002-03: December 2003 rate of 1.30 Swiss francs to the dollar; 2000-01: December 2001 rate of 1.65 Swiss francs to the dollar).

(3) At the 90th session (2002), the International Labour Conference decided in derogation of article 18.2 of the Financial Regulations, to retain 90,801,000 Swiss francs of the 2000-01 surplus for urgent priorities and time-bound investments. Of the amount retained, 8,850,000 Swiss francs was allocated to the Information Technology Systems Fund.

(4) Includes interest of \$574,209 earned on Extra-Budgetary technical cooperation fund balances not specifically attributable to donors (2000-01 \$2.8 million).

**Schedule 1.2.1 - Assessed contributions of member States and amounts due by States for prior periods of membership in the ILO - Summary (in Swiss francs)
for the biennium ending 31 December 2003**

Details	Balance due as at 01.01.02 (1)	Assessed Contributions 2002-2003	Total Amounts due	Amount received or credited (2)			Balance due as at 31.12.03
				2002	2003	Total Income	
A. Assessed contributions for the financial period 2002-03:							
2002 - Assessed with the budget		384,125,400	384,125,400	334,813,998	33,599,854	368,413,852	15,711,548
2003 - Assessed with the budget		384,127,757	384,127,757		311,615,046	311,615,046	72,512,711
Total assessed contributions for the financial period 2002-03		768,253,157	768,253,157	334,813,998	345,214,900	680,028,898	88,224,259
B. Assessed contributions for previous financial periods due from member States	119,917,630		119,917,630	65,658,230	7,360,217	73,018,447	46,899,183
C. Amounts due by States for prior periods of membership in the ILO	6,733,985		6,733,985	23,452	23,452	46,904	6,687,081
Total assessed contributions and other amounts due for previous financial period	126,651,615		126,651,615	65,681,682	7,383,669	73,065,351	53,586,264
Total 2002-03	126,651,615	768,253,157	894,904,772	400,495,680	352,598,569	753,094,249	141,810,523
Total 2000-01	227,135,227	715,210,897	942,346,124	352,593,540	463,100,969	815,694,509	126,651,615

Balance due in US dollars at the United Nations monthly accounting rate of exchange for December 2003 (1.30 Swiss francs to the dollar)

109,085,018

(1) Excludes assessed contributions for 2002.

(2) Includes credits to member States in respect of:

	<u>2002</u>	<u>2003</u>
The incentive scheme for 2000 and 2001 respectively	858,278	6,908,477
Cash surpluses for previous financial periods	1,195,575	7,079,331
50 per cent of the net premium for previous financial periods	<u>3,741,810</u>	<u>4,485,496</u>
Total Credits	<u>5,795,663</u>	<u>18,473,304</u>

**Schedule 1.2.1.1 - Assessed contributions of member States and amounts due by States for prior periods of membership in the ILO - Details (in Swiss francs)
for the biennium ending 31 December 2003**

State	2002-2003 Assessed Contribution							Amounts due for previous financial periods					Total due as at 31.12.03
	2002			2003			Balance due as at 31.12.03	Balance due as at 01.01.02	Amount received or credited		Balance due as at 31.12.03	Calendar years of Assessment	
	Assessed Contributions %	Amount	Amount received or credited in 2002	Assessed Contributions %	Amount	Amount received or credited in 2003			in 2002	in 2003			
Afghanistan	0.00700	26,889	-	26,889	0.00900	34,571	34,571	-	164,933	-	164,933	-	-
Albania (1)	0.00300	11,524	11,524	-	0.00300	11,524	11,524	-	-	-	-	-	-
Algeria	0.07000	268,888	397	268,491	0.06900	265,046	265,046	-	-	-	-	-	-
Angola	0.00200	7,683	7,683	-	0.00200	7,683	7,683	-	-	-	-	-	-
Antigua and Barbuda (2)	0.00200	7,683	-	-	0.00200	7,683	-	15,366	252,735	-	-	252,735	1991-02
Argentina	1.14100	4,382,871	109,913	-	1.13100	4,344,458	-	8,617,416	2,531,566	277,500	1,245,000	1,009,066	2001-02
Armenia (2)	0.00200	7,683	-	-	0.00200	7,683	-	15,366	1,927,983	-	-	1,920,300	1992-02
Australia	1.61500	6,203,625	6,203,625	-	1.60200	6,153,689	6,153,689	-	-	-	-	-	-
Austria	0.93900	3,606,938	3,606,938	-	0.93200	3,580,049	3,580,049	-	-	-	-	-	-
Azerbaijan (2)	0.00400	15,365	-	-	0.00400	15,365	-	30,730	3,701,120	-	130,797	3,570,323	1992-02
Bahamas	0.01200	46,095	46,095	-	0.01200	46,095	46,095	-	-	-	-	-	-
Bahrain	0.01800	69,143	69,143	-	0.01800	69,143	69,143	-	-	-	-	-	-
Bangladesh	0.01000	38,413	38,413	-	0.01000	38,413	3,648	34,765	-	-	-	-	-
Barbados	0.00900	34,571	10,498	24,073	0.00900	34,571	7,540	27,031	27,575	27,575	-	-	-
Belarus (1)	0.01900	72,984	1,077	71,907	0.01900	72,984	3,729	69,255	2,538,906	133,000	180,146	2,225,760	1995-97
Belgium	1.12100	4,306,046	4,306,046	-	1.11200	4,271,474	4,271,474	-	-	-	-	-	-
Belize	0.00100	3,841	3,841	-	0.00100	3,841	3,841	-	-	-	-	-	-
Benin	0.00200	7,683	7,109	-	0.00200	7,683	-	8,257	392	392	-	-	2002
Bolivia	0.00800	30,730	1,264	26,073	0.00800	30,730	-	34,123	33,928	29,574	4,354	-	2002
Bosnia and Herzegovina	0.00400	15,365	-	15,365	0.00400	15,365	15,365	-	501,893	-	501,893	-	-
Botswana	0.01000	38,413	38,413	-	0.01000	38,413	38,413	-	-	-	-	-	-
Brazil	2.06100	7,916,824	240,928	-	2.35300	9,038,471	-	16,714,367	9,781,665	4,302,498	314,200	5,164,967	2001-02
Bulgaria	0.01300	49,936	49,936	-	0.01300	49,936	49,936	-	-	-	-	-	-
Burkina Faso	0.00200	7,683	7,683	-	0.00200	7,683	7,683	-	-	-	-	-	-
Burundi	0.00100	3,841	3,841	-	0.00100	3,841	-	3,841	7,152	7,152	-	-	-
Cambodia (1)	0.00200	7,683	2,680	5,003	0.00200	7,683	7,683	-	351,800	27,062	27,062	297,676	1983-94
Cameroon	0.00900	34,571	34,571	-	0.00900	34,571	3,701	30,870	-	-	-	-	-
Canada	2.54000	9,756,785	9,756,785	-	2.51900	9,676,119	9,676,119	-	-	-	-	-	-
Cape Verde (1)	0.00100	3,841	60	3,781	0.00100	3,841	3,841	-	104,634	6,529	6,549	91,556	1994-96
Central African Republic (1)	0.00100	3,841	236	3,605	0.00100	3,841	3,841	-	159,685	11,381	7,805	140,499	1994-00
Chad	0.00100	3,841	-	3,841	0.00100	3,841	3,841	-	141,191	127,935	13,256	-	-
Chile	0.18400	706,791	706,324	467	0.20900	802,822	471,301	331,521	-	-	-	-	-
China	1.52100	5,842,547	5,000,090	842,457	1.50900	5,796,452	169,826	5,626,626	-	-	-	-	-
Colombia	0.16800	645,331	645,331	-	0.19800	760,568	439,186	321,382	-	-	-	-	-
Comoros (2)	0.00100	3,841	-	-	0.00100	3,841	-	7,682	518,304	-	-	518,304	1980-02
Congo	0.00100	3,841	-	3,329	0.00100	3,841	-	4,353	32,874	-	32,874	-	2002
Costa Rica	0.02000	76,825	76,825	-	0.01900	72,984	72,984	-	-	-	-	-	-
Côte d'Ivoire	0.00900	34,571	34,571	-	0.00900	34,571	453	34,118	32,208	32,208	-	-	-
Croatia	0.03800	145,968	145,968	-	0.03800	145,968	145,968	-	203,874	203,874	-	-	-
Cuba	0.02900	111,396	111,396	-	0.02900	111,396	92,479	18,917	40,060	40,060	-	-	-
Cyprus	0.03700	142,126	142,126	-	0.03700	142,126	142,126	-	-	-	-	-	-
Czech Republic	0.16900	649,172	649,172	-	0.20000	768,251	768,251	-	-	-	-	-	-
Dem. Republic of the Congo (1)	0.00400	15,365	15,365	-	0.00400	15,365	15,365	-	147,959	29,590	29,590	88,779	1997-00
Denmark	0.74300	2,854,052	2,854,052	-	0.73800	2,834,845	2,834,845	-	-	-	-	-	-
Djibouti (2)	0.00100	3,841	342	-	0.00100	3,841	-	7,340	84,277	-	-	84,277	1995-96 +98-02
Dominica	0.00100	3,841	-	3,841	0.00100	3,841	3,841	-	5,543	-	5,543	-	-
Dominican Republic	0.02200	84,508	84,508	-	0.02200	84,508	84,508	-	293,240	145,000	148,240	-	-
Ecuador	0.02400	92,190	78,766	13,424	0.02400	92,190	84,459	7,731	190,575	190,575	-	-	-
Egypt	0.08000	307,300	307,300	-	0.08000	307,300	307,300	-	-	-	-	-	-
El Salvador	0.01800	69,143	69,143	-	0.01800	69,143	2,956	66,187	-	-	-	-	-
Equatorial Guinea	0.00100	3,841	3,496	-	0.00100	3,841	-	4,186	18,145	18,145	-	-	2002
Eritrea	0.00100	3,841	3,841	-	0.00100	3,841	3,841	-	-	-	-	-	-

