



NINTH ITEM ON THE AGENDA

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

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1. The Programme, Financial and Administrative Committee (PFA) of the Governing Body met on 17 and 18 March 2010, and was chaired by Ms Farani Azevêdo. Mr Julien and Sir Roy Trotman acted as Vice-Chairpersons. Sir Roy Trotman acted as Reporter.
2. The Committee approved the order of discussion as proposed in document GB.307/PFA/TOB.

Programme and budget

(First item on the agenda)

(a) Programme and Budget for 2008–09: Regular budget account and Working Capital Fund as at 31 December 2009

3. The Committee had before it a paper ¹ on the regular budget account and Working Capital Fund as at 31 December 2009.
4. Ms Horvatic, speaking on behalf of the Employers' group, congratulated those countries which had paid their assessments on time, and encouraged those who were in arrears to pay their contributions. It was important that the ILO have the proper funding.
5. The speaker noted that the document showed a surplus, and stressed that the Office should hold consultations with the three groups regarding its use. She also noted that, as funding for the ILO headquarters building renovation had not yet been agreed, it should be considered a prime option for the use of the surplus.
6. Mr Ahmed, speaking on behalf of the Workers' group, also thanked countries which had paid their assessments on time, and encouraged those who were in arrears to make their contributions.
7. The Committee took note of the paper.

(b) Programme and Budget for 2010–11: Collection of contributions from 1 January 2010 to date

8. The Committee had before it a paper ² on contributions received as at 28 February 2010.
9. The representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller) reported that, since 28 February 2010, contributions amounting to 9,201,351 Swiss francs (CHF) had been received from ten member States, as follows:

¹ GB.307/PFA/1/1.

² GB.307/PFA/1/2.

	2010	Arrears	Total in Swiss francs
Hungary	911 456		911 456
Saint Vincent and the Grenadines	3 879	4 215	8 094
Russian Federation	4 645 696		4 645 696
Moldova, Republic of	3 874	136 467	140 341
Colombia	388 176	9 743	397 919
Lebanon	1 569	166 791	168 360
Seychelles	7 715		7 715
Nepal	11 515		11 515
Ethiopia	11 622		11 622
Saudi Arabia	2 898 633		2 898 633

Total contributions received to date amounted to CHF92,597,871, comprising CHF90,619,786 for 2010 and CHF1,978,085 of arrears. The total balance due was therefore CHF368,130,362.

10. Ms Horvatic, speaking on behalf of the Employers' group, took note of the paper.
11. Sir Roy Trotman, speaking on behalf of the Workers' group, thanked member States which had paid their outstanding assessments, in particular the smaller States, during the prevailing difficult economic times. He urged the larger governments to also pay the outstanding amounts, which would be a way of helping their own countries as well as others, since it would enable the ILO to further develop programmes to help find ways out of the crisis, and onto the path of sustainable development.
12. The Committee took note of the paper.

**(c) Programme and Budget for 2008–09:
Treatment of the net premium earned**

13. The Committee had before it a paper³ on the treatment of the net premium.
14. The representative of the Government of the United Kingdom, speaking on behalf of Governing Body members Australia, Austria, Belgium, Canada, Czech Republic, France, Hungary, Italy, Lithuania, Mexico, Poland, Portugal, Republic of Korea, the Russian Federation, Sweden, United Kingdom and United States, and non-members of the Governing Body Cyprus, Denmark, Finland, Greece, Israel, Netherlands, New Zealand and Norway, recalled that the derogation from the Financial Regulations agreed two years previously had been made on a one-off, exceptional basis. She considered that a second consecutive derogation from the Financial Regulations could weaken the incentives for payment on time and would result in some member States paying their contributions later in future years.
15. She concluded that any government that wished to donate its share of the net premium earned to the Building and Accommodation Fund as a voluntary-earmarked contribution should be able to do so. She did not support the point for decision.

³ GB.307/PFA/1/3.

16. The representative of the Government of Japan expressed concerns regarding three points: first, the need to have a master plan which would include a financial risk assessment before deciding on the transfer of funds to the Building and Accommodation Fund; second, the implementation of all financial measures described in Options 2 and 3 of the proposal made the previous March to raise funds to the fullest extent; and, lastly, the possibility that, even under the current two options, a surplus in the Building and Accommodation Fund was projected. The speaker did not support the point for decision.
17. The representative of the Government of Germany noted that the problems in the financial and property markets, as well as the negotiations with the Swiss authorities, had become rather arduous. However, she said that countries were being asked to renounce funds due to them at a very bad time.
18. She expected the Office to prepare a document giving more accurate information on the situation to provide a risk assessment and to elaborate why the case for derogation seemed to be compelling. Those documents would help the Committee to take a decision on that point.
19. The representative of the Government of Spain explained that Spanish law was very clear regarding the treatment to be given to the part of the net premium that must be returned to its treasury. At the current stage, the Government of Spain could not approve or oppose the point for decision.
20. The representative of the Government of Argentina, taking into account the information provided in paragraph 7 and the explanations provided by the Director-General on 17 March, considered that a decision could be taken. The speaker welcomed further discussions on the question.
21. The representative of the Government of France recalled that it was in the interest of all parties to respect and follow the Financial Regulations. He questioned whether derogation of a rule that was considered by all parties as satisfactory was in the best interest of the Office. He also questioned whether it was in the interest of the Organization to transfer the net premium to the Building and Accommodation Fund, knowing that the financing plan presented the previous year was exemplary and that there was a risk of weakening the incentives for States to pay contributions on time. The speaker endorsed the statement of the representative of the Government of the United Kingdom and did not support the point for decision.
22. The representative of the Government of Switzerland considered the allocation of the net premium an extremely important and urgent matter which should be dealt with as soon as possible. He underlined that a derogation from the Financial Regulations could again be justified, and once again on an exceptional basis, since uncertainties persisted as in any project with regard to the sale of land or with respect to finding suitable investors for a public-private partnership.
23. The speaker supported the view expressed by others that more details and a clear assessment of the projected funding were needed. That included adequate risk management strategies which took into account volatilities in the real estate market. He was prepared to favourably consider the transfer of the net premium to the Building and Accommodation Fund while ensuring transparency in accounting and insisting on a coherent strategy for dealing with the Fund.
24. The representative of the Government of Australia noted that the basis for their non-support of the decision point was the lack of a detailed plan and an overall long-term strategy for financing renovations of the ILO headquarters. She advised that, if these plans

were provided, Australia would be willing to consider support for transfer of the net premium to the Building and Accommodation Fund.

25. The representative of the Government of South Africa, speaking on behalf of the Africa group, said that further consultations within the group were needed in order to reach a position on the point for decision.
26. Sir Roy Trotman, speaking on behalf of the Workers' group, acknowledged that the matter had political implications. His group shared the concerns of the Government members, who had to go back to their capitals in order to take a decision. The Workers' group considered that time should be taken to have further discussions in order to achieve consensus on the transfer of the net premium to the Building and Accommodation Fund. Such transfer would prevent the Organization from having to secure funds in the near future, with the risk of having to do it at the expense of ILO operational activities in support of constituents.
27. Ms Horvatic, speaking on behalf of the Employers' group, mentioned that the Employers' group had already expressed its views, and took note of the divergent views expressed by Government representatives and requested the Office to continue consultations with all constituents with a view to reaching a solution later in the current session of the Governing Body.
28. The representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller) explained that the resolution proposing the transfer of the net premium to the Building and Accommodation Fund was almost identical to that approved in 2008. The purpose for which the funds were being transferred was clearly stated in the point for decision and, furthermore, in accordance with the Financial Regulations, Governing Body approval would be required before any of the transferred funds could be used. The various aspects of the renovation process would continue to be monitored by the Building Subcommittee.
29. He explained that under the usual procedure, half of the net premium was distributed to member States on a pro rata basis, in accordance with the scale of assessments, while the other half was used to reward early payment of contributions by means of the Incentive Fund, from which 132 member States would benefit with respect to 2008–09.
30. In response to the question from the representative of the Government of France, he emphasized that contributions made by member States by foregoing their share of the Incentive Fund would be treated as an advance payment to be offset against future assessed contributions for the headquarters renovation project, should such an assessment be made. Those member States would thus not be assessed twice.
31. He stressed that various factors, for example the estimated costs of the project, which had been calculated in 2006 with a margin of plus or minus 20 per cent, and the amount of rental income that could be expected from leasing office space to finance commercial borrowing, were still uncertain.
32. Encouraging progress had been made in discussions between the Office, the Swiss authorities and others to secure funding to implement the plan presented in November 2006. Only the most urgent work had so far been carried out. The current intention was to sell two plots of land held by the Office, a move already approved by the Governing Body, and consider raising further funds through loans. Until the plots of land had been sold, however, their final value would not be known, nor would the size of any loan or additional financing. The sooner funding became available, the sooner work could start on preparing the master plan.

- 33.** The Director-General, highlighting the importance of the decision to be taken, stressed the need for governments to balance their understandable concern for national interest against their collective interests as Members of the ILO. The Organization's governance structures should prioritize its needs, particularly with regard to ensuring low levels of risk and high levels of financial stability. The plan presented in March 2009, although sound, had been prepared before the impact of the financial crisis on the ILO and its constituents had become known. In a new economic climate, making use of the unexpected windfall provided by the net premium would give the ILO greater financial stability, while failure to act could harm the Organization's public image and give rise to perceptions of a missed opportunity. Although transfer of the net premium to the Building and Accommodation Fund would require derogation of article 11.5 of the Financial Regulations, provision existed for such a procedure where the Committee, the Governing Body and, ultimately, the Conference deemed there to be sufficient cause.
- 34.** He expressed the view that prompt payment of contributions by member States could not be attributed solely to the possibility of receiving funds from the net premium. If a biennium saw a net premium of zero, many member States would nevertheless continue their long-held practice of timely payment, as a matter of principle. He urged those countries that stood to benefit most from the distribution of the net premium to consider their collective responsibility as ILO Members. The first responsibility of the Office was to propose actions that entailed the least possible risk for the Organization. Deciding to transfer the net premium to the Building and Accommodation Fund was one such action, and he urged the Committee to support it.
- 35.** The representative of the Government of Australia, speaking on behalf of the Asia-Pacific group (ASPAG), did not support the point for decision but presented an alternative proposal for consideration by the Committee. He noted that there was general support in ASPAG for the proposal. Other Government members had expressed support for the proposal but had not had sufficient time to obtain approval from their capitals. He suggested that in order to allow time for further discussion, his proposal should be submitted to the Finance Committee of the International Labour Conference at its meeting in June 2010. This would allow time for member States to consult with their capitals so that they would be in a position to finalize the proposal.
- 36.** The basis for the proposal, which had been circulated to regional coordinators and to the Workers' and Employers' groups, might offer a practical way to reach consensus on the issue. The amount of the net premium earned was significant and many Governments had expressed the opinion that the proposal was not sufficiently justified in the absence of a comprehensive plan to redevelop the headquarters building, a complete plan for financing the renovation and a long-term strategy for maintaining and renovating all ILO properties around the world. ASPAG could conditionally support a derogation from the Financial Regulations for the proposed transfer to the Building and Accommodation Fund if certain conditions were considered to have been met by the Governing Body during its March 2011 session. If the proposed conditions were met, the approved derogation would remain effective. If, in the opinion of the Governing Body, the conditions were not met, then the approved derogation would automatically be revoked and funds returned to member States in accordance with the Financial Regulations.

37. The proposed amended point for decision would read:

The Committee may wish to recommend that the Governing Body propose to the 99th Session (June 2010) of the International Labour Conference that, in derogation of article 11.5 of the Financial Regulations, the 2008–09 net premium earned of CHF29,739,934 be credited to the Building and Accommodation Fund to finance partially the refurbishment of the headquarters building, subject to the following conditions:

- (a) that the Office prepare a comprehensive plan, including all aspects and time frames for the redevelopment of the ILO building;*
- (b) that the Office prepare a comprehensive plan, including consideration of risk management, for the financing of the redevelopment of the ILO building;*
- (c) that the Office develop a long-term strategy for the financing of future maintenance and redevelopment of ILO buildings and properties, based on funds accumulation to avoid any future ad hoc call on funds from member States; and*
- (d) that the plans and strategy referred to in (a), (b), and (c) be submitted to and approved by the Governing Body in November 2010 (or March 2011).*

Should the Governing Body determine that the abovementioned conditions are not satisfied, the derogation of article 11.5 referred to above is revoked and the funds will be credited to member States in accordance with article 11.5, within one month of the Governing Body decision.

38. The speaker observed that minor drafting adjustments might be required to the text to meet legal requirements and further proposed that consideration be given to the use of the word “endorsed” rather than “approved” in subparagraph (d) of his proposal. He said that the proposed amended point for decision called for a full plan on all aspects of building redevelopment for consideration by Committee members. The financial plan should set out all options, including using the net premium earned, any surplus, sale of land, renting of properties, etc. Given the size of its property portfolio, the Organization needed a robust long-term strategy which considered needs, time frames, and financing for maintenance of all of its buildings to ensure that Government members knew in advance what they would be expected to pay.

39. The representative of the Government of South Africa, speaking on behalf of the Africa group, reminded the Committee that most countries were just emerging from a financial crisis. The process of recovery was incomplete and extensive demands were still being placed on the ILO to support the recovery. He said that the goal of the Organization was to seek to achieve social justice for all and that objective entailed both obligations and sacrifices. The speaker stressed the importance of providing a conducive work environment. He supported the point for decision in the Office paper.

40. The representative of the Government of Austria reminded the Committee that many member States were suffering from budget deficits. She said that any derogation from the Financial Regulations required adequate justification. The justification offered by the Office for the proposed transfer had not been convincing. She did not want a repetition of the 2008 decision to derogate from the Financial Regulations, nor did she wish to see a precedent established. She said her Government did not support the point for decision and

suggested that the budget surplus for 2008–09 be transferred to the Building and Accommodation Fund.

