



TENTH ITEM ON THE AGENDA

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

	<i>Page</i>
Programme and Budget for 2006–07	1
ILO programme implementation 2006–07	9
Preliminary consultation on the Strategic Policy Framework for 2010–15	17
Review of the ILO field structure.....	23
Follow-up to the report of the Chief Internal Auditor a.i. for the year ended 31 December 2006.....	28
Report of the Chief Internal Auditor for the year ended 31 December 2007	29
Delegation of authority under article 18 of the Standing Orders of the International Labour Conference.....	31
Technical meetings reserve	32
Programme and Budget for 2008–09: Collection of contributions from 1 January 2008 to date	35
Report of the Building Subcommittee.....	36
Other financial questions.....	38
 <i>Appendices</i>	
I. Director-General’s address to the Programme, Financial and Administrative Committee (12 March 2008)	41
II. Revised proposed allocation of resources from the Special Programme Account.....	47

1. The Programme, Financial and Administrative Committee (PFAC) of the Governing Body met on 12 and 13 March 2008, chaired by Mr D. Jayatilleka. Mr Barde and Mr Blondel acted as Vice-Chairpersons. Mr Barde was the Reporter.
2. The order of discussion proposed in document GB.301/PFA/TOB was agreed.
3. The Director-General made a statement introducing the major policy papers before the Committee. The statement is appended to this report.

Programme and Budget for 2006–07

(First item on the agenda)

4. The Committee had before it three papers¹ on the regular budget account and Working Capital Fund as at 31 December 2007.

(a) Regular budget account and Working Capital Fund as at 31 December 2007 (including transfers between budget items)

5. Mr Blondel, speaking on behalf of the Workers' group, said that he was pleased to note that the situation with regard to the payment of contributions was more satisfactory compared to the previous year. He thanked countries that had paid their contributions on time, as even though they were fulfilling an obligation, they thereby averted difficulties for the Organization. The countries that had not paid their contribution for more than two years were in a difficult situation that was detrimental to the Office; he asked for some specific personal contacts to be made in order to rectify each situation. Noting that some countries had had their right to vote reinstated as a result of financial arrangements, he said that he would like that solution to be used as frequently as possible.
6. Mr Barde, speaking on behalf of the Employers' group, said that he was pleased to note that the Organization was in good financial health. However, he expressed concern about the spending trends of the last months of 2007 and requested the Office to ensure better management of its resources throughout the financial period.
7. The representative of the Government of the United States referred to paragraph 6 of the document on the expenditure for carbon emissions for 2006–07. She asked the Office for an estimate of expenditure for the next biennium, and urged that the ILO carbon offset funds be invested in energy efficiency improvements of the ILO building.
8. The Treasurer and Financial Comptroller, responding to the question of the previous speaker, indicated that the sum of US\$131,000 was based on air travel undertaken in 2007. He estimated that the equivalent amount for the 2008–09 biennium would be US\$262,000.
9. The Committee took note of the document.

¹ GB.301/PFA/1/1, GB.301/PFA/1/2 and GB.301/PFA/1/3.

(b) Treatment of the net premium earned

- 10.** Mr Blondel, speaking on behalf of the Workers' group, welcomed the Office's initiative to propose transferring to the Building and Accommodation Fund the sum of approximately 32 million Swiss francs resulting from the forward purchasing of the dollar requirements for the Organization's budget, in other words the "net premium" for 2006–07. The level of acceptance for that initiative would be a measure of the intentions of the members of the Governing Body with regard to the dual cost entailed by the Organization's next strategic framework and the start of the renovation of headquarters, which was now essential. If funding could not be found for it, a portion of the funds allocated to the strategic framework would have to be sacrificed regularly. He thanked in advance the governments that were prepared to accept the point for decision.
- 11.** Mr Barde, speaking on behalf of the Employers' group, said that the renovation of headquarters was a priority for the Employers, since there was such significant deterioration. Any profit and budget surplus should be reallocated to finance that building work. However, the decision to reallocate the net premium was above all a decision for governments. He said that he would like the entire sum to be transferred to the Building and Accommodation Fund in order to avoid drastic future cuts in the activities budget. He therefore recommended to governments that the point for decision be adopted.
- 12.** The representative of the Government of the Russian Federation pointed out that, as the figures in the paper were preliminary and that official figures would only be received once the accounts had been signed by the External Auditor, it was too early to decide on how to deal with the surplus. He appreciated however that the Office had supplied information and plans for the future. He stressed that his Government did not support changes to the ILO Financial Rules and Regulations. He asked the Office to prepare and distribute a table on the breakdown of how the US\$32 million net premium would be shared among member States and in the same table the US\$18 million from the Special Programme Account. He requested a transparent plan to be submitted for the renovation of the building, prepared by experts and reviewed by an oversight committee.
- 13.** The representative of the Government of South Africa, speaking on behalf of the Africa group, supported the point for decision emphasizing the importance of a conducive working environment.
- 14.** The representative of the Government of Australia, speaking on behalf of Australia, Switzerland, the Czech Republic and Korea, supported the proposal in paragraph 6 of the document. These five countries noted that, as early payers of contributions, they would benefit from the distribution of the net premium earned under the Financial Regulations. However, they deemed it appropriate and financially responsible to derogate from the Financial Regulations and, on an exceptional basis, proposed that the entire net premium earned should be applied to the headquarters building refurbishment.
- 15.** The representative of the Government of Mexico noted the conclusions of the study on the renovation of the headquarters building, to the effect that some of the technical installations, equipment and material had reached the end of their useful life or needed to be replaced for security reasons or to save energy. For the security of the ILO staff and of participants in ILO meetings, his delegation therefore supported the point for decision.
- 16.** The representative of the Government of Canada stated that, according to Canadian government policy and financial regulations, any surplus should be returned to member States as a credit. This was also its position in 2002. The ILO Financial Regulations were amended in 2003 so that these surplus funds could be transferred to a Special Programme Account. While this amendment was not supported by the Canadian Government, it was