State	2002-2003 Assessed Contribution							Amounts due for previous financial periods					Total due as at 31.12.03	
	2002			2003			Balance due as at 31.12.03	Balance due as at 01.01.02	Amount received or credited		Balance due as at 31.12.03	Calendar years of Assessment		
	%	Amount	Amount received or credited in 2002	Assessed Contributions	Amount received or credited in 2003	%			Amount	in 2002				in 2003
Estonia	0.01000	38,413	38,413	-	0.01000	38,413	38,413	-	-	-	-	-	-	
Ethiopia	0.00400	15,365	15,365	-	0.00400	15,365	15,365	-	-	-	-	-	-	
Fiji	0.00400	15,365	100	15,265	0.00400	15,365	15,365	-	-	-	-	-	-	
Finland	0.51800	1,989,770	1,989,770	-	0.51400	1,974,405	1,974,405	-	-	-	-	-	-	
France	6.41700	24,649,326	24,649,326	-	6.36700	24,457,264	24,457,264	-	-	-	-	-	-	
Gabon	0.01400	53,778	22,860	30,918	0.01400	53,778	20,232	33,546	26,344	26,344	-	-	33,546	
Gambia (2)	0.00100	3,841	-	-	0.00100	3,841	-	7,682	52,534	-	3,828	48,706	1997-02	56,388
Georgia (2)	0.00500	19,206	-	-	0.00500	19,206	-	38,412	3,015,749	-	-	3,015,749	1993-02	3,054,161
Germany	9.69500	37,240,957	37,240,957	-	9.62000	36,952,863	36,952,863	-	-	-	-	-	-	-
Ghana	0.00500	19,206	117	-	0.00500	19,206	98	38,197	20,389	-	-	5,357	2001-02	43,554
Greece	0.53500	2,055,071	53,247	2,001,824	0.53100	2,039,706	72,885	1,966,821	350,401	-	350,401	-	-	1,966,821
Grenada	0.00100	3,841	3,841	-	0.00100	3,841	3,841	-	-	-	-	-	-	-
Guatemala	0.02600	99,873	99,873	-	0.02600	99,873	99,873	-	-	-	-	-	-	-
Guinea	0.00300	11,524	4,886	-	0.00300	11,524	-	18,162	83,836	83,836	-	-	2002	18,162
Guinea-Bissau (1)	0.00100	3,841	3,841	-	0.00100	3,841	-	3,841	253,944	29,770	-	224,174	1992-01	228,015
Guyana	0.00100	3,841	3,841	-	0.00100	3,841	3,841	-	-	-	-	-	-	-
Haiti	0.00200	7,683	982	-	0.00200	7,683	-	14,384	3,954	-	-	3,954	2001-02	18,338
Honduras	0.00400	15,365	15,365	-	0.00500	19,206	19,206	-	-	-	-	-	-	-
Hungary	0.11900	457,109	457,109	-	0.11800	453,268	453,268	-	-	-	-	-	-	-
Iceland	0.03200	122,920	122,920	-	0.03200	122,920	122,920	-	-	-	-	-	-	-
India	0.33900	1,302,185	1,302,185	-	0.33600	1,290,661	1,290,661	-	-	-	-	-	-	-
Indonesia	0.19800	760,568	23,872	704,965	0.19700	756,727	-	788,458	1,165,174	522,329	642,845	-	2002	788,458
Iran, Islamic Republic of	0.23200	891,171	4,018	887,153	0.26800	1,029,456	20,000	1,009,456	1,337,274	915,032	422,242	-	-	1,009,456
Iraq (2)	0.10000	384,125	-	-	0.13400	514,728	-	898,853	4,753,474	-	-	4,753,474	1988-02	5,652,327
Ireland	0.29200	1,121,646	1,121,646	-	0.29000	1,113,964	1,113,964	-	-	-	-	-	-	-
Israel	0.41200	1,582,597	2,336	93,701	0.40900	1,571,073	-	3,057,633	2,458,767	1,382,928	1,075,839	-	2002	3,057,633
Italy	5.02600	19,306,142	17,088,512	2,217,630	4.98753	19,158,370	17,664,735	1,493,635	-	-	-	-	-	1,493,635
Jamaica	0.00400	15,365	15,365	-	0.00400	15,365	15,365	-	-	-	-	-	-	-
Japan	19.36900	74,401,248	65,182,967	9,218,281	19.21804	73,821,373	64,603,092	9,218,281	-	-	-	-	-	9,218,281
Jordan	0.00800	30,730	30,730	-	0.00800	30,730	30,730	-	-	-	-	-	-	-
Kazakhstan (1)	0.02800	107,555	107,347	208	0.02700	103,714	103,714	-	4,912,306	280,269	257,335	4,374,702	1994-99	4,374,702
Kenya	0.00800	30,730	30,730	-	0.00800	30,730	30,730	-	-	-	-	-	-	-
Kiribati	0.00100	3,841	3,773	68	0.00100	3,841	3,841	-	36	36	-	-	-	-
Korea, Republic of	1.83800	7,060,225	7,060,225	-	1.82300	7,002,606	7,002,606	-	-	-	-	-	-	-
Kuwait	0.14600	560,823	560,823	-	0.14500	556,982	556,982	-	-	-	-	-	-	-
Kyrgyzstan (2)	0.00100	3,841	-	-	0.00100	3,841	-	7,682	1,117,067	-	-	1,117,067	1992-02	1,124,749
Lao People's Dem. Rep.(2)	0.00100	3,841	-	-	0.00100	3,841	-	7,682	70,730	41,527	-	29,203	1998-02	36,885
Latvia (1)	0.01000	38,413	38,413	-	0.01000	38,413	6,541	31,872	1,006,880	143,840	91,843	771,197	1996-98	803,069
Lebanon	0.01200	46,095	46,095	-	0.01200	46,095	3,767	42,328	5,283	5,283	-	-	-	42,328
Lesotho	0.00100	3,841	3,841	-	0.00100	3,841	3,841	-	6,060	6,060	-	-	-	-
Liberia (1)	0.00100	3,841	3,841	-	0.00100	3,841	3,841	-	229,505	14,966	11,919	202,620	1992-99	202,620
Libyan Arab Jamahiriya	0.06600	253,523	26,324	227,199	0.06600	253,523	201,153	52,370	728,628	716,181	12,447	-	-	52,370
Lithuania	0.01700	65,301	65,301	-	0.01700	65,301	34,162	31,139	-	-	-	-	-	31,139
Luxembourg	0.07900	303,459	1,836	301,623	0.07900	303,459	303,459	-	-	-	-	-	-	-
Madagascar	0.00300	11,524	1,056	10,468	0.00300	11,524	-	-	6,771	5,906	865	-	-	-
Malawi	0.00200	7,683	7,683	-	0.00200	7,683	7,683	-	9,636	9,636	-	-	-	-
Malaysia	0.23300	895,012	895,012	-	0.23100	887,330	887,330	-	-	-	-	-	-	-
Mali	0.00200	7,683	7,683	-	0.00200	7,683	7,484	199	-	-	-	-	-	199
Malta	0.01500	57,619	57,619	-	0.01500	57,619	57,619	-	-	-	-	-	-	-
Mauritania	0.00100	3,841	3,264	577	0.00100	3,841	3,441	400	182	182	-	-	-	400
Mauritius	0.01100	42,254	42,254	-	0.01100	42,254	42,254	-	-	-	-	-	-	-
Mexico	1.07800	4,140,872	4,140,872	-	1.06900	4,106,300	4,106,300	-	-	-	-	-	-	-
Moldova, Republic of (2)	0.00200	7,683	-	-	0.00200	7,683	-	15,366	2,706,883	-	-	2,706,883	1992-02	2,722,249
Mongolia	0.00100	3,841	893	2,948	0.00100	3,841	3,841	-	7,152	-	7,152	-	-	-
Morocco	0.04400	169,015	1,208	167,807	0.04300	165,174	165,174	-	-	-	-	-	-	-
Mozambique	0.00100	3,841	3,841	-	0.00100	3,841	-	3,841	76	76	-	-	-	3,841