41. The representative of the Government of the United Kingdom expressed disappointment that there was no useful new information in the informal paper provided by the Office. The paper speculated on possible income but the figures provided were, in his view, neither factual nor risk assessed. He said that the March 2009 financing plan should not be cast aside until problems in the plan were revealed and other options could be evaluated. The speaker said it was important for the Office to maximize the resources it could obtain from the sale of land or rental income.
42. He reminded the Committee that a similar derogation had been previously approved, and expressed concern that a second derogation would set a precedent. The Office had not guaranteed that another derogation might not be proposed again in the future. He was concerned that the proposal to transfer the funds earmarked for the Incentive Fund placed a higher burden on a limited number of member States. The Incentive Fund served an important purpose in encouraging member States to pay as early as possible. Those early payments were important to the financial health of the Office.
43. All constituent groups should play their part and an unusually high burden should not be placed on loyal contributors and donors. He did not support the point for decision and suggested that the income surplus from 2008–09 be transferred to the Building and Accommodation Fund.
44. The representative of the Government of Brazil highlighted the growing importance of the ILO and the increasing demands on the Governing Body and the Office, in the face of which the Organization must adapt continuously in terms of both working methods and resources. The proposed cost of transferring the net premium to the Building and Accommodation Fund seemed a small price to pay in the circumstances, and he therefore expressed support for the point for decision contained in paragraph 9 of the Office paper, without excluding the possibility that other proposals might achieve consensus.
45. The representative of the Government of the United States did not support the point for decision. She underlined the importance of renovating the headquarters building and supported the ongoing negotiations for the financing options approved by the Governing Body. She said that if the Office wished to mitigate risks in financing, article 11.9 of the Financial Regulations could provide a mechanism. Therefore, she supported the use of the Special Programme Account to finance those important renovations.
46. The representative of the Government of Nigeria supported the statement made by the Africa group. Though fully aware of the previous decision in March 2009 on the financial plan for renovation of the headquarters building, he believed the net premium should be used quickly in order to avoid losing it altogether. He said that both risk assessment and risk aversion should be considered. He said the present was the best time to decide to use the net premium, in view of the urgency of the building renovation. He supported the point for decision.
47. The representative of the Government of Germany stated that she had already given her Government's position but she welcomed the constructive approach from ASPAG. She recognized the pressure of time and the need for the Office to have some security in its planning, as delays led to increased cost. She stated that decisions needed time. Flexible solutions should be found to be discussed at the forthcoming session of the Conference. She supported the need for a master plan, a long-term strategy and an evaluation of the associated risks. She suggested that the Office take time to prepare a first draft of the master plan incorporating risk management.

- 48.** The representative of the Government of France said that the current Financial Regulations protected the Organization from risk, encouraged States to pay their assessed contributions promptly and ensured that the Office had sufficient flexibility to manage funds effectively and implement programme activities as planned. The Office proposal, however, entailed a collective risk for the sake of a project that had yet to be approved. The Financial Regulations were very clear. It was inconceivable that retroactive changes should be made to the rule that had prompted States to decide when to pay their assessed contributions for 2008–09. The derogation approved in 2008 should remain an exceptional measure. In the face of the current economic crisis, priority should be given to social considerations, not to buildings. He asked what would happen to the 50 per cent of the net premium for 2006–07 that had been treated as an advance payment against possible calls for assessed contributions from member States if no such calls were made.
- 49.** While expressing support for the renovation of the headquarters building, he maintained that more time was needed to study the various options available. There was no call for hasty decisions to be made on the basis of alarmist scenarios. Although the costs of the project might rise, the potential income from selling land or rents would also increase. Land prices had continued to rise even during the economic crisis.
- 50.** The proposed renovations raised the issue of building maintenance. The Office should make it a priority to ensure that sufficient funds were allocated in the regular budget for the upkeep of buildings, and States should not be expected to contribute if that had not been done. Other avenues, including using the 2008–09 regular budget surplus to fund the renovation, should be explored before a decision was taken that might discourage donors from making voluntary contributions to the Organization. Recalling that the net premium consisted of two halves allocated separately, he asked why the Office’s proposal dealt with both parts together.
- 51.** The Incentive Fund was an exemplary mechanism. Derogating once more from the Financial Regulations with regard to the Incentive Fund would mean amending the Regulations in all but letter and would pose a real risk to the Organization’s financing. The Organization should not go down that route, and he therefore opposed the point for decision.
- 52.** The representative of the Government of Argentina, welcoming the additional information provided by the Office, expressed support for the proposal made by the representative of the Government of Australia, even it was not the optimal solution. The issue should be debated further before a decision was taken.
- 53.** The representative of the Government of Canada expressed the view that the Financial Regulations should not be set aside for reasons of convenience, but only in truly exceptional situations. The proposed derogation gave cause for concern on two accounts. First, it was unfair and financially short-sighted to effectively eliminate the early payment incentive, which could result in fewer early payments and additional financial burdens for the Organization. Without an incentive for prompt payment, some member States, such as Canada, might choose to re-examine their long-standing practice of providing early payment to the ILO. She suggested that consideration should be given instead to transferring the surplus from the 2008–09 Programme and Budget to the Building and Accommodation Fund. Using the Incentive Fund as a windfall, thereby placing the burden on the largest and most responsible donors, was unacceptable.
- 54.** Second, the current proposal was an example of poor financial planning. A well-developed and elaborated renewal plan, approved by member States, should be put in place before allocating funds, especially when those funds were the collective resources of member States, not the Organization. The exceptional nature of the current situation, which would

justify a second derogation from the Financial Regulations, had not yet been demonstrated. Article 41 of the Financial Regulations stipulated that they could not be amended except where an alteration or addition was urgently required. The fact that the value of the net premium could not have been foreseen did not constitute an exceptional or urgent circumstance. The uncertainties and lack of thorough or sound analysis with respect to the 2009 funding plan also demonstrated poor financial planning, which should be addressed systematically, not through ad hoc approaches.

- 55.** While fully supporting efforts to plan for the renovation of the headquarters building, she expressed strong concern at the disregard for sound financial management practices and donor countries' views. Financing decisions must be based on a comprehensive capital master plan and financial risk assessment, and any potential shortfalls must be properly dealt with through the regular programme and budget process. The net premium should be returned to contributing governments; however, the proposal made by the representative of the Government of Australia went a long way to addressing one of her fundamental concerns.
- 56.** The representative of the Government of India underlined the importance of respecting financial regulations, but also expressed the view that such regulations should be flexible enough to cater to emerging needs and priorities. Transferring the net premium to the Building and Accommodation Fund would avoid having to use funds earmarked for important ILO programme activities. Delaying the urgently needed renovation of the headquarters building could lead to further costs in terms of cancellations and added expenditure. He expressed support for the point for decision, but requested that a plan for the renovation of the headquarters building, indicating works to be carried out, time-lines, total requirement of funds and current fund availability be prepared by experts and placed before the Governing Body for the information of all member States.
- 57.** The representative of the Government of Sweden, speaking also on behalf of Denmark, Finland and Norway, endorsed the statement by the representative of the Government of the United Kingdom during the Committee's previous discussion of the agenda item, and reiterated that the Nordic countries were not in a position to support the point for decision.
- 58.** The representative of the Government of Italy did not support the point for decision but could support the proposal made by the representative of the Government of Australia, on the clear understanding that it would be recommended to the Finance Committee of the International Labour Conference in June 2010. That would allow more time to consider the proposal and for the Office to provide the required information.
- 59.** The representative of the Government of Mozambique acknowledged the efforts made by many countries to pay their assessed contributions to the ILO promptly, but emphasized the importance of ensuring security and physical well-being of those in the headquarters building, particularly in view of the ILO's role in societies in his region. He supported the proposal to transfer the net premium to the Building and Accommodation Fund, in derogation of the Financial Regulations.
- 60.** The representative of the Government of China voiced concerns about the derogation from the Financial Regulations but expressed support for the proposal made by the representative of the Government of Australia, given the urgency of renovating the headquarters building.
- 61.** The representative of the Government of Panama said that the use of the net premium was a financial decision to be taken by the Governing Body and presented to the Conference. He expressed support for the Office proposal, which would ensure that the headquarters

building could be renovated promptly and avoid future calls for assessed contributions by member States.

62. The representative of the Government of Uruguay echoed the view that the Financial Regulations should be applied in all but exceptional circumstances. In the current case, however, although the net premium could potentially be used for ILO activities aimed at improving quality of life at country level, Uruguay stood ready to make an exception to its own financial rules and agree to the transfer of the net premium to the Building and Accommodation Fund. If funds were not made available now, governments might be asked to contribute much more in the future.
63. The representative of the Government of Mexico expressed support for the proposal made by the representative of the Government of Australia.
64. The representative of the Government of the Islamic Republic of Iran endorsed the statement made by ASPAG. Referring to the need to uphold the important role of the Organization in the world of work, he supported the amended point for decision as proposed by ASPAG.
65. The representative of the Government of the Czech Republic said that, for the same reasons as those set out by the representatives of the Governments of Austria, Denmark, Finland, France, Norway, Sweden and the United Kingdom, he did not support the point for decision.
66. The representative of the Government of Pakistan supported the proposal to transfer the net premium to the Building and Accommodation Fund.
67. The representative of the Government of Côte d'Ivoire endorsed the statement by the Africa group and supported the point for decision.
68. Sir Roy Trotman, speaking on behalf of the Workers' group, expressed sympathy with many of the comments made by Government representatives. From the perspective of workers and taxpayers, the Governing Body should guide the Organization towards greater efficiency in carrying out its standard-setting and supervisory roles. He therefore supported the proposal made by the representative of the Government of Australia, although the conditions set might require slight adjustment. He urged the Committee to support the proposal.
69. The representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller), responding to questions asked, confirmed that the proposal made by the representative of the Government of Australia, if approved, would be submitted as a recommendation to the Conference and discussed by the Finance Committee of Government Representatives, at which all member States were represented. The Finance Committee would then report to the Conference in plenary sitting.
70. In response to the question asked by the representative of the Government of France regarding the net premium for 2006–07, he explained that, in the absence of a direct assessment on member States for the renovation of the headquarters building, no refund of the advance payment was envisaged. He said that, as had been suggested in the Office's information paper, the proposed point for decision could be amended to the effect that, if the net premium were to be transferred to the Building and Accommodation Fund and there were to be a surplus of funds available at the end of the renovation project, the surplus could be returned to member States, taking account of advance payments made by those who had contributed their shares from the Incentive Fund.

71. In response to comments concerning lack of sufficient detail or technical studies on the renovation project, he recalled that a comprehensive, independent study had been carried out in 2006, setting out time-lines, cost estimates and work schedules, although they would now need to be updated.
72. Mr Julien, speaking on behalf of the Employers' group, made a number of points. First, the discussion under way was providing almost mathematical proof that the Governing Body had a real need to redefine the demarcation lines between the mandates of its committees and the way in which it organized its work.
73. Second, the Employers' group noted that the issue of the renovation of the building was the source of major differences in viewpoint among governments, particularly with regard to the urgency, estimated cost and extent of the work. It seemed difficult to adopt any position on the matter in view of the uncertainty surrounding the project as presented.
74. Third, the handling of the matter had dragged on, which only added to the degree of uncertainty. He was aware that the delay could not be ascribed to the Office, which was endeavouring to resolve the situation, but was due to reasons that had nothing to do with the Organization. He considered that a set of complete scenarios on the whole of the updated renovation project would have facilitated discussions.
75. Fourth, he stressed that a political commitment was needed from the States at the present stage so that a technical solution of some kind could be contemplated. However, the economic and financial scenarios relating to the renovation of the building displayed too many areas of uncertainty to enable that kind of political commitment to be made.
76. Fifth, the Employers observed that the ILO was increasingly reliant on voluntary contributions. They considered it important not to deprive the Office of the revenue possibilities provided by prompt contributors and not to break the key relationship of trust between the member States and the Office, that being the cornerstone of the system of voluntary contributions.
77. Sixth, the question of the net premium should be discussed in conjunction with that of the budget surplus. He recalled that the object of the discussion was primarily the financing of the building renovation work and he felt that the issue of the budget surplus was central to that discussion.
78. Seventh, governments which paid their contributions on time should not be penalized. The need to add to the Building and Accommodation Fund was widely recognized but the question of the use of the first instalment of the net premium needed to be examined in greater depth in the weeks ahead through a political dialogue between the Office and governments.
79. Eighth, if the Governing Body failed to reach an agreement, it was unlikely that the Conference, with three times the number of participants, would find a solution.
80. Finally, tripartism presupposed an agreement among the three groups. However, the Government group, the most important with regard to budgetary matters, was unable to reach an agreement on the issue. It therefore seemed to make more sense to invite the Governments and the Office to continue their discussions. The Employers' group could make no further comments in the current context.
81. The Chairperson thanked the Committee for the frank and open discussion, during which all the groups had clearly expressed their positions. She said it was important for the

decision to represent a tripartite consensus. She deferred further discussion of the agenda item to allow for further consultations on the proposed amended point for decision.

- 82.** At its next sitting, the Chairperson reopened discussion on the item.
- 83.** The representative of the Government of Australia, speaking on behalf of ASPAG, explained that the intention behind the proposal he had made at the Committee's previous sitting was to improve the planning processes within the ILO relating to the maintenance and development of ILO properties and to develop a comprehensive plan for financing such work in both the long and short term. While the issue was being discussed in terms of the possible use of the net premium, his proposal was in fact much broader in scope. With regard to planning, it envisaged a comprehensive plan for the immediate redevelopment of the headquarters building and a longer term strategy for the maintenance and possible redevelopment of all ILO properties. Concerning financing, all sources and mechanisms for funding the immediate work should be considered, while for the longer term strategy a range of financial options would be required for consideration. The fundamental aim of the proposal was to ensure that sufficient time was available to make decisions about the renovation of the headquarters building and to guarantee proper planning in current and future maintenance and development work. The Office had indicated its support for the approach proposed. Unless agreement could be reached, the ILO would have to rely on additional loans to fund building work, which would cost more in the long run.
- 84.** Speaking on behalf of the Government of Australia, he reported that following consultations among Committee members, various amendments had been suggested to the proposed point for decision, and he understood it now enjoyed wide support. The text of the revised point for decision, incorporating those amendments, had been circulated. He added that, in paragraph (c) of the amended point for decision, the words "this amount" should be altered to "the amount not required". He concluded by calling on the Office to ensure that appropriate project management skills be engaged to oversee the development and implementation of the building and financial plans and strategies.
- 85.** The representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller), advised the Committee that owing to the short period of time available to prepare and translate the documents, the point for decision had not followed the normal legal review process. That would be undertaken immediately and the final report of the Committee would ensure that the French and Spanish texts were aligned to the English text.
- 86.** The representative of the Government of Tunisia, speaking on behalf of the Africa group, said that, although the group had not had the opportunity to hold consultations, its prime objective was to support the Director-General and achieve consensus on the issue.
- 87.** The Chairperson expressed gratitude to all those who had facilitated agreement on the issue, particularly the representative of the Government of Australia.
- 88.** *The Committee recommends that the Governing Body propose to the 99th Session (June 2010) of the International Labour Conference that:*
- (a) in derogation of article 11.5 of the Financial Regulations, the one half of the 2008–09 net premium earned, amounting to CHF14,869,967 that is not distributed through the Incentive Fund, be credited to the Building and Accommodation Fund to finance partially the renovation of the headquarters building, subject to the following conditions:*

- (i) *that the Office prepares a comprehensive plan for the renovation of the ILO building, including financial and technical aspects, risk management and time frames, leading to a capital master plan;*
- (ii) *that the Office develop a long-term strategy for the financing of future maintenance and renovation of ILO buildings and properties, based on an accumulation of funds to avoid any future ad hoc call on member States; and*
- (iii) *that the plans and strategy referred to in (i) and (ii) above be submitted to the Building Subcommittee of the Programme, Financial and Administrative Committee, and endorsed by the Governing Body in March 2011;*
- (b) *should the Governing Body determine that the conditions are not satisfied, the derogation from article 11.5 of the Financial Regulations referred to in paragraph (a) above be revoked and the funds be credited to Members in accordance with article 11.5 of the Financial Regulations;*
- (c) *should the Governing Body determine, on the basis of the financial plan, that the amount of the 2008–09 net premium transferred to the Building and Accommodation Fund is not fully required for the funding of the renovation of the headquarters building, the amount not required be returned to member States;*
- (d) *it adopt a resolution in the following terms:*

The General Conference of the International Labour Organization, meeting in its 99th Session, 2010,

Noting that the operation of the Swiss franc assessment system has resulted in a net premium earned of 29,739,934 Swiss francs in the 2008–09 biennium,

1. *Decides*, in derogation of article 11.5 of the Financial Regulations, to transfer the one half of the net premium earned, amounting to 14,869,967 Swiss francs that is not distributed to the Incentive Fund, to the Building and Accommodation Fund of the International Labour Office to finance partially the renovation of the headquarters building subject to the following conditions:

- (a) that the Office prepares a comprehensive plan for the renovation of the ILO building including financial and technical aspects, risk management and time frames, leading to a capital master plan;
- (b) that the Office develops a long-term strategy for the financing of future maintenance and renovation of ILO buildings and properties, based on an accumulation of funds to avoid any future ad hoc call on member States;
- (c) that the plans and strategy referred to in (a) and (b) above be submitted to the Building Subcommittee of the Programme, Financial and Administrative Committee, and endorsed by the Governing Body in March 2011; and

2. *Further decides* that should the Governing Body determine that the conditions are not satisfied, the derogation from article 11.5 of the Financial Regulations referred to in paragraph 1(a) above be revoked and the net premium be distributed to Members in accordance with article 11.5 of the Financial Regulations.

