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Programme, Financial and Administrative Section

PFA

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DRAFT MINUTES

Programme, Financial and Administrative Section

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1. The Programme, Financial and Administrative Section of the Governing Body met on 5 and 6 November 2012. It was chaired by the Chairperson of the Governing Body, Mr de Robien. Mr Julien and Ms Sundnes were the Employer and Worker spokespersons.
2. The order of discussion proposed in document GB.316/PFA/TOB was agreed.

Programme, Financial and Administrative Segment

First item on the agenda

Preview of the Programme and Budget proposals for 2014–15 (GB.316/PFA/1)

3. *The Director-General*, in his introductory remarks, provided an overview of the context of change and reform in which the programme and budget proposals were presented, and elaborated on the emphasis placed on prioritization of key issues and the process guiding their achievement (Appendix I).
4. *The Employer spokesperson* emphasized the importance of the Programme and Budget for 2014–15 in the light of the current economic and social situation in many countries. The new biennium also provided an opportunity to make a lasting impact on the life of the Organization, its effectiveness, its governance and its working methods. The speaker welcomed the new tone set in the document and approved the idea of setting priorities before taking a decision on the budget. However, he did not support the proposed key areas, and he referred to the proposals put forward by the Employers in a document drafted following an informal meeting on 16 October. The speaker pointed out that those proposals were intended as a contribution to the discussion, and he wished to see an open debate with a view to reaching political agreement on the priorities of the Organization. While they supported the focus on priorities and the Director-General's intention to strengthen ILO action, the Employers nonetheless considered that the priorities should be equal in importance, but distinct from one another, which was not the case of those put forward in the Office document.
5. For the Employers, employment was the central focus around which the priorities for 2014–15 should be set. It should be a priority in itself. In that regard, the speaker cited section 2 of the abovementioned Employers' document, which advocated a coherent framework for jobs. He then highlighted the Employers' proposals presented in the document in response to each of the seven key areas outlined by the Office. The first key area should be reworded to read: "Promotion of fundamental principles and rights at work". The Employers did not understand the concept of "unacceptable forms of work", which was not normally used in the ILO, and which would lead to confusion if it were introduced in the ILO priority areas. The Employers agreed on the whole with the Office approach with regard to the second and third key areas. However, considering that the fourth area lacked clarity, they put forward a counterproposal aimed at tackling the employment issue head-on, focusing on the promotion of sustainable enterprises. The following key area, on productivity and working conditions in small and medium-sized enterprises (SMEs), overlapped with other areas and should therefore be refocused on the promotion of social dialogue. The concepts of rural economy and informal economy were

combined in the title of the sixth proposed area, which was confusing. The Employers considered that it would be more appropriate to refer to the formalization of the economy, as informal work represented a major challenge for all of the constituents. The speaker felt that the last area, on labour inspection, was already included in the first priority: enterprises needed to be proactive in ensuring compliance with fundamental principles and rights at work, before the labour inspectorate became involved. Recalling the need to reduce the number of priorities of the Organization, the speaker emphasized that the role of ACT/EMP could not be limited to upholding ILO objectives without putting forward the concerns of local employer constituents.

6. Turning to the subjects of ILO governance and internal management of the Office, which were closely interrelated, the speaker referred to the three points set out in section 3 of the Employers' document: empowerment and accountability of managers; a modern and efficient human resources strategy; and a rationalized knowledge strategy. The Employers supported the objective of breaking down silos, provided that it did not lead to bureaucratic procedures that would paralyse the Organization. More coordination posts were certainly not the solution to tackle the lack of coordination in the Organization. Further information was needed with regard to the mandate of the proposed "task teams" and the 19 outcomes.
7. Concerning ILO reform, the speaker regretted that the document did not set out clearer and more ambitious objectives supported by concrete measures. The Employers requested clarification on the timeframe of the reform process and the manner in which it was to be implemented, in particular with regard to the field offices and technical cooperation.
8. Turning back to the areas of critical importance for the Organization, the speaker said that the Employers would favour eliminating the 19 outcomes and adopting only six or seven priorities, provided that the list of policy priorities was acceptable to everyone following the discussion in the Governing Body. The outcomes should be phased out gradually, with due account being taken of everyone's concerns. The speaker concluded by reaffirming that the following biennium was a unique opportunity for the ILO to undertake in-depth reform, to be more attuned to the private sector and to keep pace with current economic and social change.
9. *The Worker spokesperson* outlined the challenges for the ILO in the context of the prevailing global economic crisis. The Workers' group fully supported the ILO's role in rebalancing the global economy to promote strong and sustained growth alongside social justice. One avenue for doing so was through influencing policy discussions and outcomes of the G20. The speaker expressed support for continued work on the 19 outcomes but also for limiting the number of areas of critical importance and for encouraging joint work and collaboration across sectors and regions.
10. The first area on unacceptable forms of work should cover those forms that denied fundamental principles and rights at work as well as those that were in violation of international labour standards. The area on social protection floors had the support of the Workers' group. With regard to the area on youth employment, the 2012 Conference discussion had demonstrated that ILO work had traditionally focused on skills development and youth entrepreneurship. However, youth unemployment was closely related to aggregate unemployment. The Workers' group was of the view that youth employment should be addressed in the context of general strategies to resolve the economic crisis as well as the employment crisis. The fourth area should be reformulated as follows: "Promoting strong, sustained and balanced economic growth" and should entail a combination of expansionary macroeconomic policies, industrial and wages policies and investment in people through social protection provisions, education and training. The fifth area on productivity and working conditions in SMEs needed to include work on fair wages. The sixth area should be retitled "Decent work in the rural sector and formalizing

the informal economy”, with formalization being pursued through labour law coverage, labour inspection, the expansion of social protection, minimum wages and appropriate economic policies, including industrial policies. Regarding the rural economy, the description and the focus on compliance with international labour standards were welcomed. The Workers’ group supported the area on strengthening workplace compliance through labour inspection, emphasizing the need to reinforce public labour administration and inspection and collective agreements. Building on the Employers’ proposal made on 16 October, the group also supported an area on “Promoting social dialogue and sound industrial relations”, with a focus on analysing and researching developments in industrial relations and the promotion of collective bargaining.

11. Turning to the section of the document on organizing and managing for focus, the speaker underscored the need to assure critical mass and staff with the necessary expertise in the task teams related to the areas of critical importance. The field structure review was equally critical and should focus on ways to strengthen technical capacity in the regions and to rebalance the ratio between technical and administrative staff. The Workers’ group had expectations that in the lead-up to March the Office would provide more details on the reform and the reorganization and that staff and the Staff Union would be involved in that process. Clarifications were also warranted on resource allocations between the 19 outcomes and the areas of critical importance. The group supported the identification of indicators for those areas and requested information on how they would be developed, including their linkages to existing indicators under the 19 outcomes.
12. With regard to the organizational reform, the speaker endorsed the components identified in the paper, specifically underscoring support for: upgrading of statistical, research and analytical capacities of the Office; a better link between technical cooperation and capacity development of constituents; and solid integration of the International Training Centre of the ILO (Turin Centre) as a result of the reform based on the notion of “One ILO” in delivering the Programme and Budget for 2014–15 through capacity-building activities in Turin and the regions. The proposed review of technical cooperation activities was welcomed but more information was warranted on its modalities and on the International Aid Transparency Initiative.
13. *Speaking on behalf of the group of industrialized market economy countries (IMEC)*, a Government representative of the United Kingdom emphasized the unique role of the ILO in the world of work and drew attention to the challenges inherent to the ILO’s mandate given the current economic and financial circumstances faced by constituents, and governments in particular. The focus of the preview document on prioritization, efficiency and value for money was welcomed. IMEC was eager to see provisional figures in order to do a proper analysis of the budget proposals. The intention to focus on key areas was equally appreciated, but care must be taken to be mindful of not adding another layer of complexity to the existing 19 outcomes. The Office might consider revising or updating the Strategic Policy Framework 2010–15 in line with the approach outlined in the preview document. On the specific areas of critical importance, IMEC raised four points. First, the area on unacceptable forms of work was too broad and required clarifications as to the Office’s priorities. A key priority should be support for the ILO supervisory mechanism and for standards more generally. Second, the Office should ensure that its work on creating and extending social protection floors complemented that of other organizations. Third, two separate strands of work on rural economies and informal economies, respectively, should be defined, highlighting the different strategies required for each of them. Fourth, in relation to strengthening workplace compliance through labour inspection, ILO support should focus on developing inspection regimes that supported implementation and enforcement of national legislation.

14. Turning to the organizational reform, the speaker welcomed proposals for more collaborative working methods, streamlining of structures and greater accountability of senior managers, and the full integration of the Turin Centre in the reform process. She commended efforts to further the work of the Expenditure Review Committee with regard to cost efficiencies, to upgrade human resources management, and to improve the quality and relevance of the Office's statistical, research and analytical work, including measures to strengthen its macroeconomic expertise.
15. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe noted with appreciation the reform proposals, particularly as they related to efforts to maintain the relevance of the Organization and have greater impact within countries. The review of both the structure in the regions and its relation with headquarters was critical to that end. Decent Work Country Programmes (DWCPs) should remain the main vehicle to channel ILO assistance to member States. The speaker expressed support for the areas of critical importance, while noting that the elimination of child labour should be added to the list. He also raised the following points: (i) clarifications were needed on the exact scope of the term "unacceptable forms of work" and on how public-private partnerships and other cooperative undertakings would assist in the implementation of that area; (ii) work on jobs and skills for youth should focus on operational interventions to create jobs, and therefore should not be limited to research; (iii) social protection floors should be mindful of migrant domestic workers and other vulnerable groups; (iv) work on crisis response should not exclude countries that had not been directly affected by the financial crisis; (v) with respect to productivity and working conditions in SMEs, it was not clear whether work would go beyond mere research, nor was it clear how the ILO intended to facilitate the formalization of informal undertakings; and (vi) workplace compliance through labour inspection was a priority for the Africa group, as was decent work in the rural and informal economies. The Office's work should be guided by the Conference decisions on those matters, as well as by the outcomes of regional meetings and agendas. Specifically on the organization of work, the Africa group welcomed the proposal to create task teams and workplans for each area of critical importance, but requested clarifications on the coexistence of the 19 outcomes and the need for focus.
16. *Speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC)*, a Government representative of Colombia expressed support for ongoing efforts to restructure the ILO and called upon the Director-General to engage in dialogue with Governing Body groups in the process. The current crisis context underscored the need to reform existing structures and to optimize resource allocation mechanisms. Greater transparency was warranted in staff recruitment, with due regard to merit and to regional and gender balances. Concerning the areas of critical importance, the speaker stressed the benefits of drawing on good practices from the developing world and the value of South-South and triangular cooperation to that end. GRULAC hoped that the programme and budget proposals reflected that reality and devoted specific resources to the technical cooperation agenda. Referring specifically to the social protection floors, work in that area should be geared towards the establishment of wide and inclusive floors, and should not be limited to formal employment. The Office should carefully assess the working methods for the areas of critical importance to avoid any increased bureaucracy. GRULAC recommended that management arrangements for each area should fall under the leadership of a single official. GRULAC also concurred on the need to review the operations of the field offices and their relations with headquarters, as well as to foster greater mobility of staff. Clarifications were warranted on how the Office planned to comply with the requirements of the International Aid Transparency Initiative, especially in relation to its mandate and the specific nature of tripartism.

17. *Speaking on behalf of the Asia and Pacific group (ASPAG)*, a Government representative of the Islamic Republic of Iran welcomed the process of internal reform launched at headquarters and in the regions. The need to systematically review senior management practices and the Office structures, along with the development of ILO knowledge and research, were top priorities. Constituent-led reforms, such as changes to decision-making and budgeting practices and procedures and a tripartite review of the Organization's mandate were also needed, as were reforms of the culture of the Office and the code of conduct of staff. ASPAG appreciated the proposed approach based on team work and the concentration of resources to achieve greater efficiency, quality and impact and supported the seven areas of critical importance. Special emphasis should be placed on the promotion of SMEs with the aim of generating employment and furthering their productivity. Areas requiring attention and resources in the context of the Programme and Budget proposals for 2014–15 also included: the delivery of quality technical cooperation in response to natural disasters in the Asia and the Pacific region; the situation of workers in Palestine and other occupied Arab territories; and the standards review mechanism. The Office should also fully engage with the UN system to ensure that its mandate on full employment, the extension of social security and fair globalization was duly reflected in the Post-2015 Development Agenda.
18. *Speaking on behalf of the Association of Southeast Asian Nations (ASEAN)*, a Government representative of Viet Nam welcomed the ongoing process of reform and supported its objective of enhancing the ILO's role and its results. Recalling that the ILO budget would not be increased, the speaker underscored the need to concentrate ILO action on a limited number of areas in order to increase impact. Unemployment, social protection, poverty, inequality and work safety were to be given priority by the ILO in the medium to long term in response to the adverse impact of the economic downturn and the crisis. In 2014–15 the ILO should focus on four main areas: youth employment, national social protection floors, decent work in the rural and informal sectors, and labour migration.
19. *Speaking on behalf of the European Union (EU)*, a Government representative of Cyprus underscored the ILO's role in promoting the social dimension of globalization and ultimately peace. The EU would continue to lend its support to ensure that the ILO was an influential actor, building on shared values and principles and working collectively on issues such as conditions for job creation, reform of the labour markets and investments in skills to match jobs and jobseekers and to get youth back to work. The EU would also support ILO efforts to engage constituents and multilateral partners in national and international strategies, particularly in the context of the crisis response highlighted among the proposed areas of critical importance.
20. *Speaking on behalf of the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden)*, a Government representative of Denmark subscribed to the IMEC statement and welcomed the ongoing efforts to reorganize and rationalize the ILO, whose ultimate assessment had to be related to impact at the country level. He expressed support for the areas of critical importance, as well as for the proposed approach to teamwork and focused methods of work. Substantial progress was needed in the Conference reform and in the standards review mechanism. The speaker called upon constituents to find a rapid solution to the current situation of the ILO's standards supervisory system.
21. *A Government representative of France* commented on the relevance of the ILO and its tripartism in the context of the crisis and its impact on employment. The ILO should further its participation in global governance debates, with its own message and proposals based on robust expertise and true value added. In that context, the speaker expressed support for the ongoing reform, welcoming in particular efforts to overcome internal fragmentation and to make the Organization a recognized centre of excellence on the world of work. To that end, the ILO should focus on a few simple objectives, with indicators of

performance and a clear timeline. The current framework, with 19 outcomes and seven areas of critical importance, remained complex and should be simplified.