State	2002-2003 Assessed Contribution							Amounts due for previous financial periods					Total due as at 31.12.03	
	2002				2003			Balance due as at 31.12.03	Balance due as at 01.01.02	Amount received or credited		Balance due as at 31.12.03		Calendar years of Assessment
	%	Amount	Amount received or credited in 2002	Amount received or credited in 2003	%	Amount	Amount received or credited in 2003			in 2002	in 2003			
Myanmar	0.01000	38,413	233	38,180	0.01000	38,413	38,413	-	-	-	-	-	-	-
Namibia	0.00700	26,889	26,889	-	0.00700	26,889	26,889	-	-	-	-	-	-	-
Nepal	0.00400	15,365	1,041	-	0.00400	15,365	761	28,928	-	-	-	-	2002	28,928
Netherlands	1.72400	6,622,322	6,622,322	-	1.71100	6,572,386	6,572,386	-	-	-	-	-	-	-
New Zealand	0.23900	918,060	918,060	-	0.23700	910,377	910,377	-	-	-	-	-	-	-
Nicaragua	0.00100	3,841	3,841	-	0.00100	3,841	2,976	865	-	-	-	-	-	865
Niger	0.00100	3,841	982	-	0.00100	3,841	-	6,700	10,430	-	4,299	6,131	2001-02	12,831
Nigeria	0.05500	211,269	211,269	-	0.06700	257,364	257,364	-	-	-	-	-	-	-
Norway	0.64200	2,466,085	2,466,085	-	0.63600	2,443,037	2,443,037	-	-	-	-	-	-	-
Oman	0.06100	234,316	234,316	-	0.06000	230,475	230,475	-	146,547	146,547	-	-	-	-
Pakistan	0.06000	230,475	8,775	160,945	0.06000	230,475	-	291,230	212,645	193,075	19,570	-	2002	291,230
Panama	0.01800	69,143	69,143	-	0.01800	69,143	69,143	-	-	-	-	-	-	-
Papua New Guinea	0.00600	23,048	1,426	21,622	0.00600	23,048	23,048	-	-	-	-	-	-	-
Paraguay (2)	0.01600	61,460	-	-	0.01600	61,460	-	122,920	764,142	-	32,609	731,533	1974-90+98-02	854,453
Peru	0.11700	449,427	11,378	-	0.11600	445,585	-	883,634	692,857	400,333	-	292,524	2001-02	1,176,158
Philippines	0.09900	380,284	264,126	116,158	0.09800	376,443	73,752	302,691	154,483	154,483	-	-	-	302,691
Poland (1)	0.31400	1,206,154	1,206,154	-	0.37200	1,428,946	1,428,946	-	4,745,649	790,942	790,942	3,163,765	1985-87	3,163,765
Portugal	0.45900	1,763,136	1,763,136	-	0.45500	1,747,771	1,747,771	-	2,995,660	2,995,660	-	-	-	-
Qatar	0.03300	126,761	126,761	-	0.03300	126,761	-	-	-	-	-	-	-	-
Romania	0.05800	222,793	222,793	-	0.05700	218,951	218,951	-	-	-	-	-	-	-
Russian Federation	1.18200	4,540,362	4,530,003	10,359	1.18200	4,540,362	4,162,947	377,415	-	-	-	-	-	377,415
Rwanda	0.00100	3,841	3,841	-	0.00100	3,841	3,841	-	3,576	3,576	-	-	-	-
Saint Kitts and Nevis	0.00100	3,841	3,841	-	0.00100	3,841	5	3,836	1,506	1,506	-	-	-	3,836
Saint Lucia	0.00200	7,683	7,683	-	0.00200	7,683	268	7,415	-	-	-	-	-	7,415
Saint Vincent and the Grenadines	0.00100	3,841	3,841	-	0.00100	3,841	-	3,841	6,114	6,114	-	-	-	3,841
San Marino	0.00200	7,683	7,683	-	0.00200	7,683	7,683	-	-	-	-	-	-	-
Sao Tome and Principe (2)	0.00100	3,841	-	-	0.00100	3,841	-	7,682	214,439	-	-	214,439	1992-02	222,121
Saudi Arabia	0.55000	2,112,690	2,112,690	-	0.54600	2,097,325	2,097,325	-	-	-	-	-	-	-
Senegal	0.00500	19,206	19,206	-	0.00500	19,206	19,206	-	13	13	-	-	-	-
Serbia and Montenegro	0.02000	76,825	76,825	-	0.01900	72,984	-	72,984	81,177	81,177	-	-	-	72,984
Seychelles	0.00200	7,683	893	-	0.00200	7,683	-	14,473	13,943	-	9,692	4,251	2001-02	18,724
Sierra Leone (2)	0.00100	3,841	551	-	0.00100	3,841	-	7,131	411,697	-	2,799	408,898	1984-02	416,029
Singapore	0.39000	1,498,089	1,498,089	-	0.38700	1,486,565	1,486,565	-	-	-	-	-	-	-
Slovakia	0.04200	161,333	161,333	-	0.04200	161,333	161,333	-	-	-	-	-	-	-
Slovenia	0.08000	307,300	307,300	-	0.08000	307,300	307,300	-	-	-	-	-	-	-
Solomon Islands (2)	0.00100	3,841	703	-	0.00100	3,841	-	6,979	10,538	-	-	10,538	1999-02	17,517
Somalia (2)	0.00100	3,841	-	-	0.00100	3,841	-	7,682	351,638	-	-	351,638	1988-02	359,320
South Africa	0.40500	1,555,708	1,555,708	-	0.40200	1,544,184	1,544,184	-	-	-	-	-	-	-
Spain	2.50000	9,603,135	9,603,135	-	2.48034	9,527,616	9,527,616	-	-	-	-	-	-	-
Sri Lanka	0.01600	61,460	61,460	-	0.01600	61,460	61,460	-	-	-	-	-	-	-
Sudan	0.00600	23,048	89	22,959	0.00600	23,048	14,730	8,318	51,559	49,317	2,242	-	-	8,318
Suriname	0.00200	7,683	-	-	0.00200	7,683	-	15,366	40,697	27,586	-	13,111	2001-02	28,477
Swaziland	0.00200	7,683	7,683	-	0.00200	7,683	7,683	-	-	-	-	-	-	-
Sweden	1.01900	3,914,238	3,914,238	-	1.01109	3,883,853	3,883,853	-	-	-	-	-	-	-
Switzerland	1.25500	4,820,774	4,820,774	-	1.25400	4,816,932	4,816,932	-	-	-	-	-	-	-
Syrian Arab Republic	0.08000	307,300	307,300	-	0.07900	303,459	303,459	-	-	-	-	-	-	-
Tajikistan (2)	0.00100	3,841	-	-	0.00100	3,841	-	7,682	583,720	12,250	10,436	561,034	1994-02	568,716
Tanzania, United Republic of	0.00400	15,365	14,737	628	0.00400	15,365	15,004	361	-	-	-	-	-	361
Thailand	0.25000	960,314	960,314	-	0.29000	1,113,964	1,113,964	-	-	-	-	-	-	-
The Form. Yug. Rep. Macedonia	0.00600	23,048	-	23,048	0.00600	23,048	-	23,048	75,173	-	75,173	-	-	23,048
Togo (2)	0.00100	3,841	-	-	0.00100	3,841	-	7,682	230,147	-	-	230,147	1992-02	237,829
Trinidad and Tobago	0.01600	61,460	61,460	-	0.01600	61,460	54,949	6,511	-	-	-	-	-	6,511
Tunisia	0.03000	115,238	105,122	10,116	0.02900	111,396	108,554	2,842	-	-	-	-	-	2,842
Turkey	0.43700	1,678,628	1,678,628	-	0.43300	1,663,263	1,663,263	-	-	-	-	-	-	-
Turkmenistan (2)	0.00300	11,524	-	-	0.00300	11,524	-	23,048	837,330	-	-	837,330	1993-02	860,378
Uganda	0.00500	19,206	19,206	-	0.00500	19,206	7,864	11,342	-	-	-	-	-	11,342

State	2002-2003 Assessed Contribution							Amounts due for previous financial periods					Total due as at 31.12.03	
	2002			2003				Balance due as at 31.12.03	Balance due as at 01.01.02	Amount received or credited		Balance due as at 31.12.03		Calendar years of Assessment
	%	Amount	Amount received or credited in 2002	Assessed Contributions %	Amount	Amount received or credited in 2003	in 2002			in 2003				
Ukraine (1)	0.05200	199,745	199,745	-	0.05200	199,745	199,745	-	6,856,897	527,454	527,454	5,801,989	1997-99	5,801,989
United Arab Emirates	0.20100	772,092	772,092	-	0.19900	764,410	764,410	-	-	-	-	-	-	-
United Kingdom	5.49400	21,103,848	21,103,848	-	5.45100	20,938,676	20,938,676	-	-	-	-	-	-	-
United States	22.00000	84,507,587	68,517,269	15,990,318	22.00000	84,507,588	51,625,350	32,882,238	50,431,429	50,431,429	-	-	-	32,882,238
Uruguay	0.08000	307,300	6,470	-	0.07900	303,459	-	604,289	168,079	-	168,079	-	2002	604,289
Uzbekistan (2)	0.01100	42,254	-	-	0.01100	42,254	-	84,508	1,210,637	-	-	1,210,637	1996-02	1,295,145
Vanuatu	0.00000	-	-	-	0.00100	2,357	-	2,357	-	-	-	-	-	2,357
Venezuela	0.20700	795,140	43,866	-	0.20500	787,457	14,857	1,523,874	443,890	-	-	443,890	2001-02	1,967,764
Viet Nam (1)	0.01300	49,936	49,936	-	0.01600	61,460	61,460	-	-	-	-	-	-	-
Yemen	0.00700	26,889	26,013	876	0.00600	23,048	22,125	923	-	-	-	-	-	923
Zambia	0.00200	7,683	-	7,683	0.00200	7,683	3,568	4,115	-	-	-	-	-	4,115
Zimbabwe	0.00800	30,730	-	3,781	0.00800	30,730	-	57,679	47,766	42,517	5,249	-	2002	57,679
TOTAL : Member States	100.00000	384,125,400	334,813,998	33,599,854	100.00100	384,127,757	311,615,046	88,224,259	119,917,630	65,658,230	7,360,217	46,899,183		135,123,442
<i>Amounts due by States for prior periods of membership in the ILO</i>														
Albania (1)	-	-	-	-	-	-	-	-	45,046	11,262	11,262	22,522	1966	22,522
Former Soc.Fed.Rep.of Yugoslavia (4)	-	-	-	-	-	-	-	-	6,370,623	-	-	6,370,623	1989-01	6,370,623
Paraguay	-	-	-	-	-	-	-	-	245,066	-	-	245,066	1937	245,066
Viet Nam (1)	-	-	-	-	-	-	-	-	73,250	12,190	12,190	48,870	1984-85	48,870
<i>Total - Amounts due by States for prior periods of membership in the ILO</i>														
TOTAL	100.00000	384,125,400	334,813,998	33,599,854	100.00100 (3)	384,127,757	311,615,046	88,224,259	126,651,615	65,681,682	7,383,669	53,586,264		141,810,523

(1) Financial arrangements

Member states listed in the following table have financial arrangements for the settlement of arrears of contributions or amounts due in respect of prior periods of membership.