3. *Further decides* that should the Governing Body determine, on the basis of the financial plan, that the amount of the 2008–09 net premium transferred to the Building and Accommodation Fund is not fully required for the funding of the renovation of the headquarters building, the amount not required be returned to member States.

89. The Director-General welcomed the consensus achieved, which demonstrated the commitment of all groups and governments to the building renovation project. The approach chosen would protect the Special Programme Account and safeguard the interests of those States that benefited from the Incentive Fund. He expressed appreciation to all those who had supported the Office proposal as well as those who had worked to find a solution.

ILO programme implementation 2008–09 (Second item on the agenda)

90. The Committee had before it two papers⁴ on ILO programme implementation for 2008–09.
91. Sir Roy Trotman, speaking on behalf of the Workers' group, expressed satisfaction with the global support to the Decent Work Agenda, the ILO's contribution to important discussions including in the G20, and the role of the international trade union movement in those achievements. The implementation report would facilitate the transition to the revised results framework found in the Strategic Policy Framework 2010–15 and the Programme and Budget for 2010–11. It was important to distil lessons for future programme implementation. The biennium had been marked by the adoption of two major policy documents: the Social Justice Declaration and the Global Jobs Pact, and the major challenge was to give effect to them.
92. The speaker congratulated the Office on the improved quality of the report, which included more information on outcomes rather than processes, support to constituents, lessons learned, the baselines for 2010–15 and references to challenges and obstacles. He also highlighted the areas where further improvements would be required. These included more emphasis on the challenges faced in achieving results as well as strategies used in overcoming them, and improved measurement of impact with emphasis on qualitative information.
93. Mr Julien, speaking on behalf of the Employers' group, commended the paper that had been presented. Considerable effort had gone into compiling and analysing data, and use needed to be made of the paper for an in-depth discussion and to guide the future work of the Office.
94. The period 2008–09 to which the report referred had seen the adoption of the Declaration on Social Justice for a Fair Globalization and the crisis which had led to the drawing up of the Global Jobs Pact. The speaker welcomed the fact that the Office had been able to adapt its programme to a situation which could not have been foreseen when the budget had been drawn up, and that its financial situation seemed healthy in spite of a decrease in extra-budgetary contributions. However, the Employers regretted the lack of clarity in the document, which might lead those not familiar with the work of the Programme, Financial and Administrative Committee to think that the Organization dealt mainly with development issues. Furthermore, a number of the outcomes presented were not coherent and the objectives had been poorly defined, something for which the Governing Body was collectively responsible.
95. The ILO's contribution should have been presented in a more explicit manner (as it was in the chapter on social security). It was the responsibility of executive directors to submit transparent reports. The general coherence of policies at ILO headquarters and in the field

⁴ GB.307/PFA/2 and GB.307/PFA/2(Add.).

remained a problem, and the Employers wished to see the implementation rate per programme and per region, rather than a global figure which had nonetheless increased in relation to the past. The report needed to show more clearly the linkages with Decent Work Country Programmes and explain how the departments had worked together to produce results. This was an important one and it has been highlighted in the Declaration on Social Justice for a Fair Globalization. Moreover, it was regrettable that many fields of activity failed to involve employers' organizations, thereby undermining the tripartite nature of the ILO.

96. For the Employers' group, the main criticism of the document related to the lack of information on the impact of the ILO's work. That type of evaluation exercise would have been very useful and could have been done in mid-term under the Strategic Policy Framework in order to better prepare the subsequent Strategic Policy Framework.
97. Finally, the Employers wished to voice their concern regarding budgetary allocations. Although the regular budget was subject to a transparent process, that was not the case with the allocation of extra-budgetary funds or the Regular Budget Supplementary Account (RBSA).
98. The representative of the Government of the United Kingdom, speaking on behalf of the group of industrialized market economy countries (IMEC), welcomed the executive overview of the report, which provided a useful summary of the document. The information on the main extra-budgetary and RBSA donors was important for the purpose of accountability to national parliaments and of overall visibility of donors' contributions to ILO work. The information on the RBSA and extra-budgetary technical cooperation resources, which was the subject of a separate document mentioned in paragraph 19, should be integrated into the implementation report in the future.
99. The speaker requested clarifications on the Direct Trust Fund, on its size and on the way it worked. She indicated that in spite of improvements over previous implementation reports, further progress was necessary. First, only results directly attributable to significant ILO technical assistance should be reflected in the implementation report. Second, while the section on lessons learned was welcome, this should not be a substitute for evaluation reports, which looked at effectiveness, efficiency and impact of ILO action in greater detail. Most of the lessons learned did not provide concrete recommendations for future ILO action. The indicators of performance of field offices to be developed as agreed by the Governing Body should be used to that effect. Third, different formats had been used to present results, while a common approach was necessary. The Office should provide further explanations on cases in which results had been either exceeded significantly or underachieved. Finally, the speaker asked that lessons learned and the outcome of the Committee's discussion be incorporated into priority setting and programming and budgeting for 2012–13.
100. The representative of the Government of China commended the ILO for the implementation of the programme in the biennium, with targets achieved or exceeded for 76 per cent of the indicators, and a programme execution rate of 77 per cent. He made four recommendations for further improvement of ILO action. First, the ILO should further identify the strategies and resources to support member States in establishing the legal framework and building their capacity to implement labour standards. Second, more resources should be invested by the ILO in employment issues and to support member States in developing policies on small and medium-sized enterprise (SME) development, cooperatives and youth employment. Third, the ILO should make more efforts to help member States formulate policies on working conditions and health and safety standards and to use its comparative advantage on the protection of migrant workers. Fourth,

cooperation with academic institutions in member States should be strengthened to support decision-making processes and knowledge sharing.

- 101.** The representative of the Government of Brazil welcomed the implementation report, which provided a sound basis for the future work of the Organization. He stressed the importance of promoting the Decent Work Agenda at the national, regional and international levels within the UN system. He underlined the importance of also integrating decent work into the agenda of the international system as a whole, including financial institutions, in a “one international system” approach. His Government welcomed the endorsement by the United Nations system Chief Executives Board (CEB) of the joint UN crisis response initiative on the social protection floor, as well as the approval by the United Nations Development Programme (UNDP) of the CEB decision to implement the Global Jobs Pact. Better alignment between Decent Work Country Programmes and United Nations Development Assistance Frameworks (UNDAFs) would help to avoid duplication and to foster a coherent UN response to local needs. He requested further information on access to UNDAF resources for the implementation of measures related to the Decent Work Agenda, as well as on measures to implement strategies involving international and regional financial institutions, which went beyond the enhanced dialogue mentioned in paragraph 243 of the report.
- 102.** The representative of the Government of South Africa, speaking on behalf of the Africa group, indicated that the implementation report was a difficult document to read. Its structure and language made it hard to identify the main successes, the challenges and the lessons learned, in particular with reference to any specific region. A focus on regional implementation could help overcome that constraint, while enabling the sharing of lessons and experiences across regions. He requested the Office to provide more information on the lessons learned and the way forward.
- 103.** The representative of the Government of India praised the technical support provided by the Office during the biennium to member States, in furthering the various dimensions of the Decent Work Agenda, including in India. He made two observations. First, several country examples contained in the boxes throughout the report concerned micro-achievements in India. Given the size and diversity of the country, those boxes should rather focus on macro-achievements. Second, the Office was called upon to translate the recently signed Decent Work Country Programme for India into specific and concrete activities.
- 104.** The Chairperson opened the discussion on the Strategic Objective on Standards and Fundamental Principles and Rights at Work.
- 105.** The representative of the Director-General (Mr Tapiola, Executive Director of the Standards and Fundamental Principles and Rights at Work Sector) indicated that, of the nine indicators under three immediate outcomes within the strategic objective, all but one had been reached, i.e. the target in the African region under indicator 1b.1(ii). With respect to lessons learned, the speaker stressed two points. The first was the clear need to focus on child labour in the African region, where there was an urgent and, in some cases, growing child labour problem. Some African countries had experienced serious internal difficulties during the biennium, which had affected the work under the International Programme on the Elimination of Child Labour (IPEC). However, since the finalization of the implementation report, four additional African countries could be counted among the targets. Eight other African countries had taken one of the two measures that characterized the time-bound programmes. The second lesson was the need to have a rigorous look at results reported on with a view to including only those that could be clearly attributed to a significant ILO contribution. The speaker noted, as an example, indicator 1c.1(i), under which results totalled 79 cases of ratification against a target set at 50 cases. A number of

those ratifications were as much due to the national process as to ILO support. He considered that the ILO had a significant supporting role in around 50 cases. The lesson, with regard to such targets set at high levels, was to include only cases in which the assistance by the Office had been a significant part of the process. He concluded by noting improvements introduced on the measurement of standards-related results under the results framework for 2010–11.

- 106.** Mr de Regil, speaking on behalf of the Employers' group, expressed support for a modern and relevant labour standards policy in line with the ILO Declaration on Social Justice for a Fair Globalization. The ILO's approach seemed focused on the number of ratifications, while emphasis should first be on building capacity in each country to effectively implement ILO Conventions.
- 107.** He noted with concern that there had been a decrease in funding for work related to the 1998 Declaration on Fundamental Principles and Rights at Work. The Office, while giving effect to the 2008 Declaration on Social Justice for a Fair Globalization, should continue to support work in the context of the 1998 Declaration. The reference in paragraph 37 to the involvement of employers' organizations was welcome, but more information was needed on how the Bureau for Employers' Activities (ACT/EMP) had been associated with the execution of the programme.
- 108.** The speaker stressed a number of strategic and methodological issues. With regard to child labour, the design and development of technical cooperation projects did not always meet employers' needs and priorities, as the group had pointed out on earlier occasions. The Office should involve employers' organizations more in the process. The sections on lessons learned did not focus on pragmatic issues and often only addressed generalities, as illustrated in paragraph 32. The lists of results were often confusing, as no information was provided on the methodology used to determine what constituted a result. More information would also have been required on reasons why certain targets had been exceeded and others had not been achieved, for instance in the case of the two indicators on child labour.
- 109.** Mr de Regil further made a number of specific observations. In paragraph 31, the meaning of the sentence "the impact of international labour standards on other organizations – where the ILO is indeed often known principally for its normative work – exceeded expectations" was not clear. In paragraph 40, child labour was not included in the list of fundamental principles, while human trafficking was not a fundamental principle; the effective recognition of the right to collective bargaining was the principle, not collective bargaining. ACT/EMP should be closely involved in the foreseen cross-sectoral collaboration to develop an action plan for the promotion of Convention No. 155, its Protocol of 2002 and Convention No. 187, mentioned in paragraph 62. The speaker requested more information on the assistance provided by the Office and the results achieved with respect to the instances identified by the Committee on the Application of Conventions and Recommendations (CEACR) as requiring technical assistance, as mentioned in paragraph 63. With regard to collaboration by the CEACR in supervising the European Code of Social Security referred to in paragraph 69, the group believed that the Office was paying too much attention to those matters. Finally, the speaker regretted that examples in paragraph 71 referred to action taken by the Office, not by constituents.
- 110.** Sir Roy Trotman stressed that the ILO was different from other UN organizations. It set standards that went beyond the world of work and contributed to real development, reduced violence and discrimination and helped in making society more equitable and democratic. The ILO was a standard-setting institution; however, the value of setting standards was questionable if they were not ratified and applied by member States. He

emphasized his disagreement with any position which did not recognize the need for ratification.