22. *A Government representative of Germany* aligned himself with the IMEC and EU statements. International labour standards and their implementation were central to the ILO's mandate, as was the goal of decent work. His Government would continue to support efforts to place decent work at the centre of the international policy debate, as done in the past particularly in the context of the G20. The outcome of a recent meeting hosted in Berlin of the five most important international financial institutions, with the participation of the ILO's Director-General, had acknowledged the Decent Work Agenda as an important basis for raising economic standards and reducing unemployment. The speaker supported the reform agenda, underscoring the need for the ILO to maintain and improve efficiencies and to adapt to new challenges. He also stressed the need to resolve the situation in the Committee on the Application of Standards.
23. *A Government representative of Switzerland* aligned himself with the IMEC statement, underscoring that the programme and budget proposals should be based on reforms and new methods of work. He expressed support for the seven areas of critical importance and formulated the following recommendations in that regard: the area relating to unacceptable forms of work should be reformulated in positive terms consistent with ILO standard practice; the area relating to productivity and working conditions in SMEs should make reference to competitiveness; the area relating to crisis responses, reform and dialogue should include the term "social dialogue" in the title; and workplace compliance should be assured not only through labour inspection but also through the social partners. The priorities having been established, the Office should present their budgetary implications to constituents as soon as possible and in advance of the March 2013 session.
24. *A Government representative of Qatar* supported the ASPAG statement and welcomed the proposed reform and change process as outlined in the paper, underscoring the importance of reforms relating to knowledge, structures of the Office and managerial responsibilities and practices. In expressing support for the areas of critical importance, he emphasized the following points: (i) specific attention should be given to the situation of Arab Spring countries; (ii) more clarity was needed on the content of the areas; (iii) emphasis should also be placed on green jobs and sustainable development; and (iv) the areas relating to unacceptable forms of work and to workplace compliance could be merged as they both related to the promotion of international labour standards.
25. *A Government representative of Japan* supported the ASPAG and IMEC statements. He welcomed the Office's efforts to prioritize its work around the areas of critical importance, drawing particular attention to decent work in rural and informal economies, social protection floors and jobs and skills for youth. More resources should be allocated to the regions to follow up on those areas. Clarifications were needed on the role and working methods of the proposed task teams, as was greater clarity on the synergetic effect between regular budget and extra-budgetary resources. His Government was in favour of a zero nominal growth budget.
26. *A Government representative of the Netherlands* endorsed the EU and IMEC statements and welcomed proposals to clarify roles and responsibilities, strengthen management and administrative performance and develop the ILO human resources policy. He highlighted two specific points: (i) the need for concrete deliverables and goals for the Organization beyond the mere Programme and Budget proposals for 2014–15, which should be specific, measurable, realistic and time bound; and (ii) the importance of standard setting and the need for a clear vision in taking that area of work forward, including in relation to the seven areas of critical importance.

27. A *Government representative of India* commended the internal reform process and underscored the need for the ILO to focus its work on core issues related to labour at the heart of its mandate. Areas of critical importance should be chosen rationally and the ILO should be equipped with a programme that could impact the lives of millions. Emphasis should be placed on employment generation, social protection, youth employment, skills development and the informal economy. With regard to the seven areas of critical importance, the speaker made the following comments: (i) social protection floors should be nationally determined; and (ii) in the area of labour inspection, the involvement of private agencies should not be encouraged and ILO assistance should be directed at strengthening national inspection machinery. The Office should consider a more proportionate resource distribution to the ASPAG region, along with a more balanced deployment of experts and senior staff. The ILO knowledge base should be strengthened through technical cooperation and capacity building, and the sharing of good practices should be fostered, including through South–South and triangular cooperation.
28. A *Government representative of the United States* supported the IMEC statement and the seven areas of critical importance. Her Government attached particular importance to two of the areas, which were considered as mutually reinforcing: protection of workers from unacceptable forms of work and strengthening workplace compliance through labour inspection. The former covered both fundamental principles and rights at work and other working conditions and related ILO standards. The ILO’s long-standing standards work would be an essential component of that area, which should be properly resourced in the Programme and Budget proposals for 2014–15. The speaker commended efforts to strengthen the knowledge base, and welcomed the increased emphasis on rigour, cost-consciousness and plans to pursue organizational and management reforms in an effective and efficient manner.
29. A *Government representative of Trinidad and Tobago* supported the GRULAC statement. He welcomed the holistic approach to the reform agenda and the focus on the areas of critical importance as a way to “do more with less”. There was need for continued progress on the 19 outcomes, with due regard for the special needs of small island economies in designing and implementing programmes. Closer alliances and working relationships with regional and subregional organizations should be established to that effect.
30. A *Government representative of China* pointed to the challenges in employment, social protection and labour standards in the post-crisis context as the most urgent issues on which the ILO should focus its assistance to member States. She expressed support for concentrating efforts on key areas of critical importance, with emphasis on the extension of social protection, productivity, working conditions in SMEs and youth employment. In relation to the reform of regional structures, a greater role should be given to regional institutes as far as research, statistics and technical cooperation were concerned. More financial resources and technical experts should also be directed to the ASPAG region, where 60 per cent of the world’s population lived.
31. *The Director-General* responded to the issues raised by Governing Body members during the debate (see Appendix II).
32. *The Worker spokesperson* commented on the Director-General’s response, specifically on three of the proposed areas of critical importance. On jobs and skills for youth, there was a need to go beyond supply-side measures and to address macroeconomic issues associated with the overall unemployment situation, of which the high youth unemployment rate was merely a symptom. On the protection of workers from unacceptable forms of work, her group awaited a clearer definition from the Office. With respect to workplace relations and social dialogue in conditions of change and reform, the ILO’s work should: (i) go beyond workplace relations and encompass industrial relations at all levels; and (ii) not be limited

to situations of change and reform, even though it was crucial that the ILO played a role in crisis response, along with other UN entities and economic institutions. It was her group's expectation that the Director-General's proposals in March 2013 would take those points into account, in particular those relating to workplace relations and crisis response.

33. *The Employer spokesperson* thanked the Director-General for his reply, which was an attempt to take due account of the viewpoints of the various groups. The speaker wished to specify his position on certain aspects of the programme. The Employers deplored the fact that employment as such was not among the Office's priorities and hoped that that situation could be reconsidered. There was no problem with respect to the subject of labour inspection, and the theme of SMEs was acceptable, subject however to agreement within the group. With regard to the matter of decent work in rural and urban areas, the Employers welcomed the information provided by the Office on action to address the informal economy in urban areas. With respect to unacceptable forms of work, the Employers would be engaging in consultations within their group as certain elements, such as dignity, were subjective, unlike the protection of workers' health or lives, which made the Director-General's reply somewhat difficult. With regard to the counter-proposal on reforms and social dialogue, the Employers' group would give its views in due course, as that was a broad issue. The explanations on standards policy given by the Director-General were acceptable, and did not warrant any particular comment, subject, once again, to consultations within the Employers' group. With respect to matters relating to the reform, the Employers particularly appreciated the Office's new approach to communication. Lastly, the Employers were of the view that wishing to tackle seven areas of critical importance and 19 outcomes would lead to complications, but if that was what the constituents wanted they promised to collaborate fully.
34. *A Government representative of the Netherlands* expressed appreciation for the Director-General's response, especially with regard to developments in the ILO's normative work. As underscored by the Employers, that issue might be more policy and legally oriented than programmatic in the first place. However, work towards an agreed vision on that matter might have resource implications. The speaker called on the Director-General to keep the Governing Body members abreast of the framework and the time schedule of that discussion.
35. *A Government representative of El Salvador* referred to previous comments on social protection. Access to quality employment should not be considered merely from the viewpoint of income levels or working conditions. It should also include access to social protection to reduce risks associated with unemployment, underemployment, sickness and income reduction during old age. Those considerations should be taken into account when revising those concepts.

Decision

36. *The Governing Body requested the Director-General to take into account, when preparing the Programme and Budget proposals for 2014–15 for submission to the 317th Session in March 2013, the views expressed and guidance provided during the discussion of the preview.*

(GB.316/PFA/1, paragraph 38.)

Second item on the agenda

Matters relating to the Joint Inspection

Unit (JIU): Reports of the JIU

(GB.316/PFA/2)

37. *The Employer spokesperson* welcomed the enhanced collaboration with the JIU. As the Office had accepted 36 of the 45 recommendations, the Employers wished to know whether it considered them to be more useful than in previous years. The Employers welcomed the structure of the document. The Office's comments on the JIU recommendations relating to a sufficient level of audit staff, the use of electronic systems to capture and archive staff members' medical records, and the information communicated to staff on disciplinary measures adopted by the Director-General seemed reasonable and had the support of the Employers. The Employers' group did not support the JIU's recommendation concerning regular budget and extra-budgetary resource arrangements for South-South and triangular cooperation in the UN system, as that was a Governing Body prerogative. Lastly, the Employers wished to know how the Office envisaged pursuing its collaboration with the JIU.
38. *The Worker spokesperson* supported the Office's position in relation to the JIU reports and the related recommendations addressed to the ILO. The Workers' group underscored the heavy volume of work required by the Office to follow up on JIU recommendations, some of which were sometimes problematic in that they did not reflect appropriately the tripartite nature of the ILO. The recommendations on South-South and triangular cooperation were a case in point. A mechanism should be discussed to align the cost of follow-up to JIU recommendations with the human and financial resources of the ILO.
39. *Speaking on behalf of IMEC*, a Government representative of the Netherlands thanked the Office for the summary of the JIU recommendations addressed to the ILO, which provided a useful complement to the ILO oversight mechanisms and contributed to UN system-wide coherence. The Office should consider and implement all relevant recommendations. The reference document on the status of follow-up actions taken by the Office was helpful, even though an analysis of costs associated with the implementation of recommendations would have made it more useful. Turning to specific recommendations IMEC made six points: (i) on the ILO's audit function, the value of proper and well-financed internal controls should be underscored, as they contributed to transparency, accountability and effectiveness; (ii) on a smooth transition to the International Public Sector Accounting Standards (IPSAS), the Office should elaborate on the phased approach used to implement the recommendation and should pay due attention to the IPSAS compatibility of budget documents in preparing the Programme and Budget proposals for 2014-15; (iii) on cost-recovery policies, those were important for the sustainability of ILO operations and their attractiveness to donors; (iv) on the medical service in the UN system, the Office should appoint a focal point for occupational safety and health (OSH) procedures and consider the option of outsourcing staff counselling services; (v) on South-South and triangular cooperation, IMEC supported the ILO approach not to set aside a fixed percentage of regular budget and extra-budgetary resources; and (vi) the Office should enhance transparency on offences and disciplinary measures. The reform agenda presented by the Director-General provided an opportunity to review established procedures and implement the remaining JIU recommendations.
40. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe commended the Office on the report. The speaker recalled previous discussions on the need to implement JIU recommendations, and acknowledged that in most thematic areas recommendations addressed to the ILO were being implemented or were under

consideration. He would welcome more information on how some of the recommendations were being implemented, including the review of the ILO Independent Oversight Advisory Committee (IOAC), the phased approach chosen by the Office in relation to IPSAS, and the internal rules on the treatment of candidates from other UN organizations. The speaker urged the Office to implement recommendations for the appointment of a focal person on OSH policies and procedures. The Office should be setting an example in that respect. The Office should also expedite consideration of the two recommendations on South–South and triangular cooperation in the UN system, and report to the Governing Body at its next session. The Africa group agreed with the Office that it would not be desirable for the Director-General to publicize disciplinary measures imposed on staff through a list of offences and measures taken.

41. *A Government representative of the Islamic Republic of Iran* underscored the importance of JIU within the UN system, and the added value of its recommendations for the proper functioning of the Office. He welcomed the Office's follow-up of JIU recommendations and the posting of a JIU web link on the Governing Body website. He urged the Office to engage with the JIU in seeking solutions to its concerns about benchmarks proposed by the JIU, particularly in relation to enterprise risk management, and to jointly review recommendations addressed to the ILO.
42. *A Government representative of Japan* expressed his appreciation of the report. He welcomed the fact that the Office had already responded to most of the JIU's recommendations. It should continue to build upon its collaboration with the JIU, bearing in mind the unique tripartite structure of the ILO.
43. *A Government representative of India* expressed his satisfaction with the report and with the measures taken by the Office to improve its collaboration with the JIU. Regarding the audit function in the UN system, the independence of the IOAC was paramount, and could be best ensured through its appointment mechanism. He welcomed the phased approach taken by the Office to implementing recommendations on IPSAS, but more discussion was needed of the concerns expressed by the United Nations System Chief Executives Board (CEB) members about the relevance or feasibility of some of the 16 proposed best practices. Policies and procedures for the administration of trust funds should also be thoroughly discussed by the Governing Body to ensure that available funds were used effectively. An internal mechanism to develop South–South and triangular cooperation would ensure internal and inter-agency coordination. The Office should allocate extra resources for that purpose. Concerning the reports of the JIU, if they were discussed by the Governing Body they would offer valuable insights into the functioning and achievements of the organizations in the UN system. However, efforts to achieve coherence among the organizations should not result in their encroaching on one another's fields of competence, or any dilution of the ILO's knowledge base and leadership in the field of labour.
44. *A Government representative of Brazil* supported the two recommendations on South–South and triangular cooperation. She welcomed the support of CEB members for the recommendations. Work in that area throughout the UN system was hampered by the unpredictability of funds, and the JIU recommendations should be seen as a call to the Governing Body to address that problem.
45. *A representative of the Director-General* (Director, Bureau of Programming and Management) pointed out that since the Governing Body had last discussed the item, the Office had agreed with the JIU on the production of a reference document to track the status of each recommendation. That report was available on the ILO's website. Funds for South–South and triangular cooperation had been made available in 2012–13 from the regular budget. When it considered the Programme and Budget proposals for 2014–15, the Governing Body should decide whether that arrangement should continue. As for JIU

recommendations that ignored the tripartite structure of the ILO, the Office had already explained to the JIU the resulting difficulties in dealing with them, and was confident that matters would improve.