Member State	Session of Conference at which arrangement was approved	
Albania	81st	(1994)
Belarus	86th	(1998)
Cambodia	82nd	(1995)
Cape Verde	85th	(1997)
Central African Republic	89th	(2001)
Dem Rep of Congo	89th	(2001)
Guinea-Bissau	90th	(2002)
Kazakhstan	88th	(2000)
Latvia	87th	(1999)
Liberia	88th	(2000)
Poland	75th	(1988)
Ukraine	88th	(2000)
Viet Nam	81st	(1994)

(2) Member States which are two years or more in arrears and which have lost the right to vote under paragraph 4 of article 13 of the Constitution.

The arrears of contributions of these member States equal or exceed the amount of the contributions due from them for the past two full years (2001-2002). Each of these member States had therefore lost the right to vote, in accordance with the provisions of paragraph 4 of article 13 of the Constitution of the Organization.

(3) Includes Vanuatu, which joined the Organization on 22 May 2003.**Status of Former Socialist Federal Republic of Yugoslavia****(4) The Former Socialist Federal Republic of Yugoslavia was deleted from the list of ILO member States on 24 November 2000.**

Schedule 2.1 - Income and Expenditure and Changes in Reserves and Fund Balances
Other funds managed by the ILO - (Funds with approved budgets)
for the biennium ending 31 December 2003
(In thousands of United States dollars)

	International Institute for Labour Studies (IILS) (Note 26)								Inter-American Vocational Training Research and Documentation Centre (CINTERFOR) (Note 27)			International Occupational Safety and Health Information Centre (CIS) (Note 28)			TOTAL		
	Operational Activities			Endowment Fund		Other Funds (1)		Total		2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01
	Budget	Actual	Actual	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	Budget	Actual	Actual	Budget	Actual	Actual	2002-03	2000-01
INCOME																	
Voluntary contributions				-	5			-	5	550	418	564		106	90	524	659
Other contributions		-	180					-	180							-	180
Other/Miscellaneous income:																	
Revenue producing activities	20	6	16					6	16	30	28	64	385	350	300	384	380
Allocations from other funds																	
Endowment Fund	98	51	103					51	103							51	103
ILO Regular Budget	4,499	4,015	5,227					4,015	5,227	1,696	1,696	1,740	2,215	2,035	2,220	7,746	9,187
Investment income, including interest	300	172	722	15	(768)	13	(68)	200	(114)		15	73		9	18	224	(23)
Currency exchange adjustments				28	(22)	3	(11)	31	(33)		(7)	12		114	(54)	138	(75)
Other/Miscellaneous	-	55	30	2	-			57	30	40	16	71		2		75	101
TOTAL INCOME	4,917	4,299	6,278	45	(785)	16	(79)	4,360	5,414	2,316	2,166	2,524	2,600	2,616	2,574	9,142	10,512
EXPENDITURE	7,584	4,702	5,330	(5)	9	49	1	4,746	5,340	2,316	2,130	2,524	2,653	2,411	2,959	9,287	10,823
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(2,667)	(403)	948	50	(794)	(33)	(80)	(386)	74	-	36	-	(53)	205	(385)	(145)	(311)
Transfer to operational activities				(51)	(103)			(51)	(103)							(51)	(103)
Adjustments to reserve balance				21	(68)	(21)	50	-	(18)							-	(18)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	4,229	5,079	4,131	4,293	5,258	1,010	1,040	10,382	10,429	-	246	246	424	565	950	11,193	11,625
RESERVES AND FUND BALANCES, END OF PERIOD	1,562	4,676	5,079	4,313	4,293	956	1,010	9,945	10,382	-	282	246	371	770	565	10,997	11,193

(1) Other funds consist of the Reserve Fund and the Phelan Legacy Fund.

Schedule 2.2 - Assets, Liabilities, and Reserves and Fund Balances (Note 15)
Other funds managed by the ILO - (Funds with approved budgets)
as at 31 December 2003
(in thousands of United States dollars)

	International Institute for Labour Studies (IILS) (Note 26)		Reference	Inter-American Vocational Training Reserch and Documentation Centre (CINTERFOR) (Note 27)		International Occupational Safety and Health Information Centre (CIS) (Note 28)		TOTAL	
	2002-03	2000-01		2002-03	2000-01	2002-03	2000-01	2002-03	2000-01
ASSETS									
Cash and term deposits	409	-						409	-
Investments	5,284	5,323	Note 17					5,284	5,323
Accounts receivable									
Interfund balances	4,230	5,087		306	264	770	579	5,306	5,930
Other	32	47		25	8			57	55
TOTAL ASSETS	9,955	10,457		331	272	770	579	11,056	11,308
LIABILITIES									
Accounts payable:									
Unliquidated obligations	10	75		49	26	-	14	59	115
Interfund balances									
TOTAL LIABILITIES	10	75		49	26	-	14	59	115
RESERVES AND FUND BALANCES									
Operating reserves	4,676	5,078		282	246	770	565	5,728	5,889
Other:									
Endowment Fund	4,313	4,294						4,313	4,294
Other:									
Reserve Fund	399	391						399	391
Phelan Legacy Fund	557	619						557	619
	956	1,010		-	-	-	-	956	1,010
TOTAL RESERVES AND FUND BALANCES	9,945	10,382		282	246	770	565	10,997	11,193
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	9,955	10,457		331	272	770	579	11,056	11,308

Schedule 3.1 - Income and Expenditure and Changes in Reserves and Fund Balance (Note 29)
(Extra-budgetary Technical Cooperation)
for the biennium ending 31 December 2003
(in thousands of United States dollars)

	UNITED NATIONS DEVELOPMENT PROGRAMME		IPEC		Other (including Trust Funds)		TOTAL	
	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01
INCOME								
Voluntary contributions			84,648	39,775	163,214	128,900	247,862	168,675
Other/Miscellaneous income:								
Funds received under inter-organization arrangements	14,673	21,710					14,673	21,710
Investment income, including interest			705	7,978	1,256	5,093	1,961	13,071
Currency exchange adjustments	2	17	(1)	-	135	(37)	136	(20)
Other/Miscellaneous			(3)	-	(4)	1	(7)	1
TOTAL INCOME	14,675	21,727	85,349	47,753	164,601	133,957	264,625	203,437
EXPENDITURE	16,995	29,998	87,890	55,653	149,943	120,537	254,828	206,188
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(2,320)	(8,271)	(2,541)	(7,900)	14,658	13,420	9,797	(2,751)
Refund to donors			(4,643)	(985)			(4,643)	(985)
RESERVES AND FUND BALANCES BEGINNING OF PERIOD	3,301	11,572	46,918	55,803	54,432	41,012	104,651	108,387
RESERVES AND FUND BALANCES END OF PERIOD	981	3,301	39,734	46,918	69,090	54,432	109,805	104,651

Schedule 3.2 - Schedule of Assets, Liabilities and Reserves and Fund Balances (Note 15 and Note 29)
(Extra-budgetary technical cooperation)
as at 31 December 2003
(in thousands of United States dollars)

	United Nations Development Programme		IPEC		Other (including Trust Funds)		TOTAL	
	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01	2002-03	2000-01
ASSETS								
Cash and term deposits	31	78			242	477	273	555
Investments								
Accounts receivable:								
Interfund balances	987	3,229	39,434	46,984	73,292	57,543	113,713	107,756
Other	1,863	2,159	301	58	644	851	2,808	3,068
TOTAL ASSETS	2,881	5,466	39,735	47,042	74,178	58,871	116,794	111,379
LIABILITIES								
Accounts payable:								
Unliquidated obligations	723	1,863			30	29	753	1,892
Other (1)	1,177	302	1	124	5,058	4,410	6,236	4,836
TOTAL LIABILITIES	1,900	2,165	1	124	5,088	4,439	6,989	6,728
RESERVES AND FUND BALANCES								
Balances relating to projects funded by donors	981	3,301	39,734	46,918	69,090	54,432	109,805	104,651
TOTAL RESERVES AND FUND BALANCES	981	3,301	39,734	46,918	69,090	54,432	109,805	104,651
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	2,881	5,466	39,735	47,042	74,178	58,871	116,794	111,379

(1) Includes \$4.2 million to finance terminal benefits for experts employed on extra-budgetary TC projects.

General notes to the financial statements and schedules

I. Statement of objectives and activities

1. The International Labour Organization was founded in 1919 to promote social justice and internationally recognized human and labour rights. It became the first specialized agency of the United Nations in 1946. The 1944 Declaration of Philadelphia affirms that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity”. The ILO’s strategic objectives cover principles and rights at work, employment, social protection and social dialogue. Taken together, these constitute Decent Work.
2. The ILO formulates international labour standards in the form of Conventions and Recommendations. These include fundamental standards on freedom of association and collective bargaining, abolition of forced labour, equality of opportunity and treatment, and the elimination of child labour. Other standards regulate conditions across the entire spectrum of work-related issues. The ILO provides advisory services and technical assistance, primarily in the fields of child labour; employment policy; vocational training and vocational rehabilitation; enterprise development; social security; working conditions; occupational safety and health; labour administration, labour law and industrial relations; and labour statistics. It promotes the development of independent employers’ and workers’ organizations and provides training and advisory services to those organizations. It serves as a centre of information on the world of work, and to this end conducts research, gathers and analyses statistics, organizes meetings, and publishes a range of information and training materials. Within the United Nations system, the ILO has a unique tripartite structure with workers and employers participating as equal partners with governments in the work of its governing organs.

II. Statement of accounting policies

General accounting policies

3. The general accounting policies and reporting practices applied in the ILO reflect the requirements of the Financial Regulations and the Financial Rules. Subject to these requirements, they are consistent with generally accepted accounting principles and comply fully with the United Nations Accounting Standards adopted by the Administrative Committee on Coordination of the United Nations (UN) system in October 1993, and revised by the Consultative Committee on Administrative Questions (Financial and Budgetary Questions)¹ in subsequent years.