- 111.** The speaker commended the improvements made on the application of freedom of association in 29 countries and considered it a step towards universal ratification. However, one should not forget that 148 ratifications were still lacking. Emphasis should be placed not only on the ratification of standards but also on what was being done, in particular with the technical cooperation funds, to implement the standards. His group was concerned that some of the most populous countries had not yet ratified Conventions Nos 87 and 98, thus denying the fundamental right of freedom of association and collective bargaining to a significant portion of the world's population. An enhanced effort was needed in the current biennium to push for ratification of those two Conventions and mainstream the work on freedom of association and collective bargaining into the overall work of the Office.
- 112.** The adoption of the Social Justice Declaration was a major achievement in embedding the normative approach in the Decent Work Agenda. The implementation of the Global Jobs Pact offered an opportunity to the Office to integrate the rights-based approach in crisis responses, which should promote the ratification and implementation of standards relevant to the crisis. It was important to build the capacity of the social partners to implement the Global Jobs Pact.
- 113.** The group supported the statement in paragraph 32 on achieving progress in the application of standards when comments of the supervisory system were accompanied with awareness raising and capacity building. In that regard, a standards dimension based on the comments of the supervisory bodies should be included in Decent Work Country Programmes. In the area of freedom of association and collective bargaining, the target set of five countries was too low, while the signing of a tripartite agreement calling for a conference on labour law reform in Egypt should not be reported as a result, contrary to what was indicated in the results table.
- 114.** Sir Roy Trotman regretted that three out of the five regions had not achieved any results on fighting discrimination. The results achieved on child labour were impressive, and comparable investments should be directed to the other categories of fundamental principles and rights, in particular freedom of association and collective bargaining. The Office should strive to eradicate all forms of child labour, not just the worst forms of child labour, as paragraph 30 seemed to imply. The breakthroughs reported by the Office in convincing other organizations to incorporate ILO standards and comments of its supervisory bodies in their own work mentioned on page 34 were commendable.
- 115.** In concluding, the speaker expressed concerns about the low level of resources for the International Labour Standards Department and requested that it be addressed in the current biennium. Referring to paragraph 56, he stressed that the crisis should not be used as an excuse for not ratifying standards and emphasized the increased importance of the fundamental standards in times of crisis.
- 116.** The representative of the Government of the United Kingdom, speaking on behalf of the IMEC group, requested clarifications from the Office on a number of issues. First, the group wanted to know how the revised IPEC resource mobilization strategy mentioned in paragraph 30 would fit into the overall resource mobilization carried out by the Partnerships and Development Cooperation Department (PARDEV) and in outcome-based workplans. Second, on page 19, the inter-ministerial agreement on the possible ratification of the Palermo Trafficking Protocol was reported as a result in China. The Office was called upon to explain how its migration-related activities had made a significant contribution to achieving agreement on the entire Protocol. Third, the large differences

between the targets set and results achieved under indicator 1b.1(ii) warranted some explanations. Fourth, IMEC had difficulties in accepting some results mentioned in the report. Examples included, among others: ratification of Convention No. 187 under indicator 1c.1(i) by Sweden, Denmark and the United Kingdom; changes in national legislation under indicator 1c.1(ii) by Sweden (Conventions Nos 129 and 167), Switzerland and the United Kingdom (Convention No. 81), the Netherlands and Portugal (Convention No. 103). IMEC member States were not aware of any significant assistance by the Office in achieving the aforementioned results.

- 117.** The representative of the Government of Brazil welcomed the efforts made by the ILO to promote international standards. His Government was committed to working on South–South cooperation through IPEC. It also supported the Office approach to prevent the infringement of international labour standards. To that end, ratification was important, but even more important was compliance. The speaker recalled that the promotion of international labour standards suffered in times of crisis, as underlined in paragraph 14 of the Global Jobs Pact, as well as in the implementation report. While the Global Jobs Pact would make it possible to move forward respecting the principles of the Organization in response to the crisis, the report did not refer to any promotional strategies on that matter.
- 118.** The representative of the Government of South Africa, speaking on behalf of the Africa group, acknowledged the statement in paragraph 32 that work with constituents to follow through the recommendations of the supervisory bodies often led to satisfactory results. That approach should be followed by the Office in other engagements. He supported paragraph 51 and welcomed the Executive Director’s statement made earlier calling for emphasis on Africa on child labour issues. He stressed that some results could not be linked to direct ILO intervention, as illustrated in paragraph 42.
- 119.** In his reply, Mr Tapiola indicated that the difference in the results achieved under the two indicators on child labour was due to the fact that the targets of the second indicator on time-bound programmes proved more difficult to meet in times of crisis. The tripartite agreement in Egypt was the result of a technical assistance mission ensuing from the work of the supervisory bodies. Other concrete results on that matter were being supported by an ongoing technical cooperation project in the country. The supervision of the European Code of Social Security was based on a long-standing commitment with the Council of Europe on social security. With regard to the questions raised by IMEC, the speaker referred, as an illustration, to the example of the application of Convention No. 103 by the Netherlands. Following repeated comments by the Committee of Experts and discussions with representatives of the Government, a new Health Insurance Act had been adopted, which had been noted with satisfaction by the Committee of Experts. Whether such cases should be reported in the implementation report was a matter for further reflection.
- 120.** The Chairperson opened the discussion on the strategic objective on employment.
- 121.** The representative of the Director-General (Mr Salazar-Xirinachs, Executive Director of the Employment Sector) referred to the link between the preparations for the recurrent item report on employment and the implementation report for 2008–09. The current discussion of the Committee could be regarded as an appetizer for the longer discussion of the recurrent item report due at the Conference in June 2010. The ILO mandate on employment was very broad, leading to difficult questions of prioritization. The Office approach was to make the most of synergies and collaboration through new working methods and to ensure that all those subjects converged and cohered in national employment policies. The speaker highlighted a few specific lessons emerging from the implementation of the programme in 2008–09. First, there was a need for better tools to incorporate employment objectives into growth, development and poverty reduction strategies. Ongoing work included more tools and capacity building in labour market

information and monitoring systems, new design tools and a more focused research agenda feeding more clearly into policy advice. Second, it was necessary to put more resources into monitoring and evaluation of results and make that a higher priority. Third, inter-ministerial coordination and broad-based social dialogue on employment were key. Fourth, in response to the global employment crisis, institutions behind the policy measures needed to have a certain capacity to build on, and that required the involvement of constituents and social dialogue at all stages.

- 122.** Sir Roy Trotman welcomed the inclusion of a new target on employment in the Millennium Development Goals (MDGs). During the current biennium, the ILO should do more to include workers' rights and standards in its crisis response proposals and pay more attention to the quality of employment in terms of social protection and decent working conditions. His group was pleased to note that the World Bank had recognized the ILO's critique of the methodology behind the Employing Workers Indicator in its *Doing business* report. In giving effect to the Global Jobs Pact the Office needed to work on all its elements.
- 123.** The work of the Employment-Intensive Investment Programme warranted special mention as it could play an increasingly important role in promoting decent work as part of ensuring recovery from the economic crisis, including through the promotion of Convention No. 94 and involvement of trade unions. Trade unions should be actively involved in the programme. Information on the adoption of national employment policies by several countries was welcome, although the lack of quality information to assess the scope and impact of ILO assistance in that regard was regrettable. More information was required on how trade unions benefited from the Office's assistance in formulating employment policies and what elements of the Global Employment Agenda were included in them. Similarly, the Workers' group was interested in receiving the list of all the trade union organizations that benefited from the support of the Social Finance Programme. More emphasis and resources should be allocated to work on cooperatives in the future. The increasing awareness on environmental concerns in the area of sustainable enterprises was welcome, although the group remained concerned about insufficient attention to working conditions. The speaker supported the identification of economic sectors and value chains with high potential for employment creation and stressed that the Multinational Enterprises Programme (EMP/MULTI) and the Sectoral Activities Department (SECTOR) should work together on that matter. He expressed concern that, as indicated in paragraph 107, demands for services remained limited to enterprises and entrepreneurship development and requested clarification on the Office's strategy to address that issue, including with a view to better involving workers in the programmes. The results achieved on the promotion of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) were welcomed, as was the importance of giving more attention to value-chain upgrading to increase productivity and wages as an integral part of the national employment policy and industrial development strategy.
- 124.** Ms Goldberg, speaking on behalf of the Employers' group, acknowledged the complex and large task of the Office in the area of employment promotion and welcomed the emphasis on interdisciplinary approaches presented by the Office. Her group would have appreciated information on the impact of the ILO contribution to the results achieved. That information should be added in future implementation reports. It was also important to reflect on how the report was going to be used in the cyclical review process. She requested the Office to provide information on how the priorities previously agreed upon had changed as a result of the crisis and the adoption of the Global Jobs Pact, particularly in the regions, and the ensuing implications in terms of capacities and resources required in the area of employment.

- 125.** The way in which the report treated the World Bank's *Doing Business* report in paragraphs 77 and 104 was not acceptable and did not reflect the truth. The language should be changed. With regard to intermediate outcome 2a, the Employers' group noted that few activities involved employers' organizations and wondered how the ILO could promote employment without involving enterprises. The ILO's advice on investment and infrastructure policy needed to take into account the fact that it was up to countries to determine their priorities and infrastructure could not be assumed to be one of the highest priorities for all countries or all ministries.
- 126.** Work under outcome 2b on skills development and employment services was critical, especially in light of the crisis, as emphasized by the G20 request to the ILO for a training strategy. The Office should expand its limited capacity in that area. Skills development work should be prioritized over employment services, and work in the latter area should be expanded to encompass the private and non-governmental sectors.
- 127.** Referring to outcome 2c on sustainable enterprises, Ms Goldberg stressed that the focus should be on the mainstream businesses that were more likely to create jobs. ACT/EMP should be closely involved in all the work. Paragraph 107 concerning the helpdesk on the MNE Declaration mixed two different issues. The Employers' group recognized the importance of the social economy and of cooperatives as referred to in paragraph 108 for job creation, but work in that area should not displace the main focus on enterprises, which represented by far the largest part of the economy. The table on page 53 addressed results only on cooperatives, while the work of the Office should be better balanced to also include the work on SMEs. Regarding the examples of SME legislation mentioned in paragraph 112, more detail was needed to ensure that the net effect of such legislation was indeed positive for SMEs.
- 128.** The speaker concluded by indicating that results under outcome 2c.2 were not balanced, with most of the results involving work with government or with NGOs, not with employers' organizations. Work towards sustainable enterprises should always involve employers' organizations. The Employers' group stood ready to work with the Employment Sector on priorities.
- 129.** The representative of the Government of the United Kingdom, speaking on behalf of the IMEC group, indicated that many results under that strategic objective were vaguely formulated and hard to grasp, for instance in the case of a result reported for Serbia on page 42. It was not clear why productive employment and decent work were referred to in paragraph 81 as separate issues, which contradicted the spirit of the Decent Work Agenda. The Office needed to strengthen its monitoring and evaluation capacity of employment policies as well as cooperation with other organizations in that area, as mentioned in paragraphs 84–86. More information should be provided on the involvement of the Turin Centre in the design of training referred to in paragraph 89, as well as on why the targets under that strategic objective were often substantially exceeded. On page 54, IMEC regretted that the involvement of the different ILO constituents in work on local economic development, value chain upgrading and improving workplace practices was not well-balanced. Finally, the speaker requested the Office to provide clarification as to the technical and financial support provided by the ILO to establish pilot youth units in public employment services in Egypt which was mentioned in the report. Being a technical agency, the ILO was not supposed to provide financial assistance.
- 130.** The representative of the Government of Brazil noted that since employment had become central to crisis response strategies nationally and globally, the ILO was well positioned in all post-crisis efforts. He requested more information on the implementation of the distance training programmes mentioned in paragraph 88 and emphasized the importance of social dialogue for the effective implementation of youth employment programmes.

- 131.** In his response, Mr Salazar-Xirinachs stressed that labour standards were indeed an important dimension of the work on employment and an integral part of the work under the Global Jobs Pact. Those aspects were addressed in the recurrent item report on employment to be discussed by the Conference in June. He concurred that all constituents should be involved in the upgrading of value chains and sectoral employment policies, and stressed the importance of identifying jointly the major drivers for employment creation and focus on those sectors. He acknowledged the lack of clarity of some results, due also to the challenge of summarizing complex achievements in one sentence. The level of achievement of the targets varied across the indicators, because of different factors. An example was work on social finance in which the Office's capacity had increased substantially as a result of new extra-budgetary resources received during the biennium well after the targets for 2008–09 had been set.
- 132.** The Chairperson opened the discussion on the strategic objective on social protection.
- 133.** The representative of the Director-General (Mr Diop, Executive Director of the Social Protection Sector) introduced the strategy going forward as a result of the lessons learned under the strategic objective. In the area of social security, the Office would need to be more selective with regard to future activities and concentrate on knowledge transfer to the tripartite constituents together with capacity building at the national level. In the area of occupational safety and health, priority would be given to strengthened research capacity, systematic advocacy and more effective evaluation of prevention policies. The strategy combining wage policy advice with capacity building would continue. With regard to labour migration, the priority would be given to strengthening the programme's synergies with other units within the Sector and across sectors. On HIV/AIDS in the world of work, lessons had been drawn about the critical nature of evidence-based research, advocacy and rights promotion and the fact that the issue could not be addressed in isolation from socio-economic and politico–legal frameworks that shaped national responses. The new labour standard on the agenda of the 2010 Conference would provide an operational framework for prevention and protection. Work on reducing the social protection deficit in the informal economy had been integrated into all those areas of the Sector's work and would continue to be carried out in close collaboration with the Employment Sector. Emphasis would continue to be placed on strengthening the interdependence and complementarities of initiatives across all these areas.
- 134.** Mr Julien thanked Mr Diop for the frankness with which he had addressed the issue. He recalled that, with regard to social protection, there were possible approaches other than those based exclusively on standards.
- 135.** The Employers were concerned by the low level of involvement of their organizations in the ILO's activities, which were sometimes organized without the knowledge of ACT/EMP. In general, it was possible that other organizations, such as UNICEF or the WHO, might take over the ILO's role in the field of social protection, and the Office therefore needed to be more vigilant and to work successfully with the social partners.
- 136.** On the issue of social security, Mr Julien congratulated the Office on the clarity and the informative nature of outcome 3a, which was undoubtedly the most well-defined outcome in the report, even if the impact measurement did not appear rigorous. The ILO should not focus exclusively on the issue of the social protection floor. Feasibility studies on the subject needed to take into account the margin for manoeuvre in the budget available to countries and in terms of the sustainability of social protection. As informal work continued to play a dominant role in most member States, an excessively standards-based approach could worsen the problem. Those points would be very significant for the recurrent item discussion in 2011. In spite of the importance of that question, the report was not consistent with the strategies in the field of social security which had been

announced in the Programme and Budget for 2008–09 (paragraph 206, for example). The social partners played a fundamental role in the monitoring or management of social security systems in many countries. Only outcome 3a.2 mentioned that fact.