46. *Another representative of the Director-General* (Director, Financial Services Department and Treasurer and Financial Comptroller) commented on the ILO's phased approach to IPSAS standards and its aim of complying with all 28 standards by the end of 2012. He emphasized the challenge of preparing the Programme and Budget for 2014–15 in line with the IPSAS standard, because that standard was based on full accrual budgeting, contrary to the current UN-wide practice based on modified-cash budgeting, and that could have a significant impact on assessed contributions. However, the same challenge was being faced by all the UN organizations and it was initially being addressed by a UN-wide task force.

Outcome

47. *The Governing Body took note of the paper and invited the Office to take into account the observations and guidance provided during the discussion.*

Third item on the agenda

Building questions: Headquarters building renovation project (GB.316/PFA/3)

48. *The Worker spokesperson* welcomed the report by the Office, which answered some of the questions her group had raised earlier. With regard to the risk register, all necessary measures must be taken to ensure the safety and health of all concerned, especially because of the noise and dust that the renovation works would cause. She queried whether any progress had been made with respect to the sale of the land and leasehold rights, as foreseen in the comprehensive plan. She welcomed the staff consultations that had taken place, and requested the Office to make sure that they continued throughout the project. She would have welcomed more details of the budget for the project. The new project manager should assess the situation, including the timeline and the budget, and decide whether any adjustments were needed.
49. *The Employer spokesperson*, while welcoming the appointment of a new project manager, said he had expected more information about the role he was to play in the project. That should have been reflected in the document. The reporting line also needed clarification. Given the size of the project budget and the difficulties the Office had had in managing that issue in a coherent way in the past, the project manager should report directly to the Director-General.
50. The cost of the kitchen renovation works seemed excessive. He was concerned that, according to the Office, it might be difficult to meet the host country's building standards and safety regulations. He drew attention to the importance of the technical working group mentioned in earlier documents. Had the group met and, if so, what had it discussed? It was important to treat the host country authorities as project partners rather than as a potential stumbling block. He wanted to be reassured that the staff of the Office would be able to work under proper conditions during the renovation. The Office should investigate how other international organizations had handled their construction and renovation projects. The Director-General should give the highest priority to the project.

51. *Speaking on behalf of IMEC*, a representative of the Government of the United Kingdom indicated that it was important that the Governing Body regularly consider this strategic and complex project given its considerable budget implications. She noted that the overall budget envelop for phase one of the project and the deadlines associated with it were likely to be respected, although this was largely related to a change in strategy which could have negative consequences in terms of swing space and working conditions during the renovation of floors 1–11. The fact that the bulk of the work would take place only in 2015 could generate significant extra costs, as illustrated by the budget for the renovation of the kitchens. IMEC strongly urged the Office to avoid any delays that could result in increased costs.
52. IMEC welcomed the proposal to improve communications and transparency and would welcome an update on the progress of the working group on layout of floors 1–11, along with information on the broader consultations with staff on this subject. She regretted that the paper provided little indication as to what the concrete role of the new project manager would be. She recalled that the project budget did not contain any allowance for the maintenance of buildings. In this context, IMEC would welcome an update on the Office's plans for funding ongoing maintenance.
53. She strongly welcomed the Director-General's commitment to renewed good management of the project. In IMEC's view, good management of the project was fundamental to successful completion of the project, and this approach must be supported from the highest levels.
54. *Speaking on behalf of GRULAC*, a representative of the Government of Colombia noted with satisfaction the progress being made with the kitchen renovation works and the replacement of the elevators. She was however concerned about the high cost of the kitchen works. Her group was surprised to note in the risk register that the Office might not have sufficient technical in-house capacity to manage the project. It was also important to review the governance and management arrangements for the project and asked for more details on the project timeline and planning. She pointed out that it was essential for the Governing Body to remain fully informed about the project.
55. *Speaking on behalf of ASPAG*, a representative of the Government of Japan noted with satisfaction the progress being made with the kitchen renovation works and the replacement of the elevators. His group wondered however whether it was realistic to expect that two-thirds of floors 1–11 could be renovated in a period of 20 months. He was glad to see that the Deputy Director-General for Management and Reform would now be supervising the project since coordination and monitoring by senior management were indispensable for a complicated project of this size. His group was also looking forward to more information on the development of the negotiations with the host country concerning the rezoning of the plots to be developed.
56. *Speaking on behalf of the Africa group*, a representative of the Government of Zimbabwe appreciated the progress being made, particularly with respect to the elevators and the kitchen which members had themselves been able to note. His group also appreciated the revised risk register, which was an important management tool, the fact that staff consultations were taking place and that the Deputy Director-General for Management and Reform would now be supervising the project. He requested more information on the precise role of the project manager.
57. *A representative of the Government of India* considered that the project was making remarkable progress, which augured well for a successful completion of the first phase of the renovation. Regular monitoring and evaluation as well as transparent communication were all important in this context.

58. *A representative of the Government of Switzerland* welcomed the revised risk register and considered that it was important for the Governing Body to closely follow developments given the size and importance of the project. She was happy with the progress being made but noted that a lot remained to be done in a relatively short time. As host country, Switzerland attached particular importance to the project and had repeatedly offered to work with the Office by putting in place a technical working group with representatives of the federal and cantonal governments and FIPOI.
59. *A representative of the Government of France* reminded the members of the need for the project to remain within budget, particularly in a period when many countries were facing financial difficulties, and respect the established timeline.
60. In his reply, *a representative of the Director-General* (Deputy Director-General, Management and Reform) emphasized that the Director-General and the Senior Management Team did not underestimate the significance of the project and the risks associated with it. It was indeed essential to be completely in control of the time and cost issues. The Director-General had asked him to chair the Project Steering Committee and the Office of the Legal Adviser had been requested to provide advice on the best approach to take regarding governance arrangements and the management of the project. These initiatives would ensure that senior management would know what was happening and that the Governing Body would remain fully informed.
61. With regard to the questions on land and the relationships with the Swiss authorities, he mentioned that the Director-General and staff had recently met with the Swiss Government and had had very constructive discussions. It was certainly the intention to deal effectively and cooperatively with all levels of Swiss authorities throughout the project since this was critical to the success of the project.
62. Regarding the project manager role, he undertook to provide more details at the next session.
63. The person recruited was a construction project manager with solid experience in Swiss construction matters. He was highly qualified on safety and health issues and was very conscious of the need to have robust and effective mechanisms in place for dealing with the workplace environment during the project, both for the construction workers as well as for ILO staff and visitors.
64. Concerning the cost of the kitchen works, he recalled that the whole of the budget approved by the Governing Body was on the basis of an estimate with a ± 15 per cent variation. In addition, in the case of the kitchens, the inflation index for kitchen fittings had been extraordinarily high. He would ensure however by having rigorous and robust internal monthly reporting, senior management and the Governing Body would be alerted on possible time or cost overruns.
65. A comprehensive consultation and communication strategy was in place to ensure that staff concerns would be taken into account. Just prior to the Governing Body session a series of staff meetings had taken place where all Geneva-based staff had been able to discuss options on office layout and regular information bulletins were published to keep staff informed. He was very conscious of the impact the renovation could have on the staff's working conditions during and after the renovation.
66. The project remained on time and the period of 20 months mentioned in the document was based on expert advice. It was his intention to prepare a comprehensive report on the project for the next Governing Body session, providing more detail on the management and governance arrangements and an update of the risk register.

67. *Another representative of the Director-General* (Director, Department of Facilities Management) in reply to the question raised by IMEC on the cost of ongoing maintenance, pointed out that recurring maintenance costs were included in the regular budget allocations of each ILO office and that only exceptional repairs and renovations were paid out of the Building and Accommodation Fund.

Outcome

68. *The Governing Body took note of the paper and invited the Office to take into account the observations and guidance provided during the discussion.*

Fourth item on the agenda

Information and communications technology questions

Progress report on IT strategy (GB.316/PFA/4)

69. *The Employer spokesperson* indicated that the strategy should map the Office's results framework. He asked whether the delayed IRIS roll-out to Asia had any cost implications. He requested clarification on the Office strategy regarding cloud computing and its potential for cost savings. He noted that the recentralization of information technology (IT) services was important as it limited risks regarding sustainability, coherence and cost effectiveness of Office-wide IT implementation.
70. He requested that an update on IT recentralization be provided during the March 2013 Governing Body session. He stressed the importance of addressing risks associated with the costs and sustainability of decentralized IT responsibilities, taking into account the field structure review. He urged that the Information Technology Governance Board be established forthwith and requested information on its membership.
71. *The Worker spokesperson* supported the Employers' views and welcomed the modernization of IT infrastructure and the resultant lowering of the ILO's carbon footprint.
72. She supported the Office's approach to governance and asked that costs be included in all future Governing Body papers.
73. She requested further details on the field roll-out and reiterated doubts regarding the feasibility of implementing both phases of IRIS in Africa in 2013. She inquired about lessons learned in previous IRIS field implementation procedures and noted that the implementation of IRIS at the Turin Centre was limited.
74. She requested further information on how IT assisted with the ILO Knowledge Gateway.
75. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe supported the modernization of the ILO's Data Centre and the implementation of the virtual server farms.

76. He welcomed the roll-out of IRIS to the Regional Office for Africa as planned, and requested the Office to consider simultaneous implementation of systems in future planning. He encouraged the ILO's work on governance and further noted that the Office might benefit significantly from increased participation in One UN initiatives.
77. *A Government representative of India* supported the strategy, welcomed the ILO's participation in One UN initiatives and noted that the Knowledge Gateway would enhance efficiency, transparency and synergy. He commended the Office's efforts on governance and emphasized the need to align structures.
78. *A representative of the Director-General* (Deputy Director-General, Management and Reform) explained that the Office-wide review of IT and its governance was part of the action plan for management reform. He added that relations between headquarters and the field IT functions would be included in the field structure review.
79. He noted that the IRIS roll-out and services delivered were also priorities on the reform agenda and concluded that the Office would be able to report on more effective ways of operating early next year.
80. *A representative of the Director-General* (Director, Information Technology and Communications Bureau), in response to the questions raised, agreed to provide costing and specific linkages to strategic targets in future papers. He added that the IRIS roll-out was on target and there were no additional costs.
81. He highlighted that the United Nations was evaluating the potential benefits of cloud computing given the legal and security implications of putting data into the cloud system. The ILO was participating in that evaluation. He indicated that the ILO was already using some public cloud services, as well as private cloud services.
82. The speaker stated that the governance framework was nearing finalization and he outlined its mandate and membership.
83. He recalled the lessons learned through IRIS field implementation procedures, including business process reviews, alignment of processes and roles, and tailoring the provision of training and support to each location.
84. He explained that the Turin Centre was a separate legal entity, which had its own enterprise resource planning system. He added that IRIS implementation in Turin was limited to modules supporting collaboration and joint planning between the ILO and the Centre.
85. He concluded by stating that the first phase of the Knowledge Gateway was on target for the current biennium.

Outcome

86. *The Governing Body took note of the paper and invited the Office to take into account the observations and guidance provided during the discussion.*

Fifth item on the agenda

Other financial questions

Progress report on expenditure review (GB.316/PFA/5)

87. A representative of the Director-General (Officer-in-Charge, Human Resources Development Department) provided a revised text for paragraph 14 of the document following questions from members of the Governing Body.

88. Paragraph 14 was amended to read:

The above changes in the ILO travel policy will be introduced by means of the ILO's Internal Governance Documents System (IGDS). There are however two changes that require prior approval by the Governing Body of amendments to the Staff Regulations:

Article 9.1(c) concerning the general definition of travel entitlements:

Travel shall normally be by the most direct and economical route ~~and means of transport~~, account being taken as far as possible of the wishes of the official concerned.

Paragraphs 19 and 20 of Annex III in connection with the removal of the half-day DSA on the last day of travel:

19. For the purpose of calculating subsistence allowance, the day is defined as the 24-hour period from midnight to midnight. Subject to the provisions of paragraph 20 below, the full rate shall be paid for every day on which the official is in travel status, except and half rate for the last day of travel in respect of which no allowance shall be paid.

20. When travel is for a period of less than 24 hours and does not necessitate expenses for sleeping accommodation, subsistence allowance shall be paid at reduced rates to be determined by the Director-General. No allowance shall be paid for travel lasting less than ~~ten~~ six hours.

89. *The Worker spokesperson* expressed general approval of measures that would improve the efficiency and effectiveness of operations, but said that those measures should be linked to the delivery of the ILO's programme of work. For that reason, she asked the Expenditure Review Committee to work closely with technical units and the Staff Union. In the context of Governing Body and Conference reform, too much emphasis was placed on the reduction in the number of agenda items; it was important to strike a balance between savings and effective policy discussions. There was also a need to enhance the political functioning of the Governing Body. The Workers' group supported the proposed revisions in respect of travel, publications, desktop printing and LAN administration although it would be necessary to ensure that enough printers were available to maintain efficient working conditions.