Particular accounting policies

4. The following particular accounting policies have a material effect on the results reported in the financial statements:

¹ The Consultative Committee on Administrative Questions (Financial and Budgetary Questions) was a subsidiary body of the Administrative Committee on Coordination, now known as the Chief Executives’ Board.

-
- (a) The financial period of the Organization is a biennium consisting of two consecutive calendar years.
 - (b) The Organization's financial statements are prepared according to the historical cost accounting convention and have not been adjusted to reflect the effects of changing price levels for goods and services.
 - (c) Income and expenditure for activities carried out for the General Fund (including the regular budget)² and for other funds managed by the ILO³ have been accounted for on an accrual basis.
 - (d) As regards extra-budgetary technical cooperation activities,⁴ income from voluntary contributions is recorded on a cash basis and other/miscellaneous income is recorded on an accruals basis. In accordance with the United Nations Accounting Standards and with individual donors' requirements, expenditure incurred on behalf of the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA) has been accounted for on an accrual basis. However, expenditure for other extra-budgetary technical cooperation activities has been accounted for on a cash basis.
 - (e) With the exception of land and buildings, fixed assets owned by the Organization are not capitalized in the accounting records.
 - (f) No depreciation is charged in respect of capitalized fixed assets, nor are provisions established for end-of-service benefits, post-retirement benefits and unused annual leave.
 - (g) Income and expenditure are accounted for separately except that any allowances or refunds in respect of budgetary expenditure are credited to the corresponding expenditure accounts when brought to account in the same financial period as that in which the original charges were incurred
 - (h) Separate accounting records are maintained for extra-budgetary contributions accepted by the ILO.

Currency of accounting

- 5.** The currency of accounting of the ILO is the US dollar. Subsidiary accounts for member States' assessed contributions as well as some other funds (e.g. the Working Capital Fund) are maintained in Swiss francs. These accounts and other subsidiary accounts maintained in currencies other than the US dollar are converted to US dollars in accordance with the exchange rate policy described below.

Exchange rate translation policy

- 6.** The following accounting policies are applied in relation to exchange rate translations:
 - (a) The financial statements of the Organization are expressed in thousands of United States (US) dollars. Regular budget Swiss franc income and expenditure are

² Schedules 1.1.1 through 1.2.1.1.

³ Schedules 2.1 and 2.2.

⁴ Schedule 3.1 through 3.2.

translated into US dollars at the ILO budget rate of exchange for the financial period. All transactions in other currencies are translated into US dollars at the UN monthly accounting rate of exchange prevailing at the time of the transaction.

- (b) An Exchange Equalization Account is maintained to accumulate the difference arising from the application of the monthly UN accounting rate of exchange used in the financial statements and the budget rate of exchange used to translate regular budget income and expenditure for the financial period as well as gains and losses arising from the revaluation of the assets, liabilities, reserves and fund balances belonging to the General Fund. Residual gains or losses on this account at the end of each financial period are set off against the net premium earned on the forward purchase of US dollars (see note 23(b) to Statement II); where the premium earned is not sufficient to absorb any residual losses, the unabsorbed loss is charged to the Income Adjustment Account.
- (c) Other gains and losses on currency exchange transactions resulting from currency fluctuations are offset and the net difference is charged or credited to the relevant fund.
- (d) Assets, liabilities and reserves and fund balances held in currencies other than the US dollar not belonging to the General Fund are translated into US dollars at the UN monthly accounting rate of exchange applicable at the end of the financial period. Exchange gains and losses resulting from the revaluation of these assets, liabilities and reserves and fund balances held in currencies other than the US dollar are offset and charged to the relevant fund.

III. Contingent liabilities

- 7. The maximum potential liability for legal cases pending before the ILO Administrative Tribunal is estimated at \$371,200.
- 8. The ILO is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligation of the Organization to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly, together with its share of any actuarial deficiency payments which might become payable pursuant to article 26 of the Regulations of the Fund.
- 9. After-service medical benefits: staff members (and their spouses, dependent children and survivors) retiring from service at the age of 55 or later, are eligible for after-service health insurance coverage if they have had at least ten years' service with the United Nations or a specialized agency and have been a participant in ILO/ITU Staff Health Insurance Fund during the five years immediately preceding cessation of service. The same benefit applies to staff members receiving compensation for disability from UNJSPF or the ILO pension scheme. Costs of this scheme are covered by joint contributions by the ILO and the participants concerned. The Organization's share of such costs is accounted for on a pay-as-you-go basis and is reported as expenditure in the year it is incurred. The ILO contribution during the 2002-03 biennium was \$ 10.5 million (\$8.7 million for 2000-01 biennium). An actuarial valuation in accordance with International Accounting Standards (IAS) 19, carried out at the end of 2003, determined the ILO's liability for after-service medical benefits for eligible staff amounts to be \$437 million as at 31 December 2003 (\$214 million as at 31 December 2001). The principal actuarial assumptions under IAS 19, used for calculating the ILO's liability for after-service medical benefits were as follows:
 - (a) discount rate: 4.5%;

- (b) price inflation: 2%;
- (c) medical inflation rate of 5%, decreasing to 3% over 10 years.

10. Other disclosures relating to similar liabilities are contained in the footnotes to the relevant schedules.

IV. Outstanding commitments

11. The Office has outstanding contractual commitments to Oracle Corporation in respect of Project IRIS for the balance of the cost of the eBusiness Suite software. An amount of some \$1,095,612 is payable in April 2004.

12. As at 31 December 2003, the amount of the outstanding commitments for the construction of the new office premises in Lima is \$772,292.

V. Other matters

13. Under the Swiss franc assessment system combined with the forward purchase of US dollar requirements, forward purchase contracts held with banks as at 31 December 2003 in respect of the 2004-05 biennium totalled \$193.8 million.

14. During the financial period, ex gratia payments were made and accounts receivable were written off in the amounts of \$804,983 and \$99,857 respectively.

VI. Notes to Statement II: Statement of assets and liabilities, and reserves and fund balances as at 31 December 2003

15. The rate of exchange between the Swiss franc and the United States (US) dollar used for the preparation of this statement is the United Nations monthly accounting rate of exchange for December 2003 of 1.30 Swiss francs to the US dollar.

16. There is no holding of non-convertible currencies as at 31 December 2003.

17. Summary of investments, at cost or market value whichever is lower (in thousands of US dollars):

	2002-03		2000-01	
	Cost	Market	Cost	Market
General Fund	22 500	22 544	21 862	21 917
Investment held in trust (SHIF)	39 271	40 349	29 693	29 740
	61 771	62 893	51 555	51 657
Other funds managed by the ILO:				
International Institute for Labour Studies (IILS)	5 284	6 010	5 323	5 325

18. Other accounts receivable consist of the following (in United States dollars) –

	2002-03	2000-01
Staff advances	8 596 382	6 715 312
External offices' imprest suspense	2 111 106	846 885
Current account with Turin Centre	114 179	3 725 150
Miscellaneous tax receivable	1 684 565	1 624 963
Accrued interest	652 845	1 407 857
Other receivable held in trust (SHIF)	716 559	16 842
Other miscellaneous	1 903 603	1 891 970
Total	15 779 239	16 228 979

19. Land and buildings held by the Organization and Capital Funds related thereto are shown in the following table in US dollars. Further details on additions to land and buildings made during the financial period are given in the Financial Report.

	Cost		Capital funds	
	2002-03	2000-01	2002-03	2000-01
Headquarters land and buildings:				
Cost (Swiss francs 158,182,227)	121 678 636	95 868 016		
Capital Funds:				
Net repayments against loan principal				
2002-03 (Swiss francs 76,731,917)			59 024 552	
2000-01 (Swiss francs 69,327,317)				42 016 556
ILO Regional Office, Lima	1 925 518	163 377	1 925 518	163 377
ILO Office, Brazil	406 174	406 174	406 174	406 174
ILO Regional Office, Abidjan	2 417 065	2 417 065	2 417 065	2 417 065
ILO Office, Dar es Salaam	51 803		51 803	
ILO Subregional Office, New Delhi	566 731	566 731	566 731	566 731
ILO Office, Buenos Aires	676 680	676 680	676 680	676 680
ILO Subregional Office, Santiago	19 068		19 068	
ILO Office, Islamabad	1 918 420	1 918 420	1 918 420	1 918 420
ILO Office, Brussels	449 217	449 217	449 217	449 217
Total	130 109 312	102 465 680	67 455 228	48 614 220

20. In addition to the capital accounts shown above the value, at cost, of furniture and equipment at headquarters, in external offices and on regular budget technical cooperation projects on 31 December 2003, amounted to \$36.8 million (31 December 2001, \$32.2 million). The ILO also had custody of equipment for projects financed by the United Nations Development Programme and the United Nations Population Fund on 31 December 2003, amounting to \$7.1 million (31 December 2001, \$7.5 million). This equipment is to be handed over to governments upon completion of these projects.

- 21.** Borrowings payable consist of the loan made to the ILO from the Fondation des Immeubles pour les Organisations Internationales (FIPOI) for the headquarters building.

In July 1996, the Swiss authorities decided to waive interest on all loans made by FIPOI to international organizations for the construction of their buildings and standardize the loan repayment period to 50 years, both measures effective from 1 January 1996. As at 1 January 2002, there were 23 instalments left to be paid until year 2025.

The balance of the loan outstanding at 31 December 2003 was 81,450,310 Swiss francs. Of this amount, 3,702,300 Swiss francs was payable in 2004, and the balance was payable in subsequent years. The corresponding US dollar amounts, at the UN monthly accounting rate of exchange for December 2003, were \$62,654,085, \$2,847,923 and \$59,806,162.