- 137.** The Employers were satisfied with the work carried out in relation to outcome 3b, but there was no indication that the NGOs mentioned in paragraph 124 were social partner organizations. The speaker said he would have preferred to see more information on the work done with the WHO, especially concerning the List of Occupational Diseases and workers' health. The Employers were surprised by the confusion, in paragraph 147, of the issue of social security at work with the creation of a group of wage experts. The cut in programme resources in the field of occupational safety and health and the environment (SafeWork) was a cause for concern; the Office should enable it to fulfil its role. With regard to immediate outcome 3b.1, it merged the issues of occupational safety and health and the issue of the minimum wage. Informal or illegal work was more detrimental to occupational safety and health than the lack of a minimum wage. The importance given to that issue appeared out of place in that chapter. The Office should not make it into an ideological issue.
- 138.** On the issue of labour migration, the Employers requested comments on the collaboration with the International Organization for Migration (IOM), wondered about the Office's comparative advantage (paragraph 158), and wished to know what the ILO had achieved in terms of the problem of the brain drain referred to in the Programme and Budget for 2008–09. In the future, it would be good for the Office to work on identifying the needs of the workforce.
- 139.** Finally, the Employers asked whether, and in what way, ACT/EMP had participated in the activities relating to HIV/AIDS mentioned in paragraph 171, and in what way the companies involved had worked with the ILO. It was perhaps more a matter of principle, but nevertheless a very important issue, particularly in terms of ensuring transparency.
- 140.** Sir Roy Trotman commended the Office on the result that 16 countries had developed policies to extend social security and some 40 countries had taken other measures to strengthen the work related to social security. The work of the Office on HIV/AIDS in the workplace was noteworthy, in particular the assistance provided to over 80 countries, with special emphasis on Africa. The Workers' group placed high hopes on the adoption of a Recommendation on HIV/AIDS at the June 2010 session of the Conference. The speaker requested the Office to provide information on why no results were given for the Americas and the Arab States for indicators 3d.2(i) and 3d.3(i).
- 141.** The concept of a social protection floor, endorsed by the Global Jobs Pact, was an important guiding principle for the ILO's work. Future advisory services to the constituents on that matter needed to be integrated in the UNDAFs and Decent Work Country Programmes.
- 142.** In the area of occupational safety and health (OSH), the work of the Office on Convention No. 187 was welcome, while more work was needed on Convention No. 155. The Workers were pleased that a plan of action had been adopted by the LILS Committee for ratification and implementation of those instruments. The lack of resources for SafeWork was a source of concern and an issue to be remedied. OSH issues should be more systematically integrated into the Decent Work Country Programmes in close collaboration with SECTOR.
- 143.** The speaker praised the Office for the *Global Wage Report* 2008–09, its 2009 update, the new global wages database covering some 80 countries, as well as the new training course

on wages in the Turin Centre. Demands for assistance on wages were growing, and more resources were required to strengthen the expertise of the Office in that area.

144. He appreciated the work of the Office on the gender-sensitive labour migration policies but regretted the lack of reference to Conventions Nos 97 and 143 dealing with the protection of migrant workers. The Office needed to pay special attention to the Arab States region where serious abuses of migrant workers' rights were reported. Clarifications from the Office were necessary as to why no results were achieved in three regions for two of the migration-related indicators (3.c.1(ii) and (iii)).
145. Finally, the increase in the ratification of gender equality standards was noteworthy, as were the Office's efforts to link maternity protection at work and Convention No. 183 to the MDGs. It was important for the gender component of the Decent Work Country Programmes to be further strengthened.
146. The representative of the Government of the United Kingdom, speaking on behalf of the IMEC group, reiterated that some results reported in the report had not been supported by significant assistance from the Office. Examples included Denmark and the United Kingdom (Convention No. 187) and the Netherlands (Convention No. 183) under indicator 3b.1(ii). This was also the case of Australia, Canada and Japan under indicator 3a.1(i). Under indicator 3d.2(i), the results reported did not provide any information on the number of women involved in those programmes, which was part of the target. The speaker requested the Office to provide further information on the mechanism put in place to guide improvements in social security coverage in member States mentioned in paragraph 134. She also asked for further clarification on the Office's strategy to deal with the different level of priority placed by countries on occupational safety and health, which was mentioned in paragraph 142.
147. The representative of the Government of Brazil welcomed the initiative on the social protection floor and confirmed the commitment of his Government to working for the consolidation of that concept and its incorporation into cooperation projects with other developing countries. He called for increased efforts to equip countries with the resources to implement measures for social protection, so that a universal basic protection scheme could be applied in all countries as stated in paragraph 131. The Brazilian Government commended the efforts made by the Office to promote the rights of migrant workers, recognizing the extent of the challenge and supporting it. It also requested information on the findings of ILO research concerning the economic role of migrant workers and their contribution both to countries of origin and of destination.
148. The representative of the Government of Mexico thanked the Office for the assistance provided to his country in the area of safety and health at work as mentioned in paragraphs 150, 151, 152 and 154 under outcome 3b.1, as well as in the results given under indicator 3b.1(iii), concerning improvements to safety at work measurement systems.
149. In his response, Mr Diop confirmed the commitment of the Office to strengthening the involvement of social partners in all social protection work, in particular in the area of migrant workers. The uneven results across indicators often reflected the different demands from countries. With regard to partnerships with other UN agencies, the Office was careful to respect the mandate and responsibilities of each, while fostering collaboration towards common goals. Concerning HIV/AIDS, the figures provided in the report resulted from surveys conducted at the country level. Their soundness would be carefully verified in the future. The lack of results in that area in some regions was due to the fact that the ILO could not impose its activities in the absence of an explicit request.
150. The Chairperson opened the discussion on the strategic objective on social dialogue.

- 151.** The representative of the Director-General (Mr Dragnich, Executive Director of the Social Dialogue Sector) noted that social dialogue activities during 2008–09 had been discussed under the common denominator of strengthening the capacities of ILO constituents. The growing involvement of trade unions in national poverty reduction strategies in many countries as well as in Decent Work Country Programmes had been a positive result. Employer-specific support had focused on strategic priorities with a view to maximizing value added to Members and ensuring sustainable impact of ILO action. The creation in 2009 of the new Labour Administration and Inspection Programme responded to increasing demand in this area. Cross-sectoral collaboration was a standing feature of the Programme’s working methods and would continue in the future. The efforts of the Industrial and Employment Relations Department had focused on assisting constituents in the crisis response, on strengthening social dialogue institutions, and on labour law reform processes. SECTOR had worked more closely with other ILO units and developed closer collaboration with other UN agencies. Decent Work Country Programmes had progressively incorporated a sectoral overview of the labour market and specific activities had been carried out to give effect to the recommendations of the Global Jobs Pact.
- 152.** Looking to the future, a more integrated team approach was needed within the Office, as required by the ILO Declaration on Social Justice for a Fair Globalization and the Global Jobs Pact. The current workplans for 2010–11 and the newly developed global products demonstrated the ILO’s commitment to more integrated activities. The need for a more integrated approach was also essential for the current reform efforts within the UN system. There was much to be done to better associate workers’ and employers’ organizations to UN country programmes. It was, therefore, necessary to instil a better understanding throughout the UN system of what the Office was doing and to demonstrate the added value of tripartism for UN development programmes.
- 153.** Finally, the speaker indicated that the crisis had led the Sector to reorient rather than simply discontinue activities. To face an increasing demand from tripartite constituents, the Office should develop strategies to take advantage of new funding mechanisms, such as RBSA and private–public partnerships. The new outcome-based workplans would fully engage workers and employers in setting priorities.
- 154.** Sir Roy Trotman thanked the Bureau for Workers’ Activities (ACTRAV) for the support provided to workers’ organizations. Support to trade unions should be mainstreamed across the Office. The implementation of the 2010–11 outcome-based workplans had been developed to reflect this spirit of partnership and would allow a channelling of resources to the global products for workers’ organizations.
- 155.** The speaker expressed his appreciation for ACTRAV’s work on freedom of association and collective bargaining, especially the holding of a symposium to celebrate the 60th anniversary of Convention No. 98. The Office should ensure appropriate follow-up action on the symposium conclusions and provide adequate resources for future work in that area. The Turin Centre played an important role in that exercise, particularly as a provider of invaluable services to constituents.
- 156.** The Workers’ group welcomed the establishment of the Labour Administration and Inspection Programme and the Industrial and Employment Relations Department. The information on intermediate outcome 4c (paragraphs 218–224) was clear in terms of the results achieved and the adoption, by several member States of labour policies or laws in line with international labour standards, was welcome. The Workers’ group requested information on the extent to which the Office had used Recommendation No. 198 in its advice to member States and on the specific work undertaken to implement this instrument. The promotion of social dialogue and of Conventions Nos 144, 150, 151 and

154 required the allocation of appropriate resources, including supporting follow-up to the high-level meeting on collective bargaining held in November 2009.

- 157.** The speaker acknowledged the result of 29 ratifications of sectoral Conventions and the production of studies on sectoral dimensions of the crisis. The stronger links of the Better Work Programme with other departments within the Sector and with the International Labour Standards Department were welcome and should be extended to other departments across the Office, including TRAVAIL, SafeWork and EMP/MULTI.
- 158.** Ms Horvatic, speaking on behalf of the Employers' group, welcomed the fact that ACT/EMP had achieved a 95 per cent programme implementation rate but asked the Office to do more, through ACT/EMP, to assist the employer constituents.
- 159.** There was an error relating to the contents of paragraph 180: it was not incumbent on companies to respect fundamental labour standards, but rather on States. With regard to immediate outcome 4c, the Employers' group wished to see examples of collaboration with ACTRAV and ACT/EMP. Ratification was not the Organization's sole objective. The Office needed to work upstream, by examining a country's capacity to adopt a specific standard, and downstream, by helping the country in question to implement a standard following its ratification. The Office should focus on fundamental labour standards and favour a pragmatic approach, in order to avoid the censure of international financial institutions, which were frequently more in touch with reality at the national level than the ILO. The information contained in paragraph 220 contradicted the information pertaining to indicator 4d.2(i) concerning Gabon and needed to be corrected.
- 160.** The Employers' group found the reform of the sectoral activities to be satisfactory. The results were conclusive, the interaction between the Office and the constituents had improved, but there continued to be insufficient information provided on the follow-up of the meetings. ACT/EMP and the International Organisation of Employers needed to be fully involved in following up activities.
- 161.** With regard to indicator 4d.2(ii), the speaker asked why the ratification of the Treaty of Rome, which was not an ILO standard, had been included in the outcomes.
- 162.** The representative of the Government of the United Kingdom, speaking on behalf of the IMEC group, expressed concern that the outcomes, indicators and results related to the strategic objective were intertwined, thus leading to repetition in reporting of results. She gave the example of a result in Brazil, reported under both immediate outcomes 4b and 4c. While understanding the interrelated nature of the outcomes, she asked for the views of the Office and the social partners on the matter.
- 163.** Mr Dragnich referred to the synergies established with the Turin Centre, in particular on social dialogue and collective bargaining. There was a direct link between ratification of Conventions and sectoral activities, as illustrated for example by the tripartite workshop to promote ratification of the Private Employment Agencies Convention, 1997 (No. 181). ACTRAV and ACT/EMP were fully involved in the management team of the Sector. He acknowledged the problems of overlapping results across indicators under the strategic objective but stressed that this problem had been addressed under the 2010–11 results framework.
- 164.** The Chairperson opened the discussion on the financial dimensions of the programme implementation.
- 165.** Ms Horvatic stressed that in the Programme and Budget for 2008–09, the extra-budgetary resources had stood at US\$230 million, with a further \$43 million under the RBSA,

compared to an original estimate of \$350 million dollars in the initial estimate. The Employers wished to know whether the serious overestimate had had an impact on the attainment of objectives.

- 166.** Furthermore, the Employers noted that the extra-budgetary resources allocated to certain programmes, especially those relating to the Declaration, had significantly decreased, and they wanted the Office to ensure that the new financial mechanisms, such as the RBSA, did not damage certain fundamental programmes. The main criticism levelled by the Employers at the RBSA related to the lack of transparency concerning the allocation of those funds. As table 5 in document GB.307/PFA/2(Add.) showed, the RBSA had increased the disparities between regular budget resources and the priorities defined by the constituents, instead of reducing them. The speaker was surprised that RBSA funds had hardly benefited employers' organizations or ACT/EMP, if at all, and had not been used to fund social dialogue in Africa and Asia. For that reason, the Employers called for greater transparency and, in the future, wished to see clear indicators relating to the allocation of RBSA funds and extra-budgetary resources among the various outcomes, especially those relating to programmes for the social partners.
- 167.** Finally, the speaker, with that transparency in mind, requested that ACTRAV and ACT/EMP fully participate in the decision-making process concerning the allocation of those funds.
- 168.** Sir Roy Trotman made three comments related to financial aspects. First, while recognizing the efforts made by the Office to allocate limited available resources, the Workers' group wanted to reiterate that all strategic objectives were part of a whole. In turn, that pointed to the need to close the resource gap across strategic objectives. Action should be taken during the current biennium. The speaker suggested a policy debate to determine the most effective strategy to ensure a more balanced share of extra-budgetary and RBSA resources across strategic objectives. Second, the lack of RBSA expenditure for capacity building of workers' organizations in Asia warranted clarification from the Office. More information was needed in general on the level of technical cooperation and RBSA resources allocated to building the capacity of workers' organizations and whether one could see an increase further to the introduction of the RBSA. Third, the increase in non-earmarked RBSA funds could be a sign of the confidence placed by donors in the Office. In turn, the latter should provide clarification on criteria and procedures used in allocating RBSA resources in 2008–09 as well as on how outcome-based workplans could contribute to better RBSA distribution. The group wanted to be assured that more adequate technical cooperation funds would be provided for workers' activities
- 169.** The representative of the Government of the United Kingdom, speaking on behalf of the IMEC group, expressed the group's appreciation for the information on RBSA contributions and expenditures presented per strategic objective. She encouraged the Office to track RBSA expenditures by outcome and to include the information in the 2010–11 programme implementation report. It was important that the RBSA was spent in line with the official development assistance (ODA) guidelines. The Office should clarify what was spent under the heading "support" in table 5 in the addendum to the implementation report, as well as whether RBSA-funded programmes had not been evaluated in Asia and the Pacific, and in Africa given that same tables did not include any expenditure for evaluation in those regions. Noting that the total amount budgeted for the biennium exceeded the total expenditure by some \$1 million, the speaker concluding by asking what would happen to that surplus.
- 170.** In his reply, the representative of the Director-General (Mr Thurman, Director of the Bureau of Programming and Management) first explained that ILO expenditure of extra-budgetary technical cooperation funds in 2008–09 was just over \$378 million, which was

higher than the estimated \$350 million. He then addressed a number of questions raised on the RBSA. Low social dialogue expenditures reported in table 5 were misleading because of the Office's effort not to double-count the expenditures and results. For example, expenditures related to strengthening the capacity of employers' and workers' organizations to respond to the economic crisis had been classified under the strategic objective on Employment. The Office would continue to ensure the full participation of the three constituents in work under all strategic objectives and would improve the presentation of expenditure data in the future. All 2008–09 RBSA allocations had been determined by the regions, and Regional Directors would explain how constituents had been involved. For 2010–11, RBSA allocations would be based on resource gaps identified through the outcome-based workplans for each of the 19 outcomes found in the programme and budget. Full participation of all relevant units, including ACTRAV, ACT/EMP, the Gender Bureau and the Turin Centre, would make the allocation process more transparent. The Office was careful to follow OECD guidelines on ODA and was obtaining OECD endorsement for the RBSA as fully ODA-compatible. The RBSA was spent essentially in regions, although a certain level of funding support was required for headquarters' contributions. Support costs related to costs of administration, mainly covering human resources and finance. The Office was committed to not exceeding 7 per cent support costs for the RBSA as opposed to 13 per cent support costs required for extra-budgetary technical cooperation. Evaluation spending for the RBSA was low, since most evaluation work would occur in 2010. The full 5 per cent of RBSA funds allocated to evaluation would be spent. Subject to donors' agreement, unspent RBSA from 2008–09 would be rolled into 2010.