90. *The Employer spokesperson* commended the Office's efforts to identify and apply cost-saving measures. The identification of cost-saving opportunities should be an ongoing exercise and he encouraged the Office to look for further potential savings. The Employers' group was satisfied with the savings achieved through Governing Body reform and it approved the proposed changes to the Staff Regulations on travel entitlements. It welcomed the establishment of a peer review process to strengthen the quality of publications, but questioned the ILO's goals with respect to the volume of publications and the potential cost savings. The group supported the centralization of LAN administration and noted that that action was in line with the Employers' views on the centralization of IT functions within ITCOM.

91. *Speaking on behalf of IMEC*, a Government representative of Japan noted that the work of the Expenditure Review Committee was in line with the Director-General's reform agenda. IMEC supported the amendments to travel entitlements, which should be applied to all travel paid for by the Office, but thought that more could be done to cut travel costs and that the Office should reduce the size of delegations on official missions. With respect to publications, it might be advisable for the Office to consult with delegates on the number of printed documents distributed by post and to move to more online publishing. IMEC welcomed the savings resulting from desktop printing and common procurement and supported a centralized service model for LAN administration.
92. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe voiced the group's appreciation for the cost-saving measures taken and noted the need to expedite the roll-out of IRIS to the field. He approved of the proposed changes to travel entitlements and supported the increased use of videoconferencing and the initiatives in the area of desktop printing.
93. *A Government representative of India* welcomed the savings achieved through reform of the Governing Body and the Conference. He approved of the amendments to travel entitlements and supported the move towards a centralized service model for LAN administration.

Decision

94. *The Governing Body approved the proposed amendments to the Staff Regulations and authorized the Director-General to amend article 9.1(c) and paragraphs 19 and 20 of Annex III of the ILO Staff Regulations as set out in paragraph 14 of document GB.316/PFA/5, and as amended by the Office.*

(GB.316/PFA/5, paragraph 29, as amended.)

Audit and Oversight Segment

Sixth item on the agenda

Independent Oversight Advisory Committee (IOAC)

Revised terms of reference (GB.316/PFA/6/1)

95. *The Worker spokesperson* emphasized that the IOAC had been tasked to advise the Governing Body and the Director-General, not to replace either of them in their respective roles and responsibilities. The total costs would amount to more than US\$500,000 per biennium. It would be necessary to evaluate the Committee's function and relevance after a few years. The IOAC should provide added value beyond that of existing governance mechanisms. She supported the point for decision.

96. *The Employer spokesperson* said that his group had been in favour of the establishment of the IOAC as a permanent body. His group had been fully engaged in the consultations on the terms of reference and it was satisfied with the compromise text which promoted increased transparency. He supported the revised terms of reference.
97. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom approved the revised terms of reference.
98. *Speaking on behalf of the Africa group*, a Government representative of Egypt said that the terms of reference were consistent with the recommendations contained in the report of the JIU, published in 2010, on “The audit function in the United Nations system”.
99. He highlighted the importance of maintaining the different types of balance mentioned in the approved terms of reference and noted that the principles of independence were vital to the functioning of the IOAC. The Africa group supported the point for decision.
100. *A Government representative of India* underlined the importance of the independence of the IOAC for its effective functioning and for its ability to provide unbiased advice to the ILO. Those aims could be ensured only by giving the IOAC objective, transparent terms of reference.
101. *A Government representative of France* endorsed the comments made by IMEC. Although the consultative process had been lengthy, he was convinced that the Committee’s usefulness would mean that the ILO saw returns on its investment. He hoped that the IOAC would support the Office reform process, including simplification of procedures and effective follow-up on recommendations from all governance bodies.
102. *A Government representative of the Islamic Republic of Iran* commended the fruitful collaboration among social partners in discussions on the terms of reference.

Decision

103. ***The Governing Body approved the revised terms of reference for the Independent Oversight Advisory Committee (IOAC) as proposed in the appendix to document GB.316/PFA/6/1.***

(GB.316/PFA/6/1, paragraph 8.)

Appointment of members

(GB.316/PFA/6/2)

104. *The Employer spokesperson* thanked the members of the outgoing IOAC. The Employers were encouraged that the ILO had received many good applications, which meant that the IOAC was regarded as an important body. He supported the appointment of Mr Chamay which would ensure continuity in the Committee’s work. The Employers strongly believed that the IOAC provided substantial benefits to the Governing Body. He supported the point for decision.
105. *The Worker spokesperson* supported the point for decision and said that the presence of women members was a positive sign.

106. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom said how much she appreciated the Office's efforts to recruit IOAC members and the work of the tripartite selection panel.
107. IMEC remained committed to the IOAC and stressed the importance of appointing the new members of the IOAC at the current session. It had been disappointed that the selection panel had not agreed to adhere to the independent consultants' recommendation that further interviews should be conducted with the shortlisted candidates. IMEC strongly recommended that, in the future, more time should be allocated to the process of selecting IOAC members so that the panel could conduct an additional round of interviews. IMEC supported the point for decision.
108. *A Government representative of India* expressed his satisfaction with the consultant-managed screening process. While he would have preferred interviews to be conducted also by the Governing Body selection panel, he had confidence in the recommendations made by the panel.
109. *A Government representative of the Islamic Republic of Iran* praised the work of the independent consultants, but noted that it had been difficult for the Governing Body to select candidates from the shortlist without face-to-face interviews.

Decision

110. *The Governing Body appointed Mr Denys Chamay, Mr Luis Guillermo Chinchilla, Ms Bushra Naz Malik, Ms Hilary Wild and Ms Jeya Wilson to the Independent Oversight Advisory Committee (IOAC) for a term of three years commencing 1 January 2013 and decided to retain the candidatures of Ms Eileen Fusco and Mr N.R. Rayalu on a reserve list.*

(GB.316/PFA/6/2, paragraph 5.)

Seventh item on the agenda

Evaluation

Annual evaluation report 2011–12

(GB.316/PFA/7/1)

111. *The Employer spokesperson* welcomed the comprehensive paper and strengthened evaluation infrastructure, but asked that more information be provided on the Office's progress in improving the evaluation culture. He emphasized the significance of the Evaluation Advisory Committee and called on the Office to appoint a new Chair. Noting the importance of follow-up to recommendations concerning the high-level evaluations, he asked whether the follow-up was considered adequate and which factors hindered the implementation of recommendations. He inquired what the Office intended to do to address some of the weaknesses identified in the peer review of high-level evaluations.
112. He endorsed the plan to focus more systematically on policy-related lessons in evaluations. What ultimately counted when it came to impact evaluation was measuring results on the ground. He endorsed the topics for the high-level evaluations for 2014, but asked the Office to address the issue of management accountability for effective follow-up.

Regarding the ILO appraisal mechanism, he supported the recommendations in the report but stressed that the mechanism needed to have teeth in order to ensure the quality of technical cooperation projects.

113. *The Worker spokesperson* considered the paper to be a constructive means of discussing solutions for the future. She asked the Office to fill the post of Chair of the Evaluation Advisory Committee as soon as possible. She noted the evaluation findings that competition among departments and managers for resources aggravated the problem of working in silos, and called for urgent changes in working methods.
114. Given that the quality appraisal of projects had shown that their quality was only satisfactory, she called for more training and better mechanisms for ensuring that comments from ACTRAV were incorporated in the revised proposals. The Workers agreed with the topics for high-level evaluations and supported the point for decision.
115. *Speaking on behalf of IMEC*, a Government representative of France welcomed the report's comprehensive overview but asked for a clearer distinction between internal and external evaluations and those managed by the Evaluation Unit (EVAL) and more information about the evaluation function in future reports. IMEC regretted that the Chair of the Evaluation Advisory Committee had remained vacant for a long time and wished to know if there was a back-up plan for the Committee's continued operation.
116. IMEC supported the high-level evaluations proposed for 2014 and 2015, but requested clarification on the content of the 2015 topic "Integrated approach to economic and social policies supported by UN and multilateral agencies". IMEC cautioned against cumbersome bureaucratic procedures that hampered evaluation reporting and follow-up and looked forward to a significant overhaul of indicators in line with a simplified programme framework.
117. *Speaking on behalf of the Africa group*, a Government representative of Egypt emphasized the need to take into account the uniqueness of each country and its needs and stressed the importance of interactive engagement by constituents, especially in the evaluation of DWCPs. He appreciated the six evaluations funded from the Regular Budget Supplementary Account (RBSA) and encouraged the Office to link allocation of such funds to country outcomes.
118. *A Government representative of India* acknowledged the notable strides achieved in strengthening the evaluation function and agreed with the topics proposed for high-level evaluations. He supported the recommendations to improve the quality appraisal of technical projects.
119. *A representative of the Director-General* (Director, Evaluation Unit (EVAL)) said that 2012 had been a busy year since it had coincided with the implementation of the new evaluation strategy approved in March 2011. Many of the recommendations EVAL had provided on results-based management and accountability had found their way into the new programme and budget proposals, notably those relating to the need for priority setting and teamwork.
120. Regarding the follow-up on recommendations, he recognized that building a culture of evaluation was still a challenge, but significant progress had been made, which would probably be further reinforced by the Director-General's commitment to use evaluation as a management tool.

121. He pointed out that, in order to conduct impact evaluations with rigour, a significant amount of resources and expertise were required and that they were not included in current regular budget allocations. Nevertheless EVAL would continue to work with various large technical cooperation projects in carrying out such impact assessments.
122. The Director-General had appointed the Deputy Director-General for Management and Reform as the new Chairperson of the Evaluation Advisory Committee and noted that, despite the absence of a Chair, the Committee had been able to continue its work on important topics such as the work programme of EVAL and an external review of the quality of ILO high-level evaluations.
123. In response to concerns expressed about constituent participation, he drew attention to EVAL's continued coordination with regions to train constituents and to the strengthening of national evaluation systems. With regard to IMEC's inquiry, he explained that the strategy evaluation proposed for 2014 related to outcome 19 which had never been evaluated hitherto.

Decision

124. *The Governing Body took note of the report and endorsed the recommendations to be included in the attached rolling plan of action for the implementation of recommendations and suggestions to be reported on in the annual evaluation report of 2012–13, and confirmed the priorities identified in the report on the work programme for 2012–13.*

(GB.316/PFA/7/1, paragraph 96.)

Discussions of high-level evaluations: Strategies and Decent Work Country Programmes

(GB.316/PFA/7/2)

125. *The Worker spokesperson* said that the ILO's support to member States to develop inclusive employment policies was important, but she disagreed with the positive findings in paragraph 9, since the ILO had lost much of its capacity compared with 20 years earlier. It currently required more micro-economists and a critical mass of resources. Constituents had to be involved at all stages of employment policy, including targeted capacity building. She concurred with the need to set quality standards for National Employment Policy (NEP) formulation. It would be wise for the field structure review envisaged for 2013 to consider the need for macroeconomic expertise throughout the regions and to make the appropriate adjustments to address Africa's technical gap.
126. The group welcomed all the recommendations in Part I, in particular recommendation 4 calling for tripartite engagement in existing processes. As for recommendation 7, which called on the Office to work more closely with the International Monetary Fund (IMF), she warned that any collaboration would have to be based on ILO values. She also supported a review of indicators to better reflect the greater focus needed on macroeconomic enabling conditions and policy options.
127. Turning to the independent evaluation of the ILO strategy for sector-specific decent work, she said that the Workers were concerned with some findings, particularly those regarding the existence of parallel sets of programming and priority-setting processes. She emphasized the important role played by tripartite sectoral advisory bodies and asked that further consideration be given to adjusting the indicators under outcome 13 of the

programme and budget. As far as the recommendation to integrate the Sectoral Activities Department (SECTOR) and the Better Work programme was concerned, she agreed with the Office response which bore in mind the different management structure of the Better Work programme. Efforts should be made to ensure that the principles of the MNE Declaration were mainstreamed into the work of SECTOR and the Better Work programme and that sectoral approaches were better integrated into DWCPs.

- 128.** She noted with regard to the independent evaluation of the ILO's support to the DWCP for India that trade unions had been actively involved in efforts to organize trade unions, the review of labour laws and the campaign for the ratification of relevant ILO Conventions on freedom of association, collective bargaining and child labour. The Workers' group fully supported the tripartite constituents' call for the ratification of core Conventions during the next DWCP, the proposed focus on organizing the informal economy, capacity building and strengthening social protection floors, as well as on OSH, labour law enforcement, gender equality and decent employment.
- 129.** *The Employer spokesperson*, referring to Part I of the document, agreed with the recommendation that the current indicator framework for employment policy should be revised to make it more ambitious and to ensure that it better captured the policy's real impact on employment on the ground. He endorsed recommendations 2 and 5 on promoting institutional set-ups for budgeting and implementing integrated policies, and linking them to national policy-making processes. He cautioned that the definition of a minimum set of macroeconomic policies would have to be done in close cooperation with the IMF and the World Bank, and he asked for information on the development of a global product for employment targeting. He agreed with the call for more comparative studies and for the stepping up of support for national policy monitoring and evaluation. Regarding recommendation 6, he took the view that the ILO's participation in the post-Millennium Development Goal process must be constituent led.
- 130.** Regarding the evaluation of sector-specific decent work, the report did not adequately reflect the Office's performance on sectoral work or the unique nature of the Sectoral Activities Programme. Furthermore, the evaluation did not adequately reflect the great potential for sector-specific activities. The evaluation focused on known issues, such as the dual governance system, but could have focused more on how to bring about improvements. The Employers supported the recommendation on integrating the sectoral work of the various units that contributed to outcome 13. They also supported recommendations 7 and 8 on balancing constituents' sector-specific needs and the Office's cross-sectoral needs. Follow-up to sectoral meetings was something that the constituents, not SECTOR, should define. Employers did not believe that the integration of SECTOR and the Better Work programme to achieve synergies was possible in view of the independent management structure of the Better Work programme.
- 131.** The evaluation of India's DWCP was especially important because of the country's size and global importance. Noting the overall positive performance ratings, the Employers were keen to receive more information on the impact of the DWCP on the ground in order to interpret the findings more fully. The decisions concerning the next DWCP, including the proposed focus on the informal economy, must be taken by the constituents. Constituents should be involved not only in priority setting but also in programme design.
- 132.** *Speaking on behalf of ASEAN*, a Government representative of Viet Nam expressed his appreciation for the Office's efforts to improve employment policies. The Office could make further improvements by avoiding overlap, strengthening follow-up processes and enhancing internal collaboration. ASEAN encouraged the identification of best practices upon which member States could draw to improve their knowledge. In particular, he thanked the Office for its support for Viet Nam's national employment strategy.