- 22.** Unliquidated obligations are set up in accordance with article 17(1) of the Financial Regulations.

- 23.** The following amounts were payable to member States:

	Ref.	(In US dollars)			Balance as at 31 December 2003	
		Balance as at 1 January 2002	Transfers in	Transfers out		Revaluations
Undistributed surpluses:	(a)					
1982-83		43 429		(40 685)	(200)	2 544
1990-91		30 743		(420)	8 156	38 479
1992-93		17 119		(296)	4 522	21 345
1998-99		727 059		(670 251)	(173)	56 635
2000-01			6 490 151	(5 093 044)	945 435	2 342 542
Total		<u>818 350</u>	<u>6 490 151</u>	<u>(5 804 696)</u>	<u>957 740</u>	<u>2 461 545</u>
Undistributed net premium:	(b)					
1990-91		23 355		(319)	6 194	29 230
1992-93		6 364		(111)	1 681	7 934
1994-95		38 298		(162)	10 264	48 400
1996-97		31 810		(17 089)	3 569	18 290
1998-99		2 396 873		(2 209 588)	(567)	186 718
2000-01		3 887 889		(3 226 976)	823 334	1 484 247
2002-03			248 459			248 459
		<u>6 384 589</u>	<u>248 459</u>	<u>(5 454 245)</u>	<u>844 475</u>	<u>2 023 278</u>
Incentive Fund	(c)	4 706 513	282 162	(5 481 007)	775 835	283 503
Working Capital Fund amounts	(d)	15 969	264		4 325	20 558
Total amounts payable to member States		<u><u>11 925 421</u></u>	<u><u>7 021 036</u></u>	<u><u>(16 739 948)</u></u>	<u><u>2 582 375</u></u>	<u><u>4 788 884</u></u>

- (a) Surpluses shall be used to reduce contributions of Members in the following way: Members which paid their ordinary contributions in the financial period in which the surplus accrued shall have their share of the surplus deducted from their contributions assessed for the second year of the succeeding financial period; other Members shall not be credited with their share until they have paid the contributions due from them

for the financial period in which the surplus accrued. When they have done so, their share of the surplus shall be deducted from their contributions assessed for the first year of the next financial period for which a budget is adopted after such payment.

- (b) Any net premium earned on the forward purchase of US dollars for the financial period is distributed in the following manner: one-half to the Incentive Fund (see (c) below) and one-half to member States. The one-half share of any net premium distributed to member States is apportioned between them on the basis of the proportion of each member State's assessed contributions for the biennium in which the net premium was earned to the total of the assessed contributions for the biennium of all member States. The amounts so established are then used to reduce the contributions of the member States in the same way as are surpluses (see (a) above).

The net premium (in US dollars) earned on the forward purchase of US dollars for the financial period 2002-03 was distributed as follows:

	2002-03	2000-01
Premium earned (payable) on the forward purchase of US dollars ¹	2 168 594	10 039 208
Exchange gains (losses) arising on revaluation of:		
Income ²	94 708 909	(40 121 767)
Expenditure ²	(49 202 438)	23 862 949
Forward purchase of US dollars ²	(42 376 479)	16 821 202
Assets and liabilities ³	(7 858 297)	(7 623 230)
Budgetary surplus ⁴	(39 715)	21 012
Revaluation of the provision for delays in the payment of contributions	3 096 344	4 776 404
Net premium	<u>496 918</u>	<u>7 775 778</u>
Distribution of the net premium:		
One-half to the undistributed net premium account for distribution to member States	248 459	3 887 889
One-half to the Incentive Fund (see Information Annex III)	248 459	3 887 889

¹ The difference between the actual cost of purchasing dollar requirements forward under forward contracts and the value of the forward purchase contracts at the budget rate of exchange. ² Exchange gains (losses) arising from the revaluation of income, expenditure and forward purchase of US dollars represent the difference between the value of Swiss franc-linked transactions at the budget rate of exchange and the same transactions valued at the prevailing UN monthly accounting rate of exchange. ³ The revaluation of non-US dollar General Fund asset, liability and fund balances and reserves at the UN monthly accounting rate of exchange. ⁴ The difference between the budgetary surplus (deficit) valued at the budget rate of exchange and at the UN monthly accounting rate at the end of the financial period.

- (c) The Incentive Fund established to encourage early payment of member States' assessed contributions is financed by 60 per cent of all interest earned on temporarily surplus Regular Budget funds and by one-half of the net premium earned on the forward purchase of US dollars. Details of the amounts standing to the credit of member States under the Incentive Fund are given in Information Annex III.
- (d) Represents the shares of the Working Capital Fund of member States which left the ILO and have since rejoined. These shares will be payable to the member States concerned when the contributions for the prior period of membership have been paid.

24. Special accounts are summarized below (in thousands of United States dollars):

Special Accounts	Balance as at 01.01.2002	Receipts	Disbursements	Balance as at 31.12.2003
ILO/ISSA	243	10 843	10 976	110
Invalidity and Assistance Fund	9	2	-	11
World Food Programme	234	-	153	81
ILO Administrative Tribunal	-	2 405	2 405	-
ITU Administration of SHIF	158	568	570	156
Language Training	166	351	296	221
Interpretation Services	282	1 230	1 342	170
Other miscellaneous activities funded by gifts and voluntary contributions	2 023	3 170	3 113	2 080
Total Special Accounts	3 115	18 569	18 855	2 829

25. Presentation of the Staff Health Insurance Fund's (SHIF) accounts, which were included in Schedule 2.2, Other funds managed by the ILO, of the 2000-01 audited statements, has been changed to reflect SHIF's legal and constitutional status. The comparative figures have been restated for consistency and comparative purposes. The net effect of this restatement is a decrease of \$38,597,280 in the assets and liabilities, and fund balance of Other funds managed by the ILO and an increase by the same amount in the General Fund. Cash, term deposits and investments held in trust on behalf of SHIF are summarised below:

	2002-03	2000-01
Cash and term deposits		333 926
Investments	39 270 699	29 692 673
Interfund balance	5 238 794	8 553 839
Other	716 559	16 842
Total	45 226 052	38 597 280

VII. Other funds managed by ILO and extra-budgetary technical cooperation

26. The International Institute for Labour Studies (IILS)

The International Institute for Labour Studies was established in 1960 as an autonomous facility of the ILO. Its mandate is to promote policy research and public discussion on emerging issues of concern to the ILO and its constituents – labour, business and government. Its programme is funded principally through a contribution from the ILO Regular Budget and income from its endowment fund.

27. The Inter-American Vocational Training Research and Documentation Centre (CINTERFOR)

The Inter-American Vocational Training Research and Documentation Centre was established in 1963 as a technical unit of the ILO, with headquarters in Montevideo, Uruguay. It acts as the coordinating body for a network of vocational training institutions of ILO Member States from America and Spain. Its programme is funded principally

through a contribution from the ILO Regular Budget and contributions from other countries in the region.

28. The International Occupational Safety and Health Information Centre (CIS)

The International Occupational Safety and Health Information Centre was established in 1959 as a technical unit of the ILO, with headquarters in Geneva, Switzerland. Its mandate is to collect and disseminate all relevant information concerning occupational safety and health (OSH) being published throughout the world. Its programme is funded principally through a contribution from the ILO Regular Budget and income derived from sales of information services and copyrights.

29. Extra-budgetary technical cooperation

These are accounts established with specific terms of reference or under specific agreements to record receipts and expenditures of voluntary contributions for the purpose of financing wholly or in part the cost of technical cooperation activities consistent with the Organization's aims and policies.

5. Information annexes

**Annex I - Strategic Objectives: Distribution of appropriation and expenditure for 2002-03
(in United States dollars)**

Strategic Objectives	Appropriation (1)	Expenditure
Standards, fundamental principles and rights at work	72,340,207	71,028,970
Employment	114,176,053	113,818,181
Social protection	53,515,055	54,224,783
Social dialogue	<u>89,274,788</u>	<u>87,710,406</u>
Total	<u><u>329,306,103</u></u>	<u><u>326,782,340</u></u>

- (1) To improve the comparability of 2002-03 expenditure, appropriations between strategic objectives and management services have been adjusted to reflect staff redeployments as presented in the 2004-05 Programme and Budget - Information Annex 1.

Annex II - Regular budget expenditure in 2002-03 by object of expenditure (in US dollars)