- 171.** The representative of the Director-General (Ms Al-Nashif, Regional Director of the ILO Regional Office for Arab States in Beirut) highlighted the value added of the ILO in the Arab States during the biennium. She focused on three issues. First, there had been achievements in advancing the operational partnerships around the “One UN” efforts and decent work. The ILO had positioned itself strategically to mainstream the Decent Work Agenda into the UN programming frameworks as well as at the national level. More than half of the resources raised in the region came from UN partnerships. Second, progress had been made with regard to consolidation of regional partnerships. The 2009 Arab Employment Forum had resulted in the endorsement of the Arab employment agenda based on the Global Jobs Pact, which provided the overarching framework for ILO interventions in the region. Third, Decent Work Country Programmes had become the main vehicle for delivery. Tripartite committees had been established in an increasing number of countries. The speaker acknowledged the critical role of RBSA funding in bridging gaps between projects, its use to jump-start activities and the investment in capacity-building activities.
- 172.** The representative of the Director-General (Ms Yamamoto, Regional Director of the ILO Regional Office for Asia and the Pacific) highlighted a number of features of the programme in Asia and the Pacific. Progress had been achieved on Decent Work Country Programmes as well as on mainstreaming decent work into UNDAFs and other development frameworks. Initiatives undertaken on knowledge management included tools to promote the Asia Decent Work Decade and the Global Jobs Pact, as well as the establishment of communities of practice in several areas. RBSA allocations to the region were lower than originally projected, which had not made it possible to fund some activities, including on labour market governance. RBSA-funded programmes on green jobs, employment-intensive infrastructure development, domestic workers, labour trafficking and microfinance had proved invaluable as part of the response to the crisis. All included the direct involvement of the social partners. An independent review of an RBSA local economic development project had been conducted in 2009 and other RBSA-funded projects would be evaluated in the course of the biennium. Based on the lessons learned

identified in 2008–09, the region had developed a workplan for monitoring and evaluation activities.

- 173.** The representative of the Director-General (Ms Ulshoefer, Regional Director for Field Programmes in Europe and Central Asia) focused her comments on the programme implementation in Europe and Central Asia on three issues. First, despite the efforts made by the region to improve indicator and results formulation, tracking the ILO's contribution to results achievement remained a complex task. In most situations, the ILO was acting as facilitator and the achievement of results depended on constituents. In order to strengthen the sense of ownership amongst constituents, tripartite advisory boards had been established for every Decent Work Country Programme in the region. Second, the suggestion made by some members of the Committee to increase regional focus in the implementation report was noted. However, she recalled that regional reports were prepared by the Office every four years for the Regional Meetings. Third, the response to crisis in the region had required flexibility and adaptation from the Office. Some existing Decent Work Country Programmes had been redrafted to strengthen the areas affected by the crisis and others had been formulated taking the crisis into account. The flexible use of the RBSA had proved invaluable in the process.
- 174.** The representative of the Director-General (Mr Maninat, Director of the ILO Regional Office for Latin America and the Caribbean) referred to initiatives undertaken by the Office in Latin America and the Caribbean in response to the crisis. These included a labour observatory, which had produced, among other things, 16 country analysis reports and bulletins on the impact of the crisis. Several lessons had been learned from the programme implementation in the biennium. First, decent work programmes should be established at the local level. Second, South–South cooperation in the region was becoming a reality. Third, social dialogue enabled a more consistent response to the crisis. Fourth, alliances with UN agencies and other multilateral institutions contributed to strengthening the ILO's mandate. Fifth, there was an increase in requests for assistance from governments in the field of sectoral development. Sixth, RBSA funding has been invaluable in the region. Finally, the speaker stressed that youth employment was the main challenge facing the Organization in the region.
- 175.** The representative of the Director-General (Mr Dan, Regional Director of the ILO Regional Office for Africa) noted that the Governing Body discussion on the biennial programme implementation had been a learning process, which had informed the workplan for the Africa region for 2010–11. He noted two main challenges faced by the region. The first challenge related to the high-level target set by the 2007 African Regional Meeting, namely the formulation of Decent Work Country Programmes in each country in the region by 2011. Currently, 13 Decent Work Country Programmes were operational and another 21 were under preparation. A second challenge related to the fact that many member States in the region were in crisis or political transition. With regard to the RBSA, it had helped resource allocations across the four strategic objectives. The speaker stressed the need for constituents' capacity building in the area of monitoring and evaluation for Decent Work Country Programmes and technical cooperation projects. The region would also continue to work towards better ILO coordination with UN country teams, including in the 40 countries where the ILO was a non-resident agency.
- 176.** Sir Roy Trotman called on the Office to ensure a more balanced way of distributing resources and to use the RBSA to cover resource gaps. In the context of UNDAFs and Decent Work Country Programmes, a greater effort from the Office was required to build social partners' capacity to become effective partners of the UN system at the country level, to sensitize UN Country Teams to be knowledgeable about decent work and to increase visibility of Decent Work Country Programmes in "Delivering as One". National tripartite committees guiding the whole cycle of Decent Work Country Programmes should

become a standard feature of all these programmes. In the context of the ongoing economic and financial crisis, there was also a need to strengthen support to trade unions in developing their response to the crisis, as well as the capacity of ACTRAV to provide such support, including through extra-budgetary and RBSA resources.

- 177.** The Workers' group had three specific proposals on the RBSA: an allocation should be set aside in each country for capacity building of workers' and employers' organizations; partnership agreements should incorporate strategies to mainstream tripartism and capacity building for workers' and employers' organizations; and ACTRAV and ACT/EMP should be involved in the management of RBSA resources.
- 178.** Ms Horvatic believed that the current discussion was a key part of the programming process. In the future, the Employers' group wished to have bilateral consultations with the Executive Directors. The report should be brought up to date by using, for example, Internet connections to offer more detailed information on each outcome. That would involve updating the web sites of certain departments. It would result in a greater level of involvement on the part of the members of the Governing Body and the staff. The Executive Directors ought to feel responsible for the activities undertaken in the regions and at headquarters, in order to guarantee better governance in the regions and to better respond to constituents' needs, in line with the Social Justice Declaration.
- 179.** Within the framework of the Field Structure Review, reports on the regional activities and the Decent Work Country Programmes should be submitted to the Office so that the Executive Directors could ensure the coordination of the work. The Employers noted the progress made in defining those programmes, but believed that the Office should listen more closely to the constituents who should not have priorities, or regional decent work promotion programmes, imposed on them. The constituents should also be better prepared to participate in the Decent Work Country Programmes.
- 180.** It was necessary to promote the role of the Turin Centre. The implementation report should enable the Centre to highlight the added value that it contributed to the ILO's activities.
- 181.** The comments that had been made needed to be taken into account in the implementation of the current programme and budget and the preparation of the proposed Programme and Budget for 2012–13. The speaker proposed annexing the minutes of the current debate to the report which was to be submitted in June to inform the Conference of the debates of the Governing Body.
- 182.** The representative of the Government of the United Kingdom, speaking on behalf of the IMEC group, expressed concern that the target set for indicator (i) on page 121 had not been reached and that the indicator on the informal economy was reported as difficult to measure (paragraph 258). She requested the Office to elaborate on this. Overall, the joint outcomes looked like a duplication of reported achievements. With regard to institutional capacities, the speaker asked for more information on efforts undertaken to publicize the Global Jobs Pact and requested the Office to elaborate on what it considered a "high-quality research publication" (paragraph 298). The proposed upgrading of the web site was much needed. The section on capacity building should not focus only on the Turin Centre and should include more information on efforts by headquarters and regions. In the area of knowledge development, the mentioned insufficient development of external networks with the academic community was a concern for IMEC, as was the lack of relevant statistics and policy information. The Office was called upon to clarify what the strategy was to avoid similar challenges in the future. Finally, the speaker requested that written responses to the questions raised during the discussion be submitted by the Office to the IMEC regional coordinator for the implementation report within one month.

- 183.** The representative of the Government of India made one general observation followed by three suggestions. With regard to the numerous references to India in the report, he acknowledged the support of the ILO but noted that in some cases the contribution of the ILO to results had been peripheral. Building on that, he suggested that the support of ILO technical staff to the country should be strengthened, that ILO priorities and those of the country should be harmonized and that an action plan should be established at the beginning of each year.
- 184.** In his reply, the Director-General expressed his appreciation for the interventions made by the Committee members. The outcome of the discussion would inform three major programming exercises, namely the execution of the current programme, the preparation of the Programme and Budget for 2012–13, and the implementation report for 2010–11. He emphasized the Office's strong commitment to results-based management and to continuing the process of strengthening accountability, transparency and performance. One issue that had featured throughout the discussion was how to judge and value the contribution of the ILO. The most successful case would be when an ILO approach, policy or product was utilized without any direct participation of the ILO. That issue needed to be thought through further by the Committee and the Office jointly with a view to reaching a common understanding of the ILO contribution to results for reporting purposes.
- 185.** The Committee took note of the Office papers.

Audit questions

(Third item on the agenda)

- 186.** The Committee had before it three papers⁵ on audit questions.

(a) Follow-up to the report of the Chief Internal Auditor for the year ended 31 December 2008

- 187.** Sir Roy Trotman, speaking on behalf of the Workers' group, noted with interest the report of the Chief Internal Auditor and the references that had been made to the development of outcome-based workplans within the biennium. He expressed the hope that that would ensure a proper financing of the ILO's strategic objectives and help channel resources to support the capacity building of the social partners. He expected that the exercise would contribute to a better measurement of the ILO's intervention, as well as to the work of the Office in the coming biennium.
- 188.** Ms Horvatic, speaking on behalf of the Employers' group, thanked the Office for its efforts in answering and implementing the recommendations of the Chief Internal Auditor. She thanked the Chief Internal Auditor for her pertinent recommendations and expressed the desire to hear her opinion regarding the Office's responses, particularly regarding the potential conflict of interests raised under recommendation 2.
- 189.** The representative of the Government of Australia, speaking on behalf of the Asia-Pacific group, welcomed the report and made two key points on its structure. Stating the importance from a governance standpoint of being able to review the implementation status of not only current, but also previous years' recommendations, he asked that the report inform the Governing Body of any issues inhibiting the implementation of any previous recommendations so that remedial action could be undertaken.

⁵ GB.307/PFA/3/1, GB.307/PFA/3/2 and GB.307/PFA/3/3.

- 190.** He expressed his group's concern regarding the report's lack of project evaluation and review techniques which would have provided users with a clear picture of the overall implementation status and would have been a valuable governance tool.
- 191.** The representative of the Government of Japan, speaking on behalf of the IMEC group, thanked the Office for the report and welcomed the progress made on implementing the Chief Internal Auditor's recommendations from 2008. He suggested that the report and appendix should include the implementation status for recommendations made in 2008 and also all recommendations from previous years which had not yet been implemented.
- 192.** He also suggested that the information in the second column be split into separate columns identifying the official accountable for the implementation of the recommendation, the implementation time frame, the means of implementation and actions taken, and the Chief Internal Auditor's comments and indication whether the recommendation could be considered closed. He added that the new reporting would create more transparency and enable the Committee to perform its governance function more successfully and efficiently. He requested that the Office introduce the new format of the report at the March 2011 meeting of the Committee.
- 193.** The representative of the Government of Mexico observed that the report was of great relevance to the functioning of the general control system of the ILO, which ultimately guaranteed the quality of the results of ILO's programmes. She noted the successful training programme on contracts and purchasing piloted in 2009, and the plans to deliver the training to staff at headquarters in 2010 and in regional offices in 2010–11.
- 194.** She noted that the ILO's Task Team on Internal Reform had begun to review the accountability framework and had drafted a high-level document outlining the principles of accountability which would be one of the main reference documents in the directive on financial governance to be published in 2010.
- 195.** She also noted that many internal governance documents had been published in relation to the accountability framework, ethics in the Office, conflicts of interest, financial disclosure requirements, and whistle-blower protection, as well as consultations with the sectors and regions organized to support and facilitate joint-programming activities.
- 196.** The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the report and indicated that it was useful in informing his group about updates on specific recommendations. He suggested that a column be added to the report to capture the implementation status of each recommendation.
- 197.** Ms Kamioka, the Chief Internal Auditor, clarified that while she had fiduciary responsibility to monitor and follow up on the status of recommendations, the responsibility for implementation lay with management.
- 198.** She stated that her unit had produced 15 internal audit reports including 530 specific recommendations, and that, for each of the reports, the Treasurer and Financial Comptroller had developed an implementation template to assist headquarters and field offices in implementing the recommendations by specific target dates. She highlighted that the report under review was a synthesis, aggregating hundreds of recommendations, while detailed implementation reports had already been submitted to the Independent Oversight Advisory Committee (IOAC) for review.
- 199.** She thanked the Employers' group for their request for her comments on the implementation of her recommendations and recognized the efforts made by the Office to take them on board. She indicated that some improvements could be made to fully take

into account the findings and recommendations as the Office set its priorities. She cited the example of the recommendation on a more vigorous training programme for Directors and colleagues working in remote TC project sites, which had not yet been fully implemented.

- 200.** She finally reflected on the recommendations which required a longer horizon and could not be implemented within one or two years. She welcomed the suggestion to report on those to the Committee on a regular basis until they were completely closed.
- 201.** The representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller) reiterated that the report submitted was a summary report and that it was not intended to cover each individual recommendation but rather designed to provide a grouped response to the summary report of the Chief Internal Auditor on her recommendations in 2008. He added that the requests for further details had been noted.

(b) Report of the Chief Internal Auditor for the year ended 31 December 2009

- 202.** Ms Horvatic, speaking on behalf of the Employers' group, referred to the relevant Governing Body decision taken in November 2008, and to the written request from the Employers' group secretariat to the Director-General to be able to consult the reports of the Chief Internal Auditor, and asked the Office if it intended to reply to the request.
- 203.** Regarding the report, she thanked the Chief Internal Auditor for her excellent work. She raised concerns about the slow response from the Office. In reference to the indications in paragraph 9 that requested information had not been provided, she said that such a situation was not acceptable. She referred to paragraph 38 and questioned the reasons why whistle-blowers had stopped cooperating in three cases of alleged fraud, and requested the Chief Internal Auditor and the Office to provide explanations.
- 204.** She expressed concerns that the 13 cases awaiting supplementary information also mentioned in paragraph 9, if determined to be fraud related, could reflect a worrying increase. She referred to paragraph 41, which contained information on another case in which the implementation reports had not been provided, and asked for the Treasurer and Financial Comptroller to provide explanations on that point, as the overall impression was that the Office otherwise had responded diligently to the recommendations.
- 205.** With regard to IT matters, the speaker concurred with the findings in the Chief Internal Auditor's report on the critical need for IT security, and stressed that the Office should immediately address the issues referred to and reinforce its IT security. She asked the Office to provide further information on the resource implications mentioned in paragraph 26. She noted with concern that external offices were using one system and headquarters another, and pointed out that that issue touched upon the overall management of the ILO.
- 206.** She expressed her group's concerns that recurring and sometimes significant weaknesses had already been identified by the Chief Internal Auditor in previous reports but still had not been corrected, and urged the Office to respond accordingly.
- 207.** She said that her group supported the point for decision.
- 208.** Sir Roy Trotman, speaking on behalf of the Workers' group, supported the point for decision. He said that, in the light of the increasing number of scandals that had struck international organizations, the ILO needed to be satisfied with its own integrity as an organization.