- 133.** *Speaking on behalf of the Africa group*, a Government representative of Egypt stated that the findings from the evaluation of the employment strategy showed the ILO's non-tangible assets, such as its growing international visibility, its voice on employment policy issues, its solid leadership and its impressive technical competencies. Employment in Africa had become a challenge, especially with regard to youth employment. The Africa group agreed with recommendation 3 linking the ILO's work on employment policies with the overall policy-making processes. The capacities of social partners needed to be addressed, as outlined in recommendation 4. The Africa group supported linking national employment frameworks to the post-2015 agenda for poverty reduction, and agreed that enduring institutional frameworks were important following the approval of national employment policies.
- 134.** The Africa group expressed concern at the sector-specific decent work evaluation findings regarding dual management structures and insufficient coordination among departments. A sectoral approach should allow the Office to respond to those issues in a more comprehensive manner. Sectoral approaches in DWCPs should also be better captured. The speaker requested the Office to give special consideration to recommendations 1, 2, 6, 7 and 8 of the report.
- 135.** *A Government representative of the Republic of Korea* considered the increasing attention being given to employment strategy to be timely. He also underscored the importance of governments monitoring and assessing employment policies. He encouraged the ILO to continue supporting employment policy impact assessment.
- 136.** *A Government representative of India* stated that the Decent Work Agenda could contribute to accelerating progress towards achieving the Millennium Development Goals (MDGs) and that DWCP evaluations could play a role in that endeavour. The employment strategy evaluation report highlighted the importance of an operational approach that was aligned with national policies and issues. He requested the Office to recognize the importance of country-led employment policies combined with flexible support from the ILO.
- 137.** The evaluation of India's DWCP documented the support the country received from the ILO in order to address HIV/AIDS, vocational education and skills development. While India appreciated ILO support, the vastness of the country meant that the assistance had been part of India's larger scale interventions, particularly in the informal economy. India concurred that constituents should agree on how the ILO's limited resources would be focused on priority areas in the next DWCP.
- 138.** *A Government representative of Sri Lanka* emphasized the relevance of the ILO's strategy to support the development of Sri Lanka's NEP, which had been launched on 30 October 2012. He highlighted the need to sustain advances by addressing national capacity challenges.
- 139.** *A Government representative of China* called on the ILO to make use of the evaluation findings. With regard to employment strategy, the positive findings of the evaluation were consistent with China's own experience, given that it had successfully integrated national employment policies within its national macroeconomic framework. She encouraged the Office to implement all recommendations.

- 140.** *A Government representative of Canada* welcomed information on the impact of the ILO's work. Regarding the employment evaluation, she supported the recommendations. She expressed concern at the difficulty experienced in measuring the impact of the work of SECTOR, and at the lack of clear linkages among outcomes, strategic priorities, operational planning and resource allocation. She noted the conclusions in paragraphs 70–73 and urged the Office to implement the recommendations. She stressed that the Governing Body did not endorse the conclusions and recommendations of sectoral meetings and that making those recurrent work items would not provide an indication of their impact. She welcomed the lessons learned from the evaluation of India's DWCP, in particular the relevance of the Programme to national development strategies and to the United Nations Development Assistance Framework (UNDAF).
- 141.** *A representative of the Director-General* (Executive Director, Employment Sector) welcomed the conclusions of the evaluation, which were generally positive, objective and constructive. He highlighted the ILO's growing global credibility in employment policy and the new widespread appreciation of the importance of macroeconomic policies to employment owing, in part, to the ILO's post-crisis policy innovation. However, he stressed the need for caution in view of the high demand for ILO support, particularly in Africa. The report would be a timely input for the 2014 International Labour Conference.
- 142.** *A representative of the Director-General* (Director, Employment Policy Department (EMP/POLICY)) confirmed the longer term vision of the strategy but agreed that it was not reflected in the programme and budget indicators and that those would be changed to reflect better support for implementation. The Office had also brought forward plans to support the national monitoring of employment policies, and was engaged in documenting good practices for implementation and building the national and comparative country research base and knowledge platform for those policies.
- 143.** *A representative of the Director-General* (Regional Director, ILO Regional Office for Asia and the Pacific) said that he was committed to following up all the recommendations, which would help to improve the design, planning and implementation of the next DWCP (2013–17) in India and in other countries in the region. He noted that the evaluation findings for all five core criteria were satisfactory. As regards recommendations 1–4, he agreed with the alignment of the DWCP with India's national priorities. A tripartite consultation process and planning workshop held in July 2012 had taken that fact into account. The informal sector would be a priority in the next DWCP, along with youth employment, the development of sustainable enterprises, skills and social protection floor. The recommendation on coordinating policy and programmes at the state and central levels would be reviewed and the Decent Work Team for South Asia and the ILO Country Office for India (DWT/CO–New Delhi) would continue to engage in knowledge sharing to promote South–South cooperation and to strengthen research and training capacity in order to further the Decent Work Agenda in the region.
- 144.** *A representative of the Director-General* (Director, Sectoral Activities Department (SECTOR)) assured the Governing Body that the Office was looking into ways to implement the recommendations. She acknowledged the problem of dual governance, noting that it was not a new problem but had become more acute with regard to dual priority setting within the Strategic Policy Framework 2010–15. SECTOR and the Bureau of Programming and Management (PROGRAM) were working to integrate the sectoral meeting agenda with the programme and budget, with proposed changes to be introduced during the March 2013 meeting of the Governing Body. That measure would serve to distinguish between recurrent work in promoting sectoral standards, codes of practice and guidelines, and the support function for global meetings. Regarding the recommendations for more integration between SECTOR and the Better Work programme, various ways for

them to work more closely were being identified. Finally, SECTOR was looking at ways to better capture sectoral approaches in DWCPs.

Decision

- 145.** *The Governing Body requested the Director-General to take into consideration the findings, recommendations and lessons learned from the three independent evaluations presented in the summary contained in document GB.316/PFA/7/2 and to ensure their implementation.*

(GB.316/PFA/7/2, paragraph 165.)

Personnel Segment

Eighth item on the agenda

Statement by the staff representative

- 146.** The statement by the Staff Union representative is reproduced in Appendix III.

Ninth item on the agenda

Other personnel questions

(GB.316/PFA/9)

- 147.** *The Employer spokesperson* recalled that the matter at hand had been presented to the Governing Body for decision at its 313th Session in March 2012 and had been rejected at that time on the basis that it required greater reflection. After that meeting, the Employers' group had also objected to the interpretation of the Office that there had been no objection to the understanding of the Director-General concerning that agenda item.
- 148.** The question now before the Governing Body was whether or not the interim arrangements should continue, pending a further review to be presented in March 2013, while recognizing that that aspect should also form part of a wider review of the entire human resources strategy. His group supported efforts to modernize the ILO's human resources strategy and to enhance equity, transparency and efficiency, and valued the contributions of the Staff Union to that process within its proper remit. However, the group was not in a position to endorse the proposed measures at that time, as they considered that other ideas should be explored. In particular, he referred to the recent report of the Joint Inspection Unit "Staff recruitment in United Nations system organizations: A comparative analysis and benchmarking framework", which contained a number of recommendations with regard to shortlisting, assessment and selection. He quoted a recommendation from the report concerning benchmark 10 and stated that it was an approach that the group could support and an example of other approaches that should be considered: "Interview, assessment and selection panels comprise at least three individuals all trained in competency-based interviewing techniques. Both genders are represented and one member of the panel is from outside the hiring office. Human resources representatives participate in, at least, an advisory capacity." The group was also in favour of efforts to limit the use

of direct selection to more specific circumstances and encouraged the development of a more concrete strategy in that regard.

- 149.** The Employers' group considered it necessary to provide further clarification on the relationship between collective bargaining outcomes and the authority of the Governing Body in order to avoid similar confusion in the future. In the light of those comments, the group proposed an amendment to the point for decision in paragraph 20 of the document to read "takes note of" instead of "endorses".
- 150.** *The Worker spokesperson* reminded the members of the Governing Body that it was the Governing Body itself that had asked the Director-General to engage in mediation with a view to reopening dialogue within the Office and that the interim arrangements now under consideration were the first positive outcome from that process. She recalled that the industrial relations situation within the Office had been far from positive and was of the opinion that Governing Body members should feel positive about the comments made by the Staff Union representative concerning the role of the Staff Union in the ongoing reform process.
- 151.** The Workers' group welcomed the proposals contained in the document. It recognized the common view of the Staff Union and the administration that the interim arrangements had had a positive impact on recruitment procedures and had even contributed to increased efficiency. That represented an excellent example of good industrial relations. She recalled that the Governing Body should not seek to micromanage the Office, and the moral obligation of the Governing Body to honour collective agreements reached within the Office, in accordance with ILO principles and values. She concluded that the Workers' group supported the point for decision as contained in the document.
- 152.** *A Government representative of India* welcomed the interim arrangements in so far as that they had added transparency, efficiency and quality to the recruitment process, and noted that the use of external assessors had contributed to a more rigorous merit-based recruitment and selection. He emphasized the crucial role of the Human Resources Development Department in overseeing the overall process, and in ensuring that minimum requirements were met, as well as adequate geographic representation and gender balance throughout the Office. A key consideration was the recruitment of qualified staff with the required technical and technological expertise. There was a need to identify ways of improving staff mobility in view of the Office's increased presence in the field, while, at the same time, ensuring cost efficiency through the simplification of recruitment systems. His Government agreed that the Director-General should retain the authority to appoint staff without competition in limited cases, such as experts from non-represented countries, as outlined in paragraph 18 of the document.
- 153.** *A Government representative of Switzerland* recalled that a decision on substance had been deferred in March 2012 due to the lack of consensus on the proposed interim arrangements. Her Government remained opposed to the proposed involvement of Staff Union representatives in recruitment and selection procedures in the ILO. In her opinion, transparency was not guaranteed through the appointment of staff representatives as observers on interview panels. In fact, she viewed the systematic involvement of staff representatives in that context as running counter to the principles of freedom of association in so far as non-unionized staff members could view their presence as undue interference in a process that should be solely driven by the need to attract the best candidate. The involvement of the Staff Union would be particularly inappropriate in the selection process for, and appointments to, senior and management positions. She disagreed with the statement contained in paragraph 11 of the document concerning the alleged added value of the involvement of staff representatives in the identification of upcoming vacancies or in defining means of selection. As to the policies and practices in

other United Nations organizations mentioned in paragraph 13 of the document, she expected further details in the document that the Office would present during the 317th Session of the Governing Body. Such a document should not present revised procedures on recruitment and selection in isolation from an overall review of the human resources strategy and implementing policies. In conclusion, she welcomed the amendment to the point for decision proposed by the Employers' group, as her Government would otherwise not have been in a position to support its adoption.

- 154.** *A Government representative of the Netherlands* welcomed the intended review of recruitment and selection policies in March 2013 and underlined the importance of transparency. He considered there to be no need for a review of the entire human resources policy, as envisaged in the Director-General's reform agenda, and that the issues referred to in paragraph 20(b) of the document should not be excluded from that exercise. Therefore, he supported the amendment to the point for decision proposed by the Employers' group.
- 155.** Those views were echoed by Government representatives of Canada, France and the United Kingdom.
- 156.** *A Government representative of Germany* stressed that the point for decision concerned only interim adjustments to recruitment and selection procedures. He recognized the improvements made in industrial relations processes within the Office and acknowledged that negotiations had been carried out in the spirit of transparency and mutual trust. With regard to substance, he stated that it was common practice in Germany to have staff representatives and management involved in recruitment and selection. In view of the overall review scheduled for March 2013, his Government endorsed the interim adjustments, as well as the point for decision as a whole.
- 157.** *A representative of the Director-General* (Deputy Director-General, Management and Reform) recalled that the Director-General's plan of action for the implementation of the reform process presented to the Governing Body included a priority review of the whole human resources cycle. The review had already started and concrete proposals for change were scheduled to be drafted by April 2013, with implementation commencing as of May 2013. The second subparagraph in the point for decision was not intended to seek final approval from the Governing Body, rather a temporary decision on a limited series of provisional adjustments until a comprehensive set of proposals was presented to the Governing Body for a final decision on recruitment and selection. The Office had taken note of the reservations of several Governing Body members concerning specific aspects of the proposals under consideration and would take them into account in its discussions with the Staff Union with a view to the submission of a full review of the recruitment and selection policy in March the following year.

Decision

- 158. *The Governing Body took note of:***
- (a) the Director-General's intention to revise Office recruitment and selection policies and procedures, and to submit proposals and draft amendments to the Staff Regulations to the Governing Body in March 2013; and*
- (b) the interim arrangements to implement the provisional adjustments to the recruitment and selection procedures presented at its 313th Session, until its overall review of the matter in March 2013.*

(GB.316/PFA/9, paragraph 20, as amended by the Governing Body.)

Appendix I

Statement by the Director-General to the Programme, Financial and Administrative Section of the Governing Body (316th Session – November 2012)

Distinguished members of the Governing Body,
Observers, ladies and gentlemen,

The Declaration of Loyalty I made a few minutes ago is the solemn commitment that the Director-General makes to you, the Members of the ILO. And I will employ all of my abilities and efforts to honour it to the full.