not disputing that these surplus funds were those of the ILO to be used in accordance with the decision of the Governing Body. He stressed that both the surplus and the net premium should be credited against next year's assessment. He stated that his Government was supportive of the renovation of the headquarters building but it should be addressed through the regular budget process and not depend on a surplus. He emphasized that it would be bad policy and a precedent if this new practice went ahead. He suggested that it was a matter for each member State to which money was owed from the net premium to decide whether to forgo the payment. Should a decision be made in future to have a special levy for the building renovations, then Canada would insist that these resources not refunded now be credited against such an assessment. He stressed that Canada did not support the point for decision.

17. The representative of the Government of Germany did not support the proposal and agreed with the Government of the Russian Federation that the final amount of the surplus was still unknown. He asked whether the funds required for renovation could not be obtained from other sources. He indicated that the entire amount of the net premium should not be used for renovation as the countries that had paid their contributions in advance should not be penalized.
18. The representative of the Government of Japan said that it was necessary that the net premium be transferred to the Building and Accommodation Fund for the renovation of the building. However, the incentive scheme for early payment of contributions should be respected. Taking into consideration the amount available for the incentive fund from the net premium in the past several biennia, he suggested that 80 per cent of the net premium be transferred to the Building and Accommodation Fund and 20 per cent to the incentive fund.
19. The representative of the Government of Kenya supported the view of the spokesperson for the Africa group, to transfer the net premium to the Building and Accommodation Fund. As a member of the Building Subcommittee and representative of the Africa group in that committee, he stressed the urgent need to begin renovation so as to avoid further escalation of costs.
20. The representative of the Government of the United States stressed that any surpluses and remainders should be returned to member States per the financial regulations and did not support the point for decision.
21. The representative of the Government of India indicated that there was consensus that renovation of the headquarters building was needed so that the Office could function better. The Financial Regulations indicated, however, that the net premium be returned to member States. He emphasized that India was a prompt payer and would benefit. However, there was a need to be flexible on the Financial Regulations and his Government endorsed the proposal contained in the document.
22. The representative of the Government of France agreed that, on an exceptional basis, 50 per cent of the net premium be used for the Building and Accommodation Fund but not 100 per cent as this would penalize those member States who paid on time and would remove the incentive for member States to pay early. He suggested a special fund be set up for refurbishment of the building in order to differentiate from standard maintenance.
23. The representative of the Government of Nigeria supported the views expressed by South Africa. Nigeria commended the Office for its efficient management, which had led to the net premium earned of 32,270,415 Swiss francs. The Nigerian delegation was in favour of the proposal to transfer the full amount of the net premium earned to the Building and Accommodation Fund, in view of the magnitude of the funds needed to refurbish the

headquarters building. The action would not result in additional assessments on member States, nor would it in any way hamper the implementation of other priority activities planned for the 2008–09 biennium. This initial funding would allow the work to commence, and should be completed later by other sources of funding.