	1	2	3	4	5	6	7	8	9	
	Staff costs	Travel on official business	Contractual services	General operating expenses	Supplies and materials	Furniture and equipment	Acquisition and improvement of premises	Fellowships, grants and field projects	Other items	Total
PART I - ORDINARY BUDGET										
Policy-making organs										
International Labour Conference	5,815,117	48,406	1,513,942	881,825	181,438	52,647	-	8,802	-	8,502,177
Governing Body	1,546,755	1,671,970	-	25,336	-	-	-	-	-	3,244,061
Major regional meetings	218,012	186,777	86,142	262,804	5,731	-	-	-	-	759,466
Legal services	2,100,854	21,967	25,408	255	1,892	27,136	-	283	-	2,177,795
Relations, meetings and document services	33,417,235	28,679	1,587,855	2,045,320	116,215	501,047	-	10,197	-	37,706,548
Strategic Objectives										
Technical programmes										
Standards and fundamental principles and rights at work	21,135,608	806,841	1,024,467	200,319	21,400	210,280	-	1,061,315	-	24,460,230
Employment	25,250,295	1,806,512	2,991,244	85,238	47,751	251,346	-	3,142,750	-	33,575,136
Social protection	18,801,214	1,114,550	1,303,608	16,420	131,423	121,983	-	1,329,921	-	22,819,119
Social dialogue	22,695,402	2,525,056	1,508,496	21,597	37,150	125,060	-	8,436,924	-	35,349,685
Policy integration	9,373,893	302,332	590,888	469	10,013	149,552	-	1,340,235	-	11,767,382
Gender equality	1,231,262	183,981	300,472	139	1,000	29,049	-	108,573	-	1,854,476
International Institute for Labour Studies	1,092,129	58,000	180,250	14,014	13,444	41,219	-	2,615,877	-	4,014,933
International Training Centre of the ILO, Turin	-	-	-	-	-	-	-	5,605,314	-	5,605,314
External relations and partnerships	3,142,484	257,464	173,558	679,445	26,150	47,912	-	40,193	-	4,367,206
Communications	3,445,914	161,337	1,295,436	117,849	54,532	40,094	-	27,248	-	5,142,410
ILO web development	432,916	9,176	219,135	-	-	43,226	-	3,099	-	707,552
Technical meetings	135,719	656,876	350,377	4,215	7,020	-	-	8,200	-	1,162,407
Regions and technical cooperation										
Development cooperation	2,636,435	59,498	8,079	-	-	27,142	-	-	-	2,731,154
Field programmes in Africa	22,392,733	2,121,651	494,871	4,623,530	354,921	882,871	-	6,412,016	34,171	37,316,764
Field programmes in the Americas	21,077,153	1,636,693	1,052,512	3,697,351	347,767	767,528	-	5,216,754	-	33,795,758
Field programmes in Arab States	5,953,315	465,408	85,829	340,454	30,297	133,613	-	1,467,989	-	8,476,905
Field programmes in Asia and the Pacific	23,192,630	2,044,483	531,381	3,391,647	558,387	685,985	27,234	3,737,193	-	34,168,940
Field programmes in Europe and Central Asia	9,259,625	600,583	362,881	1,867,827	140,086	137,505	-	649,333	-	13,017,840
Support Services										
Library and information services	4,235,534	24,945	458,148	3,384	1,297,131	99,520	-	84,027	-	6,202,689
Information technology and communications	6,442,331	32,055	416,488	1,635,291	-	375,583	-	35,419	252,500	9,189,667
Internal administration	13,614,008	128,000	314,511	10,540,373	1,178,425	765,275	-	14,890	-	26,555,482
Publications	3,763,064	18,963	665,355	-	-	53,909	-	-	-	4,501,291
Management services										
General management	4,425,324	442,287	472,528	357,950	6,658	43,654	-	-	-	5,748,401
Human resources development	10,247,686	308,605	1,199,248	230,778	5,966	204,596	4,107	2,210,954	-	14,411,940
Financial services	10,564,120	161,293	231,384	1,402	2,220	60,635	-	8,425	-	11,029,479
Programming and management	3,767,497	200,875	231,580	8,203	564	26,824	-	34,881	-	4,270,424
Other budgetary provisions	960,418	3,174	9,045	560,580	540	13,700	4,183,390	10,532,464	2,269,058	18,532,369
Total Part I	292,366,682	18,088,437	19,685,118	31,614,015	4,578,121	5,918,891	4,214,731	54,143,276	2,555,729	433,165,000
PART II - UNFORESEEN EXPENDITURE										
Unforeseen expenditure	766,483	-	-	-	-	-	-	-	-	766,483
PART III - WORKING CAPITAL FUND										
Working Capital Fund	-	-	-	-	-	-	-	-	-	-
TOTAL	293,133,165	18,088,437	19,685,118	31,614,015	4,578,121	5,918,891	4,214,731	54,143,276	2,555,729	433,931,483

**Annex III - Distribution of the Incentive Fund amounts established in 2002-03 under the incentive scheme
for the early payment of member States' assessed contributions (in Swiss francs)**

Member States	Incentive amounts earned in 2002-03				Amounts to be distributed in 2004 and 2005	Percentage of total 2002-03 incentive amounts earned to 2002-03 assessed contributions
	Assessed contributions during 2002-03	60 % of Interest on budgetary surpluses		50% of 2002-03 net premium (1)		
		2002	2003			
Afghanistan	61,460	-	6	44	50	0.08
Albania	23,048	-	-	2	2	0.01
Algeria	533,934	-	44	300	344	0.06
Angola	15,366	1	2	20	23	0.15
Australia	12,357,314	1,150	1,200	16,321	18,671	0.15
Austria	7,186,987	656	695	9,388	10,739	0.15
Bahamas	92,190	8	9	118	135	0.15
Bahrain	138,286	11	11	155	177	0.13
Bangladesh	76,826	6	-	46	52	0.07
Belgium	8,577,520	783	808	11,050	12,641	0.15
Belize	7,682	1	1	11	13	0.17
Botswana	76,826	5	6	79	90	0.12
Bulgaria	99,872	8	9	122	139	0.14
Burkina Faso	15,366	1	2	21	24	0.16
Burundi	7,682	1	-	4	5	0.07
Cameroon	69,142	7	-	47	54	0.08
Canada	19,432,904	1,826	1,914	25,984	29,724	0.15
Cape Verde	7,682	-	1	4	5	0.07
Central African Republic	7,682	-	1	4	5	0.07
Chad	7,682	-	1	4	5	0.07
Colombia	1,405,899	115	-	820	935	0.07
Costa Rica	149,809	14	14	201	229	0.15
Côte d'Ivoire	69,142	5	-	35	40	0.06
Croatia	291,936	4	29	223	256	0.09
Cuba	222,792	19	-	133	152	0.07
Cyprus	284,252	26	28	372	426	0.15
Czech Republic	1,417,423	116	146	1,818	2,080	0.15
Democratic Republic of the Congo	30,730	2	3	36	41	0.13
Denmark	5,688,897	533	561	7,595	8,689	0.15
Dominica	7,682	-	1	5	6	0.08
Dominican Republic	169,016	14	15	200	229	0.14
Egypt	614,600	55	14	488	557	0.09
El Salvador	138,286	10	-	70	80	0.06
Eritrea	7,682	1	-	6	7	0.09
Estonia	76,826	6	8	95	109	0.14
Ethiopia	30,730	3	3	40	46	0.15
Fiji	30,730	-	1	6	7	0.02
Finland	3,964,175	369	388	5,258	6,015	0.15
France	49,106,590	4,241	4,568	61,167	69,976	0.14

**Annex III - Distribution of the Incentive Fund amounts established in 2002-03 under the incentive scheme
for the early payment of member States' assessed contributions (in Swiss francs)**

Member States	Incentive amounts earned in 2002-03				Amounts to be distributed in 2004 and 2005	Percentage of total 2002-03 incentive amounts earned to 2002-03 assessed contributions
	Assessed contributions during 2002-03	60 % of interest on budgetary surpluses		50% of 2002-03 net premium (1)		
		2002	2003			
Germany	74,193,820	3,141	4,068	49,927	57,136	0.08
Grenada	7,682	1	1	11	13	0.17
Guatemala	199,746	15	18	234	267	0.13
Guinea-Bissau	7,682	-	-	4	4	0.05
Guyana	7,682	1	1	9	11	0.14
Honduras	34,571	2	3	33	38	0.11
Hungary	910,377	86	42	898	1,026	0.11
Iceland	245,840	23	24	326	373	0.15
India	2,592,846	243	255	3,462	3,960	0.15
Ireland	2,235,610	115	137	1,747	1,999	0.09
Jamaica	30,730	3	2	36	41	0.13
Jordan	61,460	4	5	65	74	0.12
Kazakhstan	211,269	-	20	133	153	0.07
Kenya	61,460	5	2	52	59	0.10
Korea, Republic of	14,062,831	64	130	1,332	1,526	0.01
Kuwait	1,117,805	100	109	1,454	1,663	0.15
Latvia	76,826	7	-	51	58	0.08
Lebanon	92,190	1	-	6	7	0.01
Lesotho	7,682	-	1	6	7	0.09
Liberia	7,682	-	-	4	4	0.05
Lithuania	130,602	12	-	88	100	0.08
Luxembourg	606,918	-	52	353	405	0.07
Madagascar	23,048	-	2	14	16	0.07
Malawi	15,366	1	1	13	15	0.10
Malaysia	1,782,342	162	160	2,235	2,557	0.14
Mali	15,366	-	-	1	1	0.01
Malta	115,238	11	11	152	174	0.15
Mauritius	84,508	8	8	114	130	0.15
Mexico	8,247,172	241	738	6,705	7,684	0.09
Mongolia	7,682	-	-	1	1	0.01
Morocco	334,189	-	6	39	45	0.01
Mozambique	7,682	1	-	5	6	0.08
Myanmar	76,826	-	7	50	57	0.07
Namibia	53,778	5	5	71	81	0.15
Netherlands	13,194,708	1,195	1,150	16,308	18,653	0.14
New Zealand	1,828,437	158	178	2,331	2,667	0.15
Nicaragua	7,682	1	-	4	5	0.07
Nigeria	468,633	34	45	549	628	0.13
Norway	4,909,122	435	480	6,354	7,269	0.15

**Annex III - Distribution of the Incentive Fund amounts established in 2002-03 under the incentive scheme
for the early payment of member States' assessed contributions (in Swiss francs)**