Now we come together to build the basis of another commitment, still more crucial for the success of our Organization. For we must construct not just a vision for the future of the ILO but also the means to make it a reality.

A programme and budget for the coming biennium and a process of reform and of change which – together – can equip the ILO to meet the challenges we fix for ourselves. And then we must commit to work together to make it happen.

Only as joint architects of our future and joint actors in its realization will we succeed. And succeed we must; not as a matter of institutional self-interest, but in the interest of the many millions in the world of work who need the ILO and to whom it is our common duty to respond.

I come to this post convinced of the crucial role of the ILO, committed to its values and to its objectives. For me, this has been a lifelong conviction and it has guided what I have done throughout my working life. And I think you would expect nothing less from your Director-General. And I have no doubt that each of you, representing Government, or employers, or workers, from Africa, the Americas, Asia–Pacific, the Arab States or Europe, shares exactly the same commitment. That is why you are here, and that is why we have all that we need to succeed – so long as we bring also the necessary will and the common purpose.

Our business is social justice. No more, but no less. Our responsibilities are global – we must reach everybody whatever their status, their gender, their colour, whatever their country. And our responsibilities are particularly heavy in respect of the poorest, the most vulnerable, and the most disadvantaged and in the continuing quest for gender equality where the ILO must continue to be a leader. And our arena is the world of work. We must occupy it fully and we must be wary of straying beyond it.

I think the global challenge before us is quite easily stated: getting the world back to work; refusing also the false, if seductive, idea that this can only happen if the quality of work is sacrificed; refusing too to be distracted by the crisis from the task of achieving universal respect of fundamental rights at work. Because that is a central part of rebalancing our global economy, not an obstacle to it.

Today, continuing crisis in that world of work – and we remain in circumstances of global crisis – might apparently make the prospects for social justice appear sombre. There is record joblessness – justified fear that we are losing a generation of young people who will rightly hold us responsible for our failure although in ways we cannot today predict.

Deepening and unacceptable inequality made worse by the closing of avenues of social mobility. There is growing social tension and sometimes there is lethal conflict. Reminders, if we need them, that lasting peace truly depends on the achievement of social justice.

The immensity of the challenges must encourage, not deter us. And the urgency of them should tell us that we do not have the luxury of delay or of indecision.

Opportunity is there because the crucial issues of the day are the ILO's issues.

Opportunity is there because, even with the crisis, the permanence of dynamic change in the world of work means, inevitably, that new perspectives for social progress are still continually arising, but only if we are capable of seizing them. And in just one month in office, I have been able to verify at first hand that these opportunities are within our reach.

We are witnessing transformational change of the world economy, painful, yes, but absolutely real. This is having and will continue to have dramatic impact on the world of work. There are extraordinary shifts in the poles of economic dynamism and in the division of global production and jobs and a recasting of the international and inter-regional relationships that tie us into a single global system. The ILO needs to understand them, needs to learn the lessons, and to integrate them in its work as it has started to do and must continue to do, for example in our South–South cooperation.

The danger that some have seen of the ILO being outdated will not come from our faithfulness to values and objectives set nearly a century ago. But it could come from persisting in the illusion that the world of work continues as it was just a decade ago. And we must not make that mistake.

Distinguished members of the Governing Body,

The process which resulted in my election was keenly and honourably fought. I pay tribute to all those who as candidates or as voters contributed to it. But it also revealed that Members of the ILO were demanding reform and change in our Organization – processes which would equip our Organization better to discharge its unchanging mandate in dramatically changing and difficult conditions.

From the very first day, as I promised, I have given top priority to answering that call. And I have done so not in a spirit of reacting grudgingly to unwelcome external pressure, but in the firm conviction that such change is absolutely necessary, that it is by embracing change that we can become more effective and win, as we must, your political and material support for our work.

This is not change for the sake of change. It is change with a purpose, and I want to spell out clearly what I see that purpose as being. It can be summed up by the over-arching goal of winning more influence for the ILO in promoting global social justice.

We can build on strong foundations. The last decade has seen a qualitative increase in the ILO's visibility and protagonism nationally and internationally. This is my predecessor's and your achievement, and I pay tribute to Mr Somavia for it. The Decent Work Agenda has won acceptance in the international system and common currency among the ILO's own tripartite constituents.

The 2008 Declaration on Social Justice for a Fair Globalization – and every time I read it, it strikes me more and more that this is a prescient and remarkable document – is an invaluable guide along the road ahead. I cannot hope to do justice to its richness in this speech. But let me recall, for the point of illustration, that it stresses the role of sustainable enterprises in furthering the goals of the ILO, just as it does the role of standards, and goes on to underline that our strategic objectives are, and I quote, “inseparable, interrelated, and mutually supportive”. Herein lies a challenge for everyone in this room. It is for the ILO's tripartite constituents to embrace our agenda as a whole. All of this agenda must be of interest and value to all constituents and have their engagement and support. Embracing one element to the exclusion of others inevitably means falling short. And we must do better, reach out to the other and move forward together.

We must use our political capital well.

That must start with the consolidation and reinforcement of the ILO's standing as *the* global reference point on all matters relating to the world of work. Our authority depends on being *the* centre of excellence in those matters. And that, in turn, depends on upgrading our statistical, research and analytical capacities. There is no short cut. We must work hard, organize and invest to be the best, the market leader. Because there is no other sure basis for credible advocacy or for the quality services which our constituents increasingly demand.

This, I have to confess, is not an entirely new idea. Listen to this, a reference to a presentation made by a previous Director-General; it is in French, and I quote: “son intention ... était de prouver par une démonstration tangible que le Bureau international du Travail, loin d'être un instrument destiné à répandre un idéalisme vague et théorique était le réceptacle de renseignements hautement techniques et analysées soigneusement qui pouvait se mettre à la disposition de ceux qui étaient appelés à s'occuper d'un problème industriel déterminé”. That is exactly it. Albert Thomas, 1921. *Plus ça change, plus c'est la même chose*.

So, we must be both relevant in the work that we do and useful to you, our member States. Priorities must be established, and we must have the delivery systems to ensure that the work undertaken translates into real answers to the real questions and problems with which you are called upon to grapple.

And all of this needs to be done - and I want to underline it - with constant regard to the imperative of delivering value for money. That imperative needs to be firmly fixed in the mindset of any international organization at all times. It becomes absolutely primordial in circumstances of severe financial constraints such as those being faced in many countries today. The disciplines acting on public spending and assumed by public administrations must also be assumed by the ILO. And I want to assure you that they are firmly in focus as we embark on reform.

Indeed, the pressing need for efficiency and effectiveness, for better management, for overcoming internal barriers to good work practices in the ILO, be they structural, procedural, geographical, or in communications, has been acted on from the very first day of my mandate. The ILO must deliver as one.

I promised you that redynamizing senior management would come first in the chronology of priorities. I announced a transitional Senior Management Team on 1 October. It is not yet complete but it is up and running. It met this morning. It is a team. It is managing. It is a good start. And on that very first day I also announced what I have presented to you as my “commitment to reform” and two weeks later followed that up with a plan of action for its implementation.

And if you take a look at the screen right now (graphic 1) you will see the 11 headings under which reform will be pursued. We are setting up project teams for each one of these items with clear and accountable leadership responsibilities established at the level of Deputy Directors-General Polaski and Vines, and with time lines for delivery. These time lines are definitely ambitious but they are not impossible, and I believe they reflect in their urgency and their coverage exactly what you expect of us.

Take a look at the 11 headings, and I think you will find in them a determination to hit all of the targets that have been the subject of conversations between us from the beginning of the electoral process, in the transition period, and all of the conversations that I have had with you. The time lines attached to these items of work are variable, but the point is that by the end of next year, with some results coming much earlier, you will have an Organization which I believe will be geared up much better than today to deliver on the Programme and Budget which I am about to address this afternoon.

The preview of the Programme and Budget proposals for 2014–15, which you have before you, needs to be considered in the context of this enabling environment of change and reform. These two elements constitute, in my vision, a mutually reinforcing whole.

In line with the purposes of the reform process, I believe that it is necessary for the Programme and Budget proposals to embody substance and process which promotes prioritization of key issues and the concentration of effort and resources for their achievement. This idea stands at the centre of the preview of proposals before you. These proposals offer a way of overcoming the fragmentation and dispersion of effort which has frequently been criticized by this Governing Body. They would allow critical mass necessary for real impact to be brought to bear on issues which we agree are of critical importance in the world of work. And they enable the ILO to give a very clear and coherent answer to the question of what exactly it is that we are doing to respond to the crisis. We need to be able to give such an answer.

Let me turn now to the question of the selection of the specific issues which are before you as proposed areas of critical importance. They are set out on the screen before you (graphic 2).

I believe, firstly, that it is necessary for all of you – each group, each region – to feel identity and ownership of these issues. They must be relevant, they must be useful.

So each of them seeks to respond to situations which are, firstly, of major and topical importance, affecting large numbers and of high concern in a large number of member States. They must address situations where the ILO can make a difference and where the need for change and improvement is evident. And they have also been the subject of Conference or Governing Body or Regional Meeting decisions or concerns which you, our constituents, have otherwise expressed.

Taken together, I believe that these seven issues reflect appropriate balance across the four strategic objectives of the Decent Work Agenda, and address issues where the ILO simply must make a mark. I hope that you will see in them issues which in your own countries constitute policy priorities – issues on which you believe the ILO should be prioritizing and making a difference.

I think at this point, and in the light of conversations I have had with many of you, a word of explanation is necessary about how these areas of critical importance relate to the existing 19 Outcomes contained in the Strategic Policy Framework 2010–15, which remains in place for the duration of the biennium in question and forms the basis of the results-based management system that the ILO has introduced and must continue to work to improve.

The first point to be made is that it does not seem reasonable or necessary to set aside the Strategic Policy Framework, regardless of the feasibility of so doing. That would imply removing the capacity of the ILO to track and measure in the medium term results in the achievement of objectives it has set through mechanisms it values. Moreover, given that the areas of critical importance that it is proposed to establish would cover only a part of the overall work that the ILO does, it would anyway be necessary to continue to measure all of those other areas today captured under the 19 Outcomes of the Strategic Policy Framework.

As the document before you makes clear, the proposed areas of critical importance do not stand outside the existing outcomes and do not add to them. Rather, they will combine work carried out under several outcomes, and contribute measurably to their more effective, I believe, achievement.

To illustrate the point, have a look now at the example on the screen (graphic 3). It refers – purely as an indicative example – to the challenge of jobs and skills for youth. It shows how work undertaken under the different outcomes under the different strategic objectives can combine to provide critical mass and produce impact on this.

So you will see the outcomes coloured in green – and again, this is purely indicative – might be considered as major contributors to the area of critical importance proposed on jobs and skills for youth. Those other outcomes which have a small green box

in their margin might be considered as having a supporting role. Now, my intention is not to argue about the specific detail of this example, but to illustrate to you that what we are proposing here is to extract from the different outcomes joint inputs that could be put together to address one of the areas of critical importance that I am proposing to you. This is not a case of adding to existing outcomes, creating new ones; it is about putting together our efforts across outcomes to achieve critical mass and to achieve better impact.

The reality is that each of the 19 outcomes today in our Programme and Budget corresponds – accidentally or otherwise – closely to a department or unit of the Office. By setting up task teams which bring together colleagues working on different outcomes (and hence from different structures), we would be able both to bring multidisciplinary approaches to bear on issues in a way which should add to the quality and impact of ILO contributions and also help to dismantle some of the internal silos which, in my opinion and experience, can too often hinder our work. There are a lot of “wins”, I believe, in this type of approach.

This type of teamwork would be built into work plans and feed directly into results in your countries – or through country programme outcomes – to use ILO terminology. This is the ILO working better, to offer higher-quality, relevant and useful services to our member States. And there you see it, different outcomes contributing to task teams, working to produce work plans, putting together resources to deliver better country programme outcomes.

The steps I have sought to outline to you this afternoon could lead us to the ILO that our mandate and our circumstances require, I believe, that we construct together. My aim is to lead you with common purpose towards that shared goal.

An ILO which is a globally influential actor for social justice; a centre of excellence; a responsive provider of quality services; the Organization to which people go as a first option for solutions; an ILO which meets the highest standards of efficiency and probity in the public service; an ILO which is a good employer and which understands that a motivated and talented staff is its key asset.

Add to this one more element to which I attach particular importance and which is not an afterthought: an ILO which has its feet firmly planted in the world of work; close to its constituents; listening to them, learning from them, and responding to them. Tripartism must not only be our way of work; it is our richest resource. Ministries of labour, employers’ organizations and the enterprises they represent and trade unions are not only the constituents we serve – they are that – they are also the roots of our legitimacy and of our expertise. You enable us to apprehend the world of work and to intervene in it effectively.

With these remarks, I have shared with you the course I believe we must set for the ILO, a course guided always by the compass of social justice. You will make your judgements on what I have said and, in the light of our discussions now we will come back in March with more detailed proposals, including – and it is not the smallest matter – for the level of the budget.

As I have had the chance to explain to many of you elsewhere, and following the established practice of the past, I have not at this stage thought it appropriate to enter into the issue of resources. Instead I have put before you my vision for the future of the ILO and it is for you, the Governing Body, to assess its value and to decide what you wish to invest in it.

I am conscious – it could not be otherwise – of the financial constraints acting on many member States. I am respectful of them, and that will show in terms of the rigour which will be applied in the financial management of the ILO, and in terms of the resource proposals I will present in March. They will be formulated through close consultation.