- 209.** He expressed concern that, after many years and many millions of dollars spent on the Integrated Resource Information System (IRIS) and related efforts, the Office had not yet decided whether it was cost-effective for all external offices to be equipped with IRIS, or on the scope of functionality that should be made available. He pointed out that, as a result, the Financial Information System for External Offices (FISEXT) would still be used in the foreseeable future, and noted the Chief Internal Auditor's concerns about the Office's capacity to maintain FISEXT in the medium or long term. He requested information on the respective costs of the options for either phasing out or maintaining FISEXT.
- 210.** He noted the mixed results of the audits of field offices and extra-budgetary projects reported in paragraph 29, and called on the Office to take appropriate measures to address the recurring problems. He also called on the Office to follow the recommendation made in the report to assess the monitoring systems of its implementing partners.
- 211.** The representative of the Government of Bangladesh, speaking on behalf of the Government group, noted that the report was an essential tool for the Committee in carrying out its governance responsibilities, and therefore the Committee's discussion had to be fully considered by the Office when implementing the recommendations of the report. The report should be submitted for debate and guidance.
- 212.** The speaker proposed a small amendment to the third sentence of paragraph 5 of the proposed revision to the Audit Charter, to bring the Charter more into line with the new mechanism for the follow-up to internal audit recommendations described in paragraph 40 of the report. The sentence would thus read: "The IAO will *monitor implementation and* conduct follow-up audits as and when necessary." With that amendment, he supported the point for decision.
- 213.** The representative of the Government of Australia, speaking on behalf of the Asia-Pacific group (ASPAG), also considered the Chief Internal Auditor's report to be an instrumental governance tool. He stressed the importance of a number of issues contained in the report: first, the absence of an Office-wide approach to reviewing risk management; second, the lack of training for managers and staff to allow them to fully understand the requirements of the new policies and procedures introduced by the Office; third, the strategic importance of knowledge sharing for the ILO, and the need to take what had worked well in the Asia-Pacific region and apply it to other regions; and fourth, the fact that the field audits had revealed some recurring weaknesses and some significant issues in relation to a particular project office.
- 214.** ASPAG considered the assignment of responsibility by the Office of the Treasurer and Financial Comptroller to the relevant managers to be a positive step, and wished to see upcoming reports provide a time frame for the implementation of individual recommendations. ASPAG expected the Office to keep the Committee informed of the implementation status of all recommendations.
- 215.** The speaker considered that the report should be presented for debate and guidance, rather than for information.
- 216.** The representative of the Government of Japan, speaking on behalf of the IMEC group, requested that future reports show recommendations in a tabular format, with columns to show to whom the responsibility to implement the recommendations had been assigned, the estimated time frame for the implementation of each recommendation, the means for their implementation and the status of implementation. The Office should continue to report on the status of each recommendation until satisfactory implementation had been achieved.

- 217.** He said that he would welcome further comments from the Chief Internal Auditor on what she believed were the key actions which the Office should take to improve its approach to risk management. With respect to knowledge management, IMEC was concerned about the lack of knowledge sharing noted in the report, and suggested that managers should be held accountable for knowledge sharing.
- 218.** The speaker requested that the Office submit for review by the Information and Communications Technology Subcommittee of the Governing Body, at the November 2010 session, the results of the FISEXT cost-benefit analysis for the two alternatives mentioned in paragraph 23 of the report and the review of IT security referred to in paragraph 25 of the report.
- 219.** He supported the recommendation that the lessons learned from the implementation of IRIS by the Jakarta-based Education and Skills Training for Youth Employment in Indonesia (EAST) project should be formally documented, to facilitate cost-efficient future roll-outs of IRIS.
- 220.** With regard to the clarification of roles and responsibilities in regional and external offices, IMEC requested that the roles of officials in these offices should be clearly defined, so that accountability and transparency would be achieved.
- 221.** The representative of the Government of South Africa, speaking on behalf of the Africa group, supported the amendment proposed by the Government group.
- 222.** He noted the investigations described in paragraph 38 of the report. With respect to the investigation that had been halted as a result of the resignation of the ILO official being investigated, the speaker asked whether criminal prosecution was being considered, as such action would send a warning to all officials that simply resigning would not absolve them of their crimes.
- 223.** The representative of the Government of Japan supported the statements made by IMEC, ASPAG and the Government group and the view of the Chief Internal Auditor, noted in the report, that the Office should develop guidance so that workplans in the regions could be based on results-based management principles. He welcomed the fact that there had been a marked improvement in the level of implementation of recommendations under the new follow-up mechanism. He supported the point for decision, with the amendment proposed by the Government group.
- 224.** He asked that the Office give particular emphasis to ensuring that workplanning was clearly linked to the results-based management process and the strategic policy framework. Regarding technical cooperation projects funded by voluntary contributions in particular, it was necessary to set quantitative targets and perform evaluations based on those targets.
- 225.** The Chief Internal Auditor, Ms Kamioka, took note of the comments made by the Committee and agreed to consider the format changes requested for future reports. She indicated that the report was a synthesis of a dozen audit reports, containing hundreds of recommendations, and thus the details of the audit findings and corresponding recommendations were not presented. She answered the Committee's questions concerning investigations, IT security and the issue of the FISEXT system. With respect to risk management, she recommended that an individual or unit should be designated to coordinate Office risk management and to create and update a register of key risks, including strategic, political, legal and operational risks.
- 226.** The representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller) noted that, with respect to the investigations, a distinction should be made

between allegations received and cases which were later determined to be actual fraud or theft cases. Of the 17 new allegations referred to in paragraph 9 of the document, only seven were, strictly speaking, potential fraud cases. He also remarked that, despite some delays in obtaining responses, due to changes in the new process for follow-up, overall there had been significant improvements with regard to implementing recommendations, and it was expected that further improvements would be made.

227. *The Committee recommends to the Governing Body that it approve the revision of the Audit Charter.*

228. The second sentence of paragraph 5 would read:

The Office of the Treasurer and Financial Comptroller takes the lead role in following up with responsible managers to ensure that corrective actions have been taken to address issues raised in internal audit reports. The IAO will monitor implementation and conduct follow-up audits as and when necessary.

229. The fifth bullet point in paragraph 13 would read:

Ensure that investigatory work is carried out in conformity with the Uniform Guidelines for Investigations as adopted, and updated, by the Conference of International Investigators of the United Nations Organizations and Multilateral Financial Institutions.

(c) Report of the Independent Oversight Advisory Committee

230. Mr Chamay, the Chairperson of the Independent Oversight Advisory Committee (IOAC), introduced the report. Recalling its mission to assist the Governing Body in fulfilling its governance and oversight responsibility, he outlined the work and functioning of the IOAC since its creation. The IOAC had no investigative capability and relied solely on information made available to it. Its biannual meetings made it difficult to provide early feedback on potential problems, and follow-up to recommendations could be delayed by the fact that it issued only one report each year. Such factors should be addressed when considering the viability and structure of the IOAC.

231. The IOAC's report highlighted the need to pursue, accelerate and intensify management reform, especially field structure review and the decision-making process; the need for an urgent decision on financial needs for enhancing the legacy field finance and administration system (FISEXT) and extending IRIS to provide the appropriate information technology platform for implementing the International Public Sector Accounting Standards (IPSAS) on time and within budget; and the need to provide continuing support for internal audit, including adequate resources. The IOAC would continue to give its full attention to the issues described in its report and would keep the Committee informed of corrective actions taken by the Office in response to its recommendations.

232. The fact that many of the recommendations arising from internal and external audits of the ILO had not yet been acted on presented a major problem. Attention should be given to ensuring that such recommendations were implemented promptly. He stressed, however, that the audit function, whoever performed it, was no substitute for professional management, particularly in terms of maximizing the value of the Office's extensive technical cooperation activities worldwide.

233. Ms Horvatic, speaking on behalf of the Employers' group, welcomed the work of the IOAC and the transparency in the report. Its second report responded more fully to her

group's concerns, drawing attention to the salient points of internal and external audit reports and making recommendations to the Committee. She requested the Office to respond quickly to the recommendations in the report, most of which had been highlighted by her group during the current or previous sessions of the Committee. In particular, she sought clarification from the Office concerning the reference in paragraph 23 of the report to a reduction in the number of organizational units audited by the Office of Internal Audit and Oversight (IAO) in 2009. Given the essential nature of the Chief Internal Auditor's work, the Office should immediately increase the resources allocated to the IAO to ensure that its activities were not reduced. She took note of the report.

- 234.** Sir Roy Trotman, speaking on behalf of the Workers' group, paid tribute to the commitment and professionalism of the members of the IOAC. Nevertheless, his group maintained its initial view that the work of the IOAC could be undertaken by other bodies, and that the group failed to see the added value to the Organization.
- 235.** The representative of the Government of Bangladesh, speaking on behalf of the Government group, welcomed the revised format of the report of the IOAC, which made it easier to identify its perceived priorities. In view of the IOAC's mission, however, it was essential for the Committee to be in a position to discuss the recommendations contained in the report and provide guidance to the Office for their implementation. The report should therefore have been submitted as a document for debate and guidance, so that all discussion within the Committee on the issues would have been recorded and action taken accordingly.
- 236.** The representative of the Government of the Bolivarian Republic of Venezuela, speaking on behalf of the Group of Latin American and Caribbean countries (GRULAC), echoed the points made by the previous speaker. The submission of the report of the IOAC, particularly as a document for information only, raised a number of questions. Was there a body that had approved the report? Who was responsible for following up its recommendations? Paragraph 30 of the report suggested that the IOAC itself undertook such tasks. He wondered how the Governing Body could act on the recommendations of the IOAC if its report was submitted only for information, given that discussion of the issues could not be reopened when the Committee's report was presented to the Governing Body. Unless an opportunity was envisaged for the Governing Body to discuss the IOAC's report, the IOAC could not be considered to be fulfilling its mission to assist the Governing Body. He requested that a record of the question-and-answer session planned for the following week be prepared and made available to the Committee.
- 237.** The representative of the Government of Japan, speaking on behalf of IMEC, thanked the IOAC for its instructive report and expressed his support for the Government group statement. He indicated that IMEC supported all the recommendations and considered that they should be implemented in full by the Office. He requested that future reports of the IOAC indicate, for each recommendation, which ILO official was accountable for implementation, the estimated time frame for implementation, the means of implementation, and the status of implementation. He stressed that each recommendation should be retained in successive reports until satisfactory implementation had been achieved.
- 238.** IMEC supported recommendation 2 on the field deployment of IRIS in the light of the enormity of the costs involved and the uncertainties around its schedule. He added that the risks associated with the legacy system were of particular and urgent concern and asked the Office to respond to that recommendation at the November 2010 meeting of the Information and Communications Technology Subcommittee.

- 239.** He expressed concern about the inadequate level of resources available to the IAO and insisted that the IAO should be adequately resourced to enable it to perform its role as an indispensable component of the effective governance of the Office. He endorsed recommendation 6 and proposed that risk management be included in the job description of managers of the Office.
- 240.** He noted that, in accordance with the decision made at the 300th Session of the Governing Body,⁶ the Director-General was asked to commission a review of the IOAC to be conducted during its third year of operations. He asked that Committee members be consulted in advance on the modalities of the review.
- 241.** The representative of the Government of Australia, speaking on behalf ASPAG, supported the Government group's statement and thanked the IOAC for its informative report. He expressed his appreciation for the manner in which the report clearly identified priorities. He shared the concerns of other groups in respect of the report being submitted for information and stressed that the report should be tabled for debate, in order to allow the Committee to provide guidance to the Office.
- 242.** He stressed the importance of supplementing the report with a detailed implementation plan, including clear roles and responsibilities and a timetabled accountability framework to follow up on all pending recommendations. He said that if the Office did not agree with any of the recommendations, that should also be reported, with a full explanation, for consideration by the Committee.
- 243.** The representative of the Government of South Africa, speaking on behalf of the Africa group, said that the conclusions of the IOAC were generally no different from those of other internal oversight bodies and questioned the added value of the report. He recognized that the IOAC had been established on a trial basis and hoped that future reports would provide more concrete value.
- 244.** With regard to the consultations held in February 2010, he noted that, with regard to some of the issues for which Committee members had suggested that a review by the IOAC could provide added value, the IOAC had responded that they were not within the IOAC's mandate, or that the IOAC did not have enough time to deal with them. The speaker hoped to have the opportunity to address similar questions in consultations with the IOAC the following week.
- 245.** The representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller) noted that the report had been submitted to the Committee with the expectation that it would be debated. Arrangements for the submission of future IOAC reports would be modified to clarify that point. The Office, to which the report was addressed, found all six recommendations to be helpful and pertinent, and complementary to Office efforts currently under way. He indicated that the Office would report back to the IOAC in September 2010, providing comments and updates on follow-up to each recommendation.
- 246.** The enhanced use of IRIS in the regions and improved integration with field-based systems was a high priority for the Office and essential to the full implementation of IPSAS. In that regard, he reported that the preparations for the next phase of the field roll-out, the Budapest implementation, were well advanced. The Information and Communications Technology Subcommittee was kept abreast of progress at its annual sessions and through informal meetings.

⁶ GB.300/PFA/5(Add.).

247. Reflecting on the comments and suggestions relative to establishing risk management within the roles and responsibilities of managers, he mentioned that the field structure review redefinition of roles and responsibilities had incorporated advice from the IOAC and the Chief Internal Auditor, and clearly identified responsibilities for risk management in support of the ILO's accountability framework.
248. The Office would evaluate how to provide Committee members with feedback from the question and answer session with the IOAC the following week.
249. The Committee took note of the three Office papers.