Member States	Incentive amounts earned in 2002-03				Amounts to be distributed in 2004 and 2005	Percentage of total 2002-03 incentive amounts earned to 2002-03 assessed contributions
	Assessed contributions during 2002-03	60 % of Interest on budgetary surpluses		50% of 2002-03 net premium (1)		
		2002	2003			
Oman	464,791	9	40	338	387	0.08
Panama	138,286	13	12	177	202	0.15
Papua New Guinea	46,096	-	4	29	33	0.07
Poland	2,635,100	218	272	3,397	3,887	0.15
Portugal	3,510,907	16	11	186	213	0.01
Qatar	253,522	20	24	308	352	0.14
Romania	441,744	38	40	538	616	0.14
Rwanda	7,682	1	1	8	10	0.13
Saint Lucia	15,366	1	-	4	5	0.03
Saint Vincent and the Grenadines	7,682	-	-	1	1	0.01
San Marino	15,366	-	-	3	3	0.02
Saudi Arabia	4,210,015	353	381	5,095	5,829	0.14
Senegal	38,412	1	4	30	35	0.09
Serbia and Montenegro	149,809	1	-	6	7	0.00
Singapore	2,984,654	26	29	384	439	0.01
Slovakia	322,666	30	31	423	484	0.15
Slovenia	614,600	54	59	784	897	0.15
South Africa	3,099,892	274	306	4,020	4,600	0.15
Spain	19,130,751	1,541	1,625	21,985	25,151	0.13
Sri Lanka	122,920	9	11	140	160	0.13
Swaziland	15,366	1	1	18	20	0.13
Sweden	7,798,091	702	744	10,049	11,495	0.15
Switzerland	9,637,706	891	943	12,737	14,571	0.15
Syrian Arab Republic	610,759	46	6	373	425	0.07
Thailand	2,074,278	180	56	1,663	1,899	0.09
Trinidad and Tobago	122,920	10	-	75	85	0.07
Turkey	3,341,891	167	270	3,022	3,459	0.10
Uganda	38,412	4	-	25	29	0.08
Ukraine	399,490	37	40	535	612	0.15
United Arab Emirates	1,536,502	110	115	1,559	1,784	0.12
United Kingdom	42,042,524	750	1,814	17,611	20,175	0.05
Viet Nam	111,396	-	1	5	6	0.01
TOTAL	346,517,334	21,575	24,990	322,997	369,562	0.107

(1) Equivalent to 248,459 US dollars at the December 2003 United Nations accounting rate of exchange of 1.30 Swiss francs to the US dollar (see note 23 (b) to Statement II). Distributed on the basis of the incentive points earned by each eligible member State during 2002-03 to the total incentive points earned by all eligible member States during 2002-03 under the incentive points system use for the annual distribution of interest credited to the Incentive Fund.

**Annex IV - Extra-budgetary technical cooperation expenditure by beneficiary country
(in United States dollars)**

Country or territory	United Nations Development Programme	IPEC	Other (including trust funds)	Total
Africa				
Regional	784,965	7,042,595	17,544,278	25,371,838
Algeria	-5,446			-5,446
Angola	48,867			48,867
Benin	56,678	109,552	213,032	379,262
Botswana			54,454	54,454
Burkina Faso	78,606	259,933	269,652	608,191
Burundi	78,372			78,372
Cameroon	-11,422		255,434	244,012
Central African Republic	283,588			283,588
Chad	516,683			516,683
Comoros	491,315		93,667	584,982
Congo			130,215	130,215
Côte d'Ivoire	12,168		5,701	17,869
Democratic Republic of the Congo	114,783		1,172,657	1,287,440
Djibouti	6,423			6,423
Egypt	2,412	267,574		269,986
Eritrea	77,401			77,401
Ethiopia		68,976	412,026	481,002
Gabon			595,094	595,094
Gambia	943,775			943,775
Ghana		468,549	199,095	667,644
Guinea	210,160			210,160
Guinea-Bissau	147,131		5,327	152,458
Kenya	212,793	523,479	68,453	804,725
Lesotho			36,646	36,646
Madagascar	125,569	158,565	5,345,342	5,629,476
Malawi	-8,800	293,924	8,675	293,799
Mali	62,155	47,323	754,957	864,435
Mauritania	106,081			106,081
Mauritius	107,250			107,250
Morocco	7,726	284,003	859,576	1,151,305
Mozambique	628,956		410,694	1,039,650
Namibia		13,440	4,465	17,905
Niger	152,151	168,569	707,971	1,028,691
Nigeria	107,760	524,751	1,048,234	1,680,745
Rwanda	25,886			25,886
Sao Tome and Principe	4,750		86,185	90,935
Senegal	407,858	50,308	583,560	1,041,726
Sierra Leone	18,200			18,200
Somalia	40,600		1,173,341	1,213,941
South Africa	430,300	64,708	1,426,622	1,921,630
Sudan	170,222		1,052,150	1,222,372
Tanzania, United Republic of	592,222	1,590,185	507,378	2,689,785
Togo	385,034	218,058		603,092
Tunisia	57,526			57,526
Uganda	34,759	746,095	565,759	1,346,613
Zambia	142,017	330,299	847,012	1,319,328
Zimbabwe	98,459		346,059	444,518
Total Africa	7,745,933	13,230,886	36,783,711	57,760,530

**Annex IV - Extra-budgetary technical cooperation expenditure by beneficiary country
(in United States dollars)**

Country or territory	United Nations Development Programme	IPEC	Other (including trust funds)	Total
Asia and the Pacific				
Regional	64,259	5,217,148	9,946,587	15,227,994
Afghanistan			308,422	308,422
Bangladesh	665,796	6,432,646	2,430,680	9,529,122
Bhutan	4,419			4,419
Cambodia		659,412	3,902,741	4,562,153
China			753,392	753,392
Fiji	115,866		1,661	117,527
India	121,760	4,326,916	1,153,587	5,602,263
Indonesia	356,587	920,129	3,450,277	4,726,993
Japan			85,317	85,317
Korea, Republic of		31,509		31,509
Lao People's Democratic Republic	5,000	272,204	842,237	1,119,441
Malaysia	364,196			364,196
Maldives	22,606			22,606
Mongolia	5,437	394,103		399,540
Nepal	295,223	1,524,437	1,010,128	2,829,788
Pakistan	108,353	3,826,330	42,619	3,977,302
Papua New Guinea	132,220		34,337	166,557
Philippines	312,068	1,144,934	582,255	2,039,257
Samoa	22,468			22,468
Solomon Islands	174,880			174,880
Sri Lanka	3,882	316,133	1,296,819	1,616,834
Thailand		178,153	1,240,011	1,418,164
Timor-Leste, Democratic Republic of	116,571		805,384	921,955
Tonga	49,519		1,738,008	1,787,527
Viet Nam	105,125	108,036		213,161
Total Asia and the Pacific	3,046,235	25,352,090	29,624,462	58,022,787
Latin America and the Caribbean				
Regional		13,932,248	11,119,122	25,051,370
Aruba			21,131	21,131
Bahamas			2,548	2,548
Barbados			28,126	28,126
Belize			2,127	2,127
Bolivia	9,777		1,588,717	1,598,494
Brazil	52,172	785,879	632,771	1,470,822
Chile		274,543	233,748	508,291
Colombia	43,294	686,331	771,764	1,501,389
Costa Rica		736,066	234,161	970,227
Dominica			3,727	3,727
Dominican Republic		1,334,592		1,334,592
Ecuador	-149	94,907		94,758
El Salvador		2,156,174	5,000	2,161,174
Grenada			18,735	18,735
Guatemala		1,758,101		1,758,101
Guyana			19,832	19,832
Haiti	235,141	499,646	613,952	1,348,739
Honduras		368,621	164,572	533,193
Jamaica		393,728		393,728
Mexico		325,127	185,000	510,127
Multi Caribbean Islands			2,623	2,623
Nicaragua		1,548,578	665,270	2,213,848
Panama		126,421		126,421
Paraguay	175,483	45,650		221,133
Peru			438,933	438,933
Saint Kitts and Nevis			15,428	15,428
Saint Lucia			29,885	29,885
Suriname	11,077			11,077
Trinidad and Tobago	20,337		90,706	111,043
Uruguay	19,300		144,858	164,158
Total Latin America and the Caribbean	566,432	25,066,612	17,032,736	42,665,780

Annex IV - Extra-budgetary technical cooperation expenditure by beneficiary country
(in United States dollars)

Country or territory	United Nations Development Programme	IPEC	Other (including trust funds)	Total
Arab States, Middle East				
Regional		16,733	200,959	217,692
Arab Occupied Territories			1,035,053	1,035,053
Bahrain	256,147			256,147
Iran, Islamic Republic of	138,499			138,499
Iraq	201,879			201,879
Jordan	220,793	5,189	967,556	1,193,538
Lebanon	31,715	447,135	28,794	507,644
Oman			23,090	23,090
Saudi Arabia	12,100			12,100
United Arab Emirates	27,240			27,240
Yemen	14,909	444,175		459,084
Total Arab States	903,282	913,232	2,255,452	4,071,966
Europe				
Regional	35,539	142,539	3,793,573	3,971,651
Albania		207,652	724,540	932,192
Azerbaijan	308,033			308,033
Belarus			545,612	545,612
Bosnia and Herzegovina	7,920		929,458	937,378
Bulgaria	18,541		192,242	210,783
Croatia	3,555,737			3,555,737
Cyprus			53,467	53,467
Czech Republic	61,763			61,763
Estonia			69,064	69,064
Georgia	47,696			47,696
Hungary	52,452		242,954	295,406
Ireland			14,276	14,276
Italy			132,447	132,447
Kazakhstan	81,031		72,563	153,594
Latvia	29,364		194,418	223,782
Luxembourg			47,904	47,904
Poland	39,746			39,746
Portugal		25,432		25,432
Romania		519,667		519,667
Russian Federation	24,774	336,413	321,308	682,495
Serbia and Montenegro	2,145		611,008	613,153
Slovakia	10,000			10,000
Tajikistan	42,081		2,074	44,155
Turkey		668,295		668,295
Ukraine	630,233	468,846	1,140,967	2,240,046
Uzbekistan			4,929	4,929
Total Europe	4,947,055	2,368,844	9,092,804	16,408,703
Interregional	111,807	21,077,280	55,371,527	76,560,614
Net adjustment for UNDP IOVs outstanding	-326,325	-118,847	-218,155	-663,327
Grand Total	16,994,419	87,890,097	149,942,537	254,827,053