It is not the moment for the Governing Body to enter into the substance of this resource debate. But let me simply recall at this juncture – as you see in the graphic before you – the record of financial restraint – if that is the correct word – exercised by the ILO in recent years. It is shown on the screen with the green line at the top showing that in real terms the ILO's Programme and Budget has flat-lined over successive biennia. The blue bar represents the proportion of resources dedicated to technical work and to the regions; the red bar the resources dedicated to administration and support services (graphic 5). Quite constant, but I would draw your attention to the fact that in the red bar we have had to absorb a number of new functions for the Organization, for example in respect of oversight and evaluation which you have considered to be necessary to our good governance.

I close by reiterating my gratitude for the confidence you have placed in me and my determination to be worthy of it. I cannot, of course, offer guarantees of success in that regard, but you have absolute assurance that I will bring all my efforts and abilities to the task, as will my colleagues in the Office, which I am proud to be a part of and to lead.

I thank you for your attention.

DRAFT

Appendix II

The Director-General's response to the issues raised by Governing Body members during the debate (316th Session – November 2012)

Let me start by thanking all who spoke in the debate on the preview of my programme and budget proposals – from the Employers' and Workers' groups and from Governments.

I will respond to the substance of your remarks in a moment, but it is worth recognizing at the outset that the Governing Body was able to have a very concrete exchange, focused on very tangible issues with commendable economy in the use of time.

If the document presented to you helped in this regard then that is cause for satisfaction, and my colleagues and I will continue to work to facilitate this way of working. It is very much in line with the intention of the Governing Body reform.

The debate yesterday lent strong support – I believe it was unanimous – to two features of the proposals I put before you:

- firstly, the commitment to reform and change;
- secondly, the emphasis placed on prioritization around areas of critical importance.

Naturally, this is encouraging. But your support was accompanied by a number of comments and questions, too.

On reform, it was said by a number of you that you would have liked and expected to see in the document more detail about what the content of reform will actually be, rather than the abbreviated outline that you received.

This is fair comment and I want to draw your attention to the “plan of action” on the implementation of the commitment to reform, which was released on 15 October and distributed to government regional coordinators and group secretariats. It is available now in the room in the different languages. It answers explicitly the specific issue of timelines for change. They are there. But I would accept that it is not the whole answer. Nor can it be. Because, while understanding the Governing Body's eagerness, and sharing some of the impatience you may feel – one month in – it is not possible to anticipate all of the content – design, review, implementation – of the different items for reform. This is a deliberately inclusive and participatory process, and the answers are not pre-cooked.

But it is clearly incumbent upon the Office to keep the Governing Body fully updated on progress, and to seek guidance from you as we go along. For that reason, I think it would be wise to include a progress report on the agenda of our meeting next March.

On prioritization – and here I will address the process, not the choice of areas of concentration, which comes later – the strong support you expressed came with some concerns about how this could fit into the existing Strategic Policy Framework with its 19 established outcomes.

One objection – and I fully understand it – was that we ran the risk of adding complexity and heaviness to organizational and procedural areas which are already quite complex enough, and this would be to the detriment of efficiency and clarity. We must avoid that danger, and we can do so. No new permanent structures will be set up. Management will need to, and will organize, transversal teamwork – which you all want – in a manner which cuts through internal obstacles and does not add to them. We are aware of the pitfalls and that will help us to avoid them.

A more fundamental point concerns the structural relationship between the 19 Strategic Policy Framework outcomes and the proposed areas of critical importance. Some even raised the possibility of discarding the outcomes entirely.

Let us just recall their nature and content and their origins and purpose. When first presented to the Governing Body by my predecessor they were 14 in number. The Governing Body decided that they should be increased to 19. And we are all aware that they were introduced as cornerstones of results-based management, which stands as the key advance in our management and accountability systems.

What these outcomes cover in essence, I paraphrase in the interests of time:

- employment promotion;
- skills development;
- sustainable enterprises;
- social security;
- working conditions;
- safety at work;
- migration;
- HIV/AIDS;
- employers' activities;
- workers' activities;
- labour administration;
- social dialogue and industrial relations;
- sector-specific activities;
- international labour standards;
- each category of fundamental principles and rights at work; and
- mainstreaming of decent work.

My own notes show that – almost without exception – the substance of all of these outcomes was the subject of positive comments in the Governing Body yesterday. Our document and presentation also made the case of how suggested areas of critical importance can, and I am convinced should, sit within this framework.

Yes, we need to reform it and improve it, but it would surely be a mistake to discard it. In any case, we will soon have to turn to a detailed consideration of what comes after its expiry.

What then were your views on the specific content of the seven proposed areas of critical importance? Let me group my reactions.

There were five areas where support from the Governing Body was strong – again accompanied by comments which will help us to better refine our proposals for March.

These five are in respect of:

- jobs and skills for youth;
- social protection floors;
- workplace compliance through labour inspection;
- productivity and working conditions in small and medium-sized enterprises; and
- the rural and informal economies.

Let me comment briefly on each.

On youth, we will be discussing at this session the follow-up to this year's discussion by the International Labour Conference, and this will assist us moving towards the March 2013 session of the Governing Body. Skills is a key point, but not the whole story. Policy environment and entrepreneurship must be present, too, and we need to be practical – hands on – in our approach.

On social protection floors, we likewise have the guidance of the new Social Protection Floors Recommendation, 2012 (No. 202), adopted by the 101st Session of the International Labour Conference, as well as widespread international system support. It is well understood that our task is about nationally determined floors, constructed within the available fiscal space of each country and by each country.

On labour inspection, we have the conclusions of the 100th Session of the Conference to work with, as well as relevant standards. I was struck by comments made yesterday about the responsibilities of the State in ensuring effective public labour inspection, but also the complementary inputs that can come from the social partners. So capacity building for such partnerships, where conditions are appropriate, should be taken on board.

On small and medium-sized enterprises, our challenge, quite simply, is surely to help ensure that these enterprises – the primary source of jobs around the world – become sustainable, successful providers of decent work. This goes to the heart of the issue of sustainable enterprises in the setting of the Decent Work Agenda.

On the rural and informal economies, general enthusiasm at the prospect of the ILO renewing its focus on sections of our economies that involve very large proportions of the world of work, and where decent work deficits are often high, was somewhat tempered by the concern that the proposal was actually bundling together two different sets of issues. While linkages certainly do exist, these objectives do require further reflection. I do not believe the Governing Body would want to see us simply discard one or other element – they are each too important. But let us see if we would have to separate them into distinct strands of work and how we can reflect this in our proposals in March.

The clear message that work on the informal economy should focus sharply on formalization is well understood.

This takes me to the two other proposals where I detected some more basic concerns.

Contrasting and strong views were expressed on the issue of protection against unacceptable work. I believe that they can be reconciled, notably by giving better definition and clarity to what is intended. It is true that “unacceptable” work is not standard ILO usage – even if it is a concept that carries a strong, values-based message (used, for example, to good effect by the World Bank in its recently published *World Development Report 2013: Jobs*) – and can lead to misunderstanding and doubts. So let me say that what we are targeting here are situations which place the lives, health and dignity of people at risk and keep households in conditions of extreme poverty. These should be unacceptable to us all. Tackling them corresponds to my understanding of our responsibilities in respect of social justice and towards the most vulnerable. There will need to be links to our supervisory mechanisms in this work, and the Conference's conclusions on fundamental principles and rights at work underlined the need to work in an integrated manner across the different categories. Yet the issue is not reducible to fundamental principles and rights at work alone.

I intend, then, to refine this area of proposals accordingly, with all of your views firmly in mind.

Finally, the proposal on crisis responses, reform and dialogue, as formulated, did not meet with wide approval from any group, and so we need to move on from it.

Interestingly, though, significant interest – expressed firstly by the Employers – was forthcoming in respect of workplace relations and social dialogue. I think there is scope, then, to pick up on this thought and to formulate a new area of critical importance, which would address workplace relations and dialogue in conditions of change and reform. I would intend to explore this idea in my proposals in March.

Distinguished members of the Governing Body,

In this way, I hope to be in a position to present to you detailed proposals in March, which will draw on this very helpful discussion and meet with your approval.

In so doing, let me signal too that I understood three further messages emanating from your different groups. They will also shape our approach.

First – and I said this in my introduction yesterday – the ILO must be a serious actor in getting the world back to work. When the score is over 200 million out of work and rising, the emphasis is about jobs – decent jobs. You will see this reflected in March, clearly and strongly.

Second, and not unconnected, the ILO must continue and strengthen its role in rebalancing the world economy for strong and sustainable growth. I have set out on a number of occasions how I think we need to go about this, not as an aspiration but as a practical programme of work. Part of that must be establishing the appropriate, central role for the ILO in the post-2015 international development agenda, which we will be discussing soon. My view is that we should look to establish a specific decent work goal in that agenda.

And third, as was said from the Government benches particularly, in the light of developments in the Conference Committee on the Application of Standards in June 2012, our Organization cannot allow itself to fall victim to what was described by one speaker as “prolonged crisis” in respect of our standards-related work. I could not agree more. The fact that this issue did not figure in my proposals in no way diminishes its significance. It is simply that it is a different type of issue – basically political and legal, rather than programmatic.

But the comments made offer me the opportunity to reiterate that we need to build agreement as a matter of urgency on the outstanding and fundamental issues pending. Our standards function is crucial, absolutely crucial, to what we do – to everything. So we must get it right, and soon. We will work with you to do just that.

Finally, as I have already said, I will be coming back to you very soon after this session of the Governing Body on the resource issue. We know the constraints. And you can be sure that there will be transparency and consultation.

Appendix III

Statement by the Chairperson of the Staff Union Committee to the Programme, Financial and Administrative Section of the Governing Body (316th Session – November 2012)

Monsieur le Président,

Mr Director-General,

Members of the Governing Body,

Dear colleagues here with us, and those following via the Intranet,

First of all, Mr Chairperson, allow me to congratulate you on your election as Chairperson of the Governing Body. We are convinced that the way in which you presided over the International Labour Conference in 2010 and your commitment to social dialogue and good governance place you in a strong position to guide the Governing Body at this time.

Let me also, in this my first speech to the Governing Body following his election, congratulate the Director-General, who takes the reins of this Organization at what we all recognize is a critical juncture in its history.

In any major international organization, a transition such as this always represents an opportunity for change. Here in the ILO, the demand for that change, and the need for change has never been greater. Calls for reform have been growing, and responding to these demands was one of the pillars of the Director-General's vision statement. The discussions surrounding the programme and budget preview yesterday were illustrative of your high expectations for reform.

It may come as a surprise to some that calls for change have come from the staff as well. This has been demonstrated by the overwhelming response to the consultative process which was launched as part of the transition. The staff were keen to make their voices heard, and to *be a part of* this process.

Concerns raised, both directly by the staff and through our Union centred on such issues as:

- security – physical security, job security and precarious work;
- merit and transparency, including but not limited to recruitment procedures;
- differences in treatment – between categories of staff, or between so-called technical cooperation staff and those on the regular budget; and
- ensuring respect for the principle of “equal pay for work of equal value”.

Allow me to elaborate on just one of these points. When we met with the Director-General following our recent annual general meeting, we brought to his attention a motion which was unanimously adopted in relation to the security of staff. The motion recalled the right to physical integrity and security as a fundamental human right, and stressed that all efforts be undertaken to definitively address the issue of discrimination in relation to security measures and entitlements.

While we recognize the important advances made over the last years in professionalizing our field security, we regret the problems which continue to be faced in providing security – mainly for locally recruited and technical cooperation staff. We

believe that the comprehensive review of the field structure and technical cooperation which has been launched as part of the reform must give highest priority to this issue.

In addition to these technical issues, the Union went a step further in its proposals, stressing the importance of “proper industrial relations procedures” and making concrete suggestions to address certain problems which have long plagued industrial relations in the ILO. There seems to be convergence with the Director-General on this point, where he noted in his vision statement that good industrial relations were both “core ILO values and a guarantee of fairness and efficiency at work”.

As much as we have readily criticized management when things were not going well, we need to express optimism if we seem to have turned a corner. You have before you today several examples of concrete progress made to this end.

First, the travel policy was identified as an area where change was required, recognizing the political and economic realities existing in many of our own member States, as well as the need to realize savings in this area in an effort to protect jobs in the future. I will not pretend that the negotiation process was simple, or that the staff will welcome some of the cuts which will result.

But through negotiation – through *dialogue* – we found a solution which delivers the cost savings which this Governing Body called for, balanced against some low-to-no-cost considerations which favour the safety and health of staff and their work–life balance. Through negotiation, we have agreed on a package which *balances* efficiency demands with the legitimate needs of the staff – including their own health and productivity – and thus enabling the Office to continue delivering responsibly.

You also have before you a paper related to our recruitment and selection procedures, which are also a positive outcome of negotiation. I should specify that this was not just negotiation, but the product of the mediation which was carried out and reported to the Governing Body. Without getting into the details of the policy itself, which has been outlined in the Office’s paper, the interim measures agreed were part of a package which aimed to introduce best practice, improve transparency and staff confidence in the outcomes, and streamline the overall process.

We now, with the benefit of concrete experience, know the value of this negotiated outcome.

Procedures are now streamlined. Timelines are shortened. Transparency has increased with the involvement of a Union observer.

This approach of including observers was inspired by systems in place in many countries, whether in the civil service or academia. It corresponds with the conclusions of a timely report of the Joint Inspection Unit entitled “Staff recruitment in United Nations system organizations: A comparative analysis and benchmarking framework”, which stated, and I quote: “*Greater participation of staff representatives would also help to add legitimacy to the process.*”

This interim agreement has proven its value. As with the travel policy, it, too, *balances* the need for efficiency with transparency and confidence in outcomes.

Through these two examples, travel and recruitment and selection, what is at stake here transcends the content of these agreements. It shows forward progress in establishing and reinforcing an effective system of labour relations.

Cela fait honneur aux valeurs de dialogue et au principe de relations professionnelles saines que notre organisation défend à travers le monde.