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

250. The Committee had before it a paper⁷ on the International Training Centre of the ILO, Turin (the Turin Centre).
251. Sir Roy Trotman, speaking on behalf of the Workers' group, welcomed the efforts made by the management of the Turin Centre and the Office to cooperate and identify measures for sustainable funding. He stressed that any measures had to respect the need for the Turin Centre to remain at the heart of capacity building of constituents, and workers in particular, with a focus on delivery of the Decent Work Agenda.
252. Though his group welcomed the short-term measures identified, there were a number of concerns. First, the 2010 deficit was likely to be much higher, given the further reduction of the Italian voluntary contribution, so more information on this should be given. Second, many of the measures were merely deferring expenses to the future, so were not sustainable measures. The speaker wanted to know which of the identified savings were structural savings and how the reduction in the deficit for the current year would play out in terms of resources for workers' activities and with regard to sponsorships for tripartite courses.
253. He welcomed discussions and negotiations with the Staff Union on any measures affecting staff, and was concerned about the increased workload on the staff following the suppression of contracts.
254. With regard to the medium-term measures, it was unclear whether such measures would contribute to more sustainable funding for the Turin Centre. He wanted to know how certain targets were set, how the measures would ensure continued capacity building of constituents, and contribute to an increased coverage of the fixed costs of the Centre. His group wanted these points clarified at the November 2010 meeting of the Committee.
255. The speaker requested an in-depth discussion on the Turin Centre, with a comprehensive assessment of the impact of measures implemented, and proposals for decisions to be taken, including the process for preparation of the Programme and Budget for 2012–13. Structural imbalances must be addressed through structural changes, with actions taken by the ILO, the Turin Centre and donor governments.
256. Ms Horvatic, speaking on behalf of the Employers' group, was satisfied with the commitment made to include the Turin Centre more effectively in the activities of the Office. She acknowledged the efforts made to resolve the short-term problems, and asked

⁷ GB.307/PFA/4.

to receive, for the next meeting of the Committee, a table showing the measures taken and the impact of the measures. She remarked that the measures were only short-term, and could not be repeated year to year. The measures also did not resolve the structural problems of the Centre over the long term.

- 257.** Her group noted the medium-term measures, which responded in part to the structural problems. The Office and the Turin Centre had to find sustainable solutions, like direct financing, co-financing, or partnerships with technical cooperation projects. It was understood that the approach noted in paragraph 13 of the document was a voluntary choice by governments.
- 258.** The speaker said the appendix to the document should better show the added value of the Centre, and why training events were better organized by the Centre compared to the Office. She looked forward to receiving the results of the internal audit of the Centre.
- 259.** The representative of the Government of Germany, speaking on behalf of IMEC, welcomed the spirit of cooperation and partnership between the Office and the Turin Centre, and encouraged the parties to continue to work on a structural solution that was sustainable and in line with the medium-term strategy presented to the Committee in March 2009. The Turin Centre should continue to look for innovative ways to reduce its costs, to strengthen cooperation with the Office and to seek alternative sources of funding.
- 260.** She encouraged the Centre and the Office to proceed with the work on joint knowledge sharing and learning packages across regions, and projects that could also help balance the training activities in the Turin Centre with those in the field. Increased involvement in UN capacity-building programmes could also open new perspectives for the Centre.
- 261.** The speaker requested that an update on the projects, results and financial situation of the Turin Centre be given to the Committee in November 2010.
- 262.** The representative of the Government of Sweden, speaking on behalf of the donor countries Belgium, Denmark, Finland, Netherlands, Norway, Sweden and the United Kingdom, said he supported the IMEC statement.
- 263.** He noted that promoting earmarked contributions for the Turin Centre was not consistent with a results-based management approach. The donor countries for which he spoke did not agree with this medium-term measure and called on the Office to be consistent in its resource mobilization and allocation strategy.
- 264.** The representative of the Government of Brazil accepted the mid-term strategy, which provided a basis in order to overcome the difficult financial situation while maintaining the quality of the work of the Turin Centre. She said that the delicate financial situation of the institution occurred at a time when the work of the Centre was essential. She requested more information on the activities of the Turin Centre in the context of the implementation of the Pittsburg Declaration, in particular with regard to the impact of the budget on the Turin Centre's ability to fulfil its role.
- 265.** The representative of the Government of Italy appreciated the progress made by the Office to eliminate the budget deficit. She expressed support for the medium-term measures, which would contribute to the integration of the Turin Centre with the Office. She stated that the role of the Office was to promote the activities of the Turin Centre just as it promoted other ILO programmes. She considered the activities realized, as mentioned in paragraph 13, fully in line with what the Office did for other programmes.

- 266.** The representative of the Government of South Africa, speaking on behalf of the Africa group, supported the measures expressed in the document. He expressed concern about the impact on the specific projects that had been funded using ILO regular budget technical cooperation funding that had been shifted to the Centre. He suggested that a percentage of the net premium earned could be allocated to the Turin Centre to support its budget.
- 267.** The representative of the Government of India appreciated the prompt implementation of the measures to enhance the cost-effectiveness of the Turin Centre. An optimal mix of cost-efficiency and increased integration of activities would ensure the financial stability of the Centre. He was convinced that the Centre had an important role to play in effective implementation of technical cooperation programmes and Decent Work Country Programmes.
- 268.** He noted that the Office had initiated an internal review to address the issues of greater integration with the Turin Centre at the levels of management and administration, planning, programming and budgeting. Such an assessment would be helpful in relation to achieving coherence, reducing duplication of functions, enhancing cost-effectiveness and assuring predictability of resources.
- 269.** The representative of the Government of Nigeria joined the Africa group in supporting the report. Concerning paragraph 6, he supported the proposed cost-effectiveness measures to be taken by the Centre. He stressed that those measures should be introduced without reducing the high-quality output of the Centre.
- 270.** He agreed with the recommendation in paragraph 7 on human resources development plans and in paragraph 12 on work devoted to outcome-based workplans. He supported the proposal by the Africa group to transfer a percentage of the net premium earned to the Turin Centre.
- 271.** The representative of the Government of Germany welcomed the document and the incorporated proposals. She asked for more information about the expenditure that had been set aside as a short-term measure. That was only postponing costs. She called on the Centre to accompany measures focused on the staff with consultations with the staff union and a coherent human resource strategy. As for the medium-term measures, she was satisfied to learn that training and educational components were part of the 19 outcome-based workplans. It was good that RBSA resources were also being used in the consolidation of training and learning components. She thanked the Office for including, where appropriate, partnership agreements with donors as a component for the Turin Centre.
- 272.** She recalled that the G20 mandate to the ILO included developing a training strategy. She proposed, therefore, a close cooperation between the two centres of excellence, the ILO and the Turin Centre, following the mandate from the G20.
- 273.** Mr Eyraud, Director of the International Training Centre of the ILO, Turin, emphasized that there was a risk of deficit for 2010 because contributions were smaller than predicted. However, thanks to the measures already adopted, some additional resources had been identified to help the Centre with its activities. He acknowledged that the quantity of activities might suffer but the quality would be preserved. He explained that 40 per cent of the training activities were conducted in Turin, 50 per cent in the field and the remaining 10 per cent through distance learning.
- 274.** He explained that, during the previous week's meeting in Turin, the Centre and the Office had begun work on developing a training strategy, as mandated by the G20.

275. The representative of the Director-General (Ms O'Donovan, Executive Director for Management and Administration) explained that the Turin Centre was engaged directly in the outcome-based workplanning process, which provided for a training and capacity-building component within each outcome-based workplan. She said that the measure proposed in relation to donor funds was within the context of ensuring that resources would be adequate to fulfil the capacity-building component. This would provide an opportunity, as indicated in the paper, to raise the issue of providing resources to the Turin Centre where donors were prepared to do so.

276. The Committee took note of the paper.

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

277. The Committee had before it a paper⁸ on delegation of authority under article 18 of the Standing Orders of the International Labour Conference.

278. Ms Horvatic, speaking on behalf of the Employers' group, supported the point for decision.

279. Sir Roy Trotman, speaking on behalf of the Workers' group, supported the point for decision.

280. The representative of the Government of South Africa, speaking on behalf of the Africa group, supported the point for decision.

281. *Should the need for such delegated authority arise, the Committee, for the period of the 99th Session (June 2010) of the Conference, delegates to its Officers (i.e. the Chairperson and the spokespersons for the Employer and Worker members of the Committee) the authority to carry out its responsibilities under article 18 of the Conference Standing Orders in relation to proposals involving expenditure in the 72nd financial period ending 31 December 2011.*

282. *The Committee recommends that the Governing Body make a similar delegation of authority to its Officers under article 18 of the Standing Orders of the Conference.*

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

283. The Committee had before it a paper⁹ containing the report of the Building Subcommittee.

⁸ GB.307/PFA/5.

⁹ GB.307/PFA/6.

- 284.** The representative of the Government of Brazil, Mr Paixão Pardo, speaking as Chairperson of the Building Subcommittee, introduced the report. The Subcommittee had considered four documents prepared by the Office.
- 285.** The Building Subcommittee was pleased to note the renovation works that had been carried out. For the future, they looked forward to the installation of electrical outlets in the Governing Body room.
- 286.** The Subcommittee had discussed the progress of discussions with the Swiss authorities on the development of land held by the ILO. It was pleased to note that the City of Geneva had agreed to undertake part of the renovation of the statue of Miguel Hidalgo y Costilla free of charge.
- 287.** The question of the transfer of the net premium earned to the Building and Accommodation Fund had not appeared on the agenda of the Building Subcommittee. Although the issue was closely related to the second item on its agenda, future work for the renovation of the headquarters building, the Subcommittee noted that the treatment of the net premium earned would be discussed in the PFA Committee.
- 288.** Regarding the third item on its agenda, the Building Subcommittee welcomed the summary of financial activity of the Building and Accommodation Fund for the period 2008–09.
- 289.** The Building Subcommittee supported the position of the Office regarding the replacement of smoke detectors in the headquarters building.
- 290.** Finally, the Subcommittee reminded the Office of the need to keep it regularly informed with regard to progress in negotiations with the Swiss authorities. It noted that an informal meeting of the Subcommittee would be held during the Conference in June 2010.
- 291.** Mr Ahmed (Worker member and Vice-Chairperson of the Building Subcommittee) thanked the Office for the work completed, especially the lift for disabled persons. He expected that the electric outlets, which were to be installed in the Governing Body room, would be of the same quality as those in rooms VII and IX.
- 292.** He was pleased to note that the informal group constituted by the Office for undertaking discussions with the Swiss authorities had been enjoying good relations. He hoped that the discussions would culminate successfully in the sale of the two plots of land as soon as possible, in order to avoid escalation in the estimated costs of the renovation.
- 293.** He expected that the Office would establish an agreement and plan with the Swiss authorities to take care of the maintenance of the public pathways and parks of the headquarters building. He emphasized the importance of applying UN security standards.
- 294.** His group joined the appeal made by the Director-General and urged all member States to support the transfer of the net premium earned to the Building and Accommodation Fund.
- 295.** The representative of the Government of the United Kingdom, speaking on behalf of IMEC, wanted to clarify that the Government members of the Building Subcommittee had not supported the transfer of the net premium earned to the Building and Accommodation Fund. She explained that only the Worker and Employer members had supported the proposed transfer.
- 296.** She requested that the Subcommittee report be amended to add a sentence to the end of paragraph 15 as follows: “She suggested that the funds in the Special Programme Account,

accrued during the 2008–09 biennium, be transferred to the Building Accommodation Fund”.

297. The representative of the Government of Japan requested an amendment to paragraph 14 of the Subcommittee report. The paragraph should read: “

The representative of the Government of Japan asked the Office when the options for development would be submitted to the Subcommittee. He requested the Office to provide clarified figures for estimated costs and income, and risk assessment together with these options. He also asked the Office at which Governing Body session the master plan would be submitted. For the discussion on the net premium in the PFAC, he emphasized the necessity of a master plan and a detailed assessment. He expressed concerns over the fact that the decision point of the PFA document for the current session presumed that there would be a possible future contribution.

298. The Committee adopted the report, as amended.

Other financial questions (Seventh item on the agenda)

(a) Replacement of smoke detectors

299. The Committee had before it a paper ¹⁰ on the replacement of smoke detectors in the headquarters building.
300. Sir Roy Trotman, speaking on behalf of the Workers’ group, supported the point for decision.
301. Ms Horvatic, speaking on behalf of the Employers’ group, supported the point for decision.
302. *The Committee recommends to the Governing Body that it agree that the cost of replacing smoke detectors, estimated at CHF205,000, be charged to the Building and Accommodation Fund.*

(b) Use of the Special Programme Account

303. The Committee had before it a paper ¹¹ on the use of the Special Programme Account.
304. Ms Horvatic, speaking on behalf of the Employers’ group, acknowledged the increase in demand from constituents for reliable statistics as indicated in the Declaration on Social Justice for a Fair Globalization and the Global Jobs Pact. The Employers’ group was concerned about the statistical work being carried out by different departments, without coordination and with different approaches, including the work on measurement of decent work, which had become more political than scientific. While supporting the point for decision, the group requested the Director-General to clarify the strategy of the Office on statistics, with emphasis on centralizing work and expertise in the Department of Statistics.
305. Sir Roy Trotman, speaking on behalf of the Workers’ group, supported the point for decision.

¹⁰ GB.307/PFA/7/1.

¹¹ GB.307/PFA/7/2.

306. The representative of the Government of the United Kingdom recalled that various Committee members and the Director-General in his address had earlier stressed the urgency of the building renovation project. She suggested that the Special Programme Account funds, including the CHF19 million income surplus that might result from the 2008–09 exercise, could be transferred to the Building and Accommodation Fund. This would provide all stakeholders with the opportunity to demonstrate their collective support to the building project.
307. The representative of the Government of Canada noted the proposals made by the representative of the Government of the United Kingdom, and indicated the need for some time to consider them. She wondered whether the discussion could be delayed until next week, when the discussion on the net premium would also be resumed.
308. The representative of the Government of France recalled that the Financial Regulations did not include any specific provisions on the use of the estimated CHF19 million surplus from the 2008–09 exercise. The Office should prepare a proposal for discussion next week on the use of those funds, or part of them, for the building renovation project.
309. The representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller) clarified that the proposal in the paper before the Committee concerned funds from the 2006–07 income surplus which were already available in the Special Programme Account. He indicated that the suggestion on the use of the CHF19 million surplus from the 2008–09 exercise, which is still subject to audit confirmation, should not delay consideration of the proposal in the paper.
310. The representative of the Government of Canada indicated that the decision point in the paper might need to be revised, which explained the request to delay the discussion.
311. The representative of the Government of the United Kingdom requested clarification on where the CHF19 million surplus was actually held, if not in the Special Programme Account.
312. The representative of the Director-General (Mr Johnson) indicated that the amount was physically held in the bank accounts of the ILO and that, pending the closing of the accounts, remained within the general accounts. Once the audited accounts were closed, it would be transferred into the Special Programme Account.
313. Mr Julien, speaking on behalf of the Employers' group, supported the point for decision, while recalling the request of his group for the Office to clarify its strategy on statistics.
314. Sir Roy Trotman, speaking on behalf of the Workers' group, reiterated his support for the point for decision.
315. ***The Committee recommends that the Governing Body authorize the Director-General to use US\$1.3 million of the Special Programme Account, as proposed in paragraphs 4 and 5 of document GB.307/PFA/7/2.***

Geneva, 22 March 2010.

(Signed) Sir Roy Trotman
Reporter

Points for decision: Paragraph 88;
Paragraph 227;
Paragraph 281;
Paragraph 282;
Paragraph 302;
Paragraph 315.