This dialogue-driven approach seems very much to be bearing some fruit in other areas as well. The Union welcomed its inclusion, as an observer, in the building renovation steering committee. We welcomed the consultation of the staff as a whole, through “town-

hall” meetings, and we complemented this with a survey, to which more than half of the staff at headquarters responded.

The views of the staff were clear – while welcoming the possibility of new common spaces for informal meetings and exchanges, respondents stressed the need for office layout to reflect the *type* of work they do. This fits logically with our objective of turning the ILO into a centre of excellence in research, policy advice and technical cooperation.

As with the transition process as a whole, this consultative process provided rich information and experience from the staff. But what will happen with these inputs now? How will they be used to inform decision-making? And what feedback will be provided to the staff following this interactive process? The answers to these questions will be essential to sustain staff engagement.

The same holds true with regard to the reform process as a whole.

As the Director-General stated in his response to you just this morning, the reform process is “a deliberately inclusive, participatory process”, and that “answers are not pre-cooked”. We welcome this sentiment. Such an approach is a *sine qua non* for staff buy-in, and, ultimately, for success.

That change will happen goes without saying. This participatory approach – including appropriate consultations with the Union itself – ensures that change will be *introduced with* – rather than *happen to* – the staff.

This is not about “co-management”. It never has been. Nor does it take away the ultimate responsibility, or the accountability, of management for running the house.

While reform must be responsive to the expectations you have set here over these days, real reform will also benefit from inputs from those who will carry the load. Real reform can only be sustainable if it strikes a *balance* – between the expectations of those who provide the Office with its mandate as well as the means to achieve the objectives you have set, and those who will carry that mandate through to successful outcomes.

As mentioned by the Director-General to you immediately following his election, this “is not a conspiracy against good decision-making”.

Such a dialogue-driven approach is a foundation of the ILO’s work, and it is what we, both Union and management, have committed to apply here in the house, not in theory, but in practice. Collective bargaining, consultation and negotiation are not used as mere buzzwords, but as key tools for delivering on a successful and sustainable process of reform.

Thank you.

Appendix IV

Update of member States' contributions received between 1 October and 6 November 2012

Since 1 October 2012, contributions for 2012 and prior years amounting to CHF4,587,968 have been received from nine member States as follows:

Member States	Contributions received for 2012	Contributions received for arrears	Total contributions received in Swiss francs
Albania	–	21 000	21 000
Bangladesh	60	–	60
Israel	967 299	132 701	1 100 000
Italy	3 394 940	–	3 394 940
Jordan	50 507	–	50 507
Kenya	–	6 691	6 691
Latvia	2 145	–	2 145
Panama	9 895	–	9 895
Serbia	2 730	–	2 730
Total	4 427 576	160 392	4 587 968

Including contributions received between 1 October and 6 November 2012, the total contributions received in 2012 amounts to CHF343,963,935. Of this amount, CHF245,825,589 represents contributions for 2012 and CHF98,138,346 represents contributions for arrears.

The balance due as of 6 November 2012 is CHF150,351,369.

Appendix V

Terms of reference for the Independent Oversight Advisory Committee of the International Labour Office

Purpose

1. The Independent Oversight Advisory Committee (IOAC) is a subsidiary body of the Governing Body. It serves in an expert advisory capacity and provides independent, external, senior level, expert advice to the Governing Body and to the Director-General in fulfilling their governance responsibilities, including ensuring the effectiveness of the International Labour Office's (ILO) internal control systems, risk management and governance processes. The IOAC aims to add value by strengthening accountability and governance within the ILO.
2. The IOAC will provide advice to the Governing Body and the Director-General on:
 - (a) the quality and the level of financial reporting, governance, risk management, and internal controls in the ILO;
 - (b) the responses and actions taken by ILO management on internal and external audit recommendations;
 - (c) the independence, effectiveness and objectivity of the internal and external audit functions; and
 - (d) the interaction and communication between the Governing Body, the External Auditor, the Chief Internal Auditor, and ILO management.

Responsibilities

3. The specific responsibilities of the IOAC include advising the Governing Body and the Director-General on the following:
 - (a) Financial statements: issues arising from the audited financial statements and reports produced by the External Auditor for the Governing Body.
 - (b) Accounting: the appropriateness of accounting policies, standards and disclosure practices and any changes and risks thereto.
 - (c) External audit: the scope, plan and approach of the External Auditor's work. The IOAC may be requested by the Governing Body to provide advice on the appointment of the External Auditor.
 - (d) Internal audit: the scope, plan, resources and performance of the internal audit function and the appropriateness of the independence of this function.
 - (e) Risk management and internal controls: the effectiveness of the ILO's internal control systems, including the Office's risk management and internal governance practices.
 - (f) Financial regulations and rules: the operation and effectiveness of the Financial Regulations and Financial Rules.
 - (g) Compliance and probity: the systems established by the ILO to maintain and promote compliance with laws, regulations, policies and high standards of integrity and ethical conduct to prevent conflicts of interest.

Authority

4. The IOAC shall have all the necessary authority, including free and unrestricted access to information, records or staff within the ILO in order to fulfil its responsibilities.
5. The IOAC will have unrestricted and confidential access to the Chief Internal Auditor and the External Auditor, and vice versa.
6. Any proposed amendment to these terms of reference shall be submitted to the Governing Body for approval before becoming effective.
7. The IOAC, as an advisory body, has neither executive authority nor other operational responsibilities.

Composition

8. The IOAC shall comprise five independent expert members serving in their personal capacity.
9. Professional competence, experience and integrity shall be of paramount consideration in the selection of members. Membership shall reflect the tripartite and international nature of the International Labour Organization and have due regard to:
 - (a) geographical distribution;
 - (b) gender balance;
 - (c) public- and private-sector experience; and
 - (d) developed and developing countries.
10. All IOAC members should have experience and appropriate qualifications as a senior oversight professional, auditor or senior financial manager.
11. All IOAC members shall be proficient in at least one of the three working languages of the ILO.
12. To undertake their role effectively, members of the IOAC should possess knowledge, skills and senior-level experience in at least one of the following areas:
 - (a) finance and audit;
 - (b) organization governance and accountability structure, including risk management;
 - (c) senior-level management;
 - (d) the organization, structure and functioning of the United Nations system and/or other intergovernmental organizations; and
 - (e) a general understanding of the ILO's mandate, values and objectives.Collectively, the committee should possess knowledge, skills and senior-level experience in all of the above areas.
13. Members should have, or acquire rapidly, an understanding of the mandate, values and objectives of the Organization, its tripartite governance and accountability structure and the relevant rules governing it, and its organizational culture and control environment.

Independence

14. Since the role of the IOAC is to provide objective advice, members shall remain independent of the International Labour Office, the Governing Body and the International Labour Conference, and shall be free of any real or perceived conflict of interest.

15. Members of the IOAC shall:
- (a) not hold a position or engage in any activity that could impair their independence from the ILO;
 - (b) not currently be, or have been within the three years prior to appointment to the IOAC, employed or engaged in any capacity by the ILO, or have an immediate family member (as defined by the ILO Staff Regulations) working for, or having a contractual relationship with, the ILO;
 - (c) not currently be, or have been within the three years prior to appointment to the IOAC, a member of the ILO Governing Body nor have an immediate family member (as defined by the ILO Staff Regulations) serving as a member of the ILO Governing Body;
 - (d) not currently be, or have been within the three years prior to appointment to the IOAC, an employee of a member of the United Nations Panel of External Auditors or a member of the Joint Inspection Unit; and
 - (e) not be eligible for any senior employment with the ILO for at least three years immediately following the last day of their tenure on the IOAC.
16. IOAC members shall serve in their personal capacity and shall not seek or accept instructions in regard to their work on the IOAC from any government, constituent or other authority internal or external to the ILO.
17. Members of the IOAC shall sign an annual declaration of independence and statement of financial interests (Appendix I).

Selection, appointment and term

18. Members of the Committee shall be appointed by the Governing Body following a triennial tripartite selection process as set out in the following paragraphs.
19. The Director-General shall:
- (a) invite ILO Governing Body members and other member States to nominate individuals who are deemed to possess appropriate qualifications and experience as specified in this document; and
 - (b) place in reputable international magazines and/or newspapers, and on the Internet, a call for expressions of interest from suitably qualified and experienced individuals.
- Member States nominating individuals under subparagraph 19(a) above and applicants responding to the expression of interest under subparagraph 19(b), shall be requested to provide the same information, including a detailed curriculum vitae in English, French or Spanish, and within the same time frame.
20. The Director-General shall, in consultation with the Officers of the Governing Body, engage an external consultant, specialized in the recruitment for senior positions, to screen all applications, interview candidates deemed suitable, and prepare a shortlist of the most suitable candidates (not exceeding 15) based on the criteria contained in paragraphs 10 and 12 above. In finalizing the shortlist, the consultant shall have regard to the diversity referred to in paragraph 9. The consultant shall also provide a report containing a brief assessment of the unsuccessful candidates. The consultant will be engaged following a competitive procurement process in accordance with the ILO's Financial Rules and related procedures, the results of which shall be reported to the Governing Body.
21. A selection panel (comprising a representative of the Government group chair, representatives of regional groups, the Employers' group and Workers' group) shall receive the consultant's report, review the shortlisted candidates, taking into account the criteria contained in this document, and propose a list of candidates, equal to the number of

current vacancies on the IOAC, to the Officers of the Governing Body. The information to be provided to the Officers shall include each candidate's name, gender, nationality, qualifications and professional experience. The decisions of the selection panel will be made to the extent possible by consensus. If there is no consensus the issue will be referred to the Officers.

22. The Officers shall review the proposal and, if in agreement, refer it to the Governing Body for final consideration and approval.
23. The selection panel shall also create and retain a list of suitably qualified candidates for consideration by the Officers and the Governing Body, in order to propose alternative candidates should any candidate of the first list not be approved by the Officers or the Governing Body, or to fill a vacancy arising for any unforeseen reason (for example resignation or incapacity) during the term of the Committee.
24. Members of the IOAC are appointed to serve for a term of three years, renewable for a second and final term of three years, which need not be consecutive. To ensure continuity of membership for future mandates, two of its five members shall be appointed in November 2012, for a single non-renewable term of three years to be decided, if necessary, by the drawing of lots. Members of the inaugural Committee whose mandate ends in November 2012 may present their candidature for one further non-renewable term of three years.
25. The Chairperson shall be selected by the IOAC members from among their number and shall serve in this capacity for a maximum of one three-year term.
26. A member of the IOAC may resign his/her membership by giving notice in writing to the Chairperson of the Governing Body. A special temporary appointment for the remainder of the outgoing member's term shall be made in accordance with the provisions set out in paragraphs 23 and 27 to cater for such a vacancy.
27. A member appointed by the Governing Body during the term of the Committee shall serve the remainder of the term of the outgoing member and shall be eligible for reappointment to the IOAC for a second and final term.
28. An appointment to the IOAC may only be revoked by the Governing Body.

Meetings

29. The IOAC shall meet, in principle three times per year, normally in January, May and September, but not less than twice per year. The exact number of meetings per year will depend on the agreed workload for the IOAC and the most appropriate timing for consideration of specific matters. Interpretation shall be provided during the meetings, as necessary, in the three official languages of the ILO.
30. Subject to these terms of reference, the IOAC may establish its own rules of procedure to assist its members in executing their responsibilities. The IOAC rules of procedure shall be communicated to the Governing Body for its information.
31. The IOAC's deliberations shall be through group discussion. As such members are expected to attend all scheduled sessions of the Committee. As members serve in a personal capacity, alternates are not permitted. The quorum for the IOAC is three members.
32. The Director-General, External Auditor, Treasurer and Financial Comptroller, Chief Internal Auditor and the Ethics Officer, or their representatives, shall participate in meetings when invited by the IOAC. Other ILO officials with functions relevant to the items on the agenda of the IOAC may likewise be invited.

33. The deliberations of the IOAC and the minutes of its meetings are confidential. All documents and information submitted to or obtained by the members shall be used solely for the purposes of the IOAC deliberations and shall be treated as confidential.

Reporting

34. The Chairperson of the IOAC will present an annual report containing advice, observations and recommendations as appropriate, both in writing and in person, for consideration by the Governing Body at its March session.
35. Interim reports addressing key findings and matters of importance may be submitted to the Governing Body at the discretion of the IOAC or request of the Governing Body, at any time. The Chairperson of the IOAC may inform the Officers of the Governing Body at any time of any serious governance issue. The Chairperson of the Governing Body shall also ensure consultations with the Government group of the Governing Body.

Administrative arrangements

36. Members of the IOAC will provide their services pro bono.
37. Members of the IOAC shall, in accordance with the travel procedures applying to members of the Governing Body:
- (a) receive a daily subsistence allowance for periods of attendance at IOAC meetings or when on other official IOAC business; and
 - (b) for those not resident in the Canton of Geneva or neighbouring France, be entitled to reimbursement of travel expenses, to attend the IOAC sessions.
38. The Treasurer and Financial Comptroller's office will provide secretariat support to the IOAC.

Appendix I

International Labour Office

Declaration of independence of members of the Independent Oversight Advisory Committee

I _____ declare to the best of my knowledge that, having read the terms of reference of the International Labour Office's Independent Oversight Advisory Committee (IOAC), I am eligible to serve as a member of that Committee. I undertake to discharge my functions and responsibilities as a member of the Committee with the interests of the International Labour Organization alone in view and not to seek or accept instructions in regard to the performance of these functions from any government, constituent organization or other authority external or internal to the International Labour Organization.

I also declare that I have no personal, financial or other interests that could or could be seen to influence the advice I am giving in the course of my duties as a member of the IOAC.

To the best of my knowledge, no member of my immediate family has personal, financial or other interests that could or could be seen to influence the advice I am giving in the course of my duties as a member of the IOAC.

Should there be any change in my relationship with the International Labour Organization with respect to my independence, I will immediately inform the Chairperson of the ILO Governing Body.

Signed: _____

Date: _____