24. The representative of the Government of the United Kingdom, speaking on behalf of the Netherlands, France, Germany, Hungary, Finland, Italy, and also Austria, Belgium, Denmark, Sweden and Luxembourg, thanked the Office for the prudent financial management which had resulted in the net premium earned of more than 32 million Swiss francs, and supported forgoing the member States' 50 per cent share of the net premium earned and its transfer to the Building and Accommodation Fund. The refurbishment of the headquarters building was the single most important project facing the ILO, and it was reasonable for member States to make a contribution to reduce the financing gap for the renovations. However, the United Kingdom and the associated governments were not in favour of transferring the 50 per cent share to the Building and Accommodation Fund which would normally go to the incentive fund. The representative stated that the incentive fund served an important function in encouraging member States to pay their contributions as early as possible and that timely payments were important to the financial stability and functioning of the Office. Any derogation from this arrangement would set an unfortunate precedent, and could lead member States to pay their contributions later in future years. It would also put a disproportionate burden on countries that had shown their financial commitment to the ILO instead of rewarding them. She proposed an amended point for decision as follows:

The Governing Body proposes to the 97th Session (June 2008) of the International Labour Conference that, in derogation of article 11.5 of the Financial Regulations, the one-half share of the 2006–07 net premium earned of 16,135,207 Swiss francs, that would otherwise be distributed in accordance with the provisions of article 11.7 of the Financial Regulations, be credited to the Building and Accommodation Fund to finance partially the refurbishment of the headquarters building, and that it adopt a resolution in the following terms:

The General Conference of the International Labour Organization,

Noting that the operation of the Swiss franc assessment system has resulted in a net premium earned of 32,270,415 Swiss francs in the 2006–07 biennium,

Decides, in derogation of article 11.5 of the Financial Regulations, to transfer the one-half share of the net premium earned amounting to 16,135,207 Swiss francs that would otherwise be distributed in accordance with the provisions of article 11.7 of the Financial Regulations, to the Building and Accommodation Fund.

25. The representative of the Government of the Netherlands agreed with the statement made by the representative of the United Kingdom and with the remarks of the representative of Canada to ensure that no disproportionate burden should result from retention of resources in the incentive fund. A master plan for the building renovation must be established before further decisions were made.
26. The representative of the Government of China supported the point for decision. He expressed his concerns about the additional funds that would ultimately be required for the building renovations.
27. The representative of the Government of Brazil agreed with the proposal, and noted that his delegation had supported this matter from the beginning.
28. Mr Blondel, speaking on behalf of the Workers' group, said that he wanted to dispel any confusion that might have resulted from his reference to respect for decent work. The renovation of the building was essential. It was no longer a matter of choice, given that the

building no longer conformed to current safety standards in Geneva. The building work was comparable to a new build, in terms of scope and cost, at almost 200 million Swiss francs. He also recalled that the ILO had not yet paid back the debt of 70 million Swiss francs resulting from the initial construction of the building. It was therefore appropriate to take financial measures, even exceptional ones.

29. In that regard, the calculation would not be the same for the net premium earned and the 2001–02 budget surplus, as the net premium provided an opportunity that would not present itself again and which should be seized. He asked governments to resist the temptation to use the occasion for a settling of accounts between those who paid their contribution regularly and those who did not. He insisted that the derogation from the Financial Regulations was exceptional, and thanked in advance all the governments that supported it.
30. The representative of the Government of Chile supported the statement of Brazil, and was in favour of the proposal.
31. The Treasurer and Financial Comptroller reported that the External Auditors had specifically reviewed the figures provided in the papers and considered that they were reasonable and sound. He added that a table showing individual member States' share of the net premium, for both the surplus and incentive fund components, would be made available. He confirmed that the total estimated cost of the building renovations was 181 million Swiss francs, and that a separate sub-account of the Building and Accommodation Fund would be used to account for the renovation resources.
32. The Director-General noted that serious consideration had to be given to all the options. Each funding option outlined in the paper presented to the Building Subcommittee had significant implications. He emphasized the importance of demonstrating strong commitment by the Governing Body to the renovation project. This would strengthen the ILO's position in negotiating other financing options. The Director-General also highlighted that the financial consequences of only receiving 50 per cent of the net premium would be that these funds inevitably would have to be sourced elsewhere. For example, a commercial loan of some 16 million Swiss francs for a term of 30 years at an interest rate of 4 per cent per annum would cost the Organization 26 million Swiss francs.
33. He emphasized the importance of the decisions that were before the Committee and the need to reflect carefully on the future financial implications for the Organization. The Director-General suggested that time was needed to reflect on the implications and given the significance of the matter, it would be important to find a solution that was widely accepted.
34. The Chairperson agreed to suspend discussion of the item until the next sitting of the Committee.
35. Following consultations, an amended point for decision, addressing the concerns raised by certain member States, was discussed by the Committee.
36. The representative of the Government of the United States indicated that her Government did not support the point for decision.
37. The representative of the Government of France put forward an amendment to subparagraph (b) of the amended point for decision proposing the inclusion of the corresponding interest in the respective shares of any future special assessments related to the headquarters renovation project.

38. The representative of the Government of Australia sought clarification from the Office on the administrative and transaction costs associated with implementing such a proposal.
39. The Treasurer replied that less than 200,000 Swiss francs would be earned per annum on these funds. Administering this proposal would require close monitoring of receipts of contributions from member States, expenditure from the BAF and the apportionment of interest earned.
40. Both the Worker and Employer spokespersons as well as the Government representative of the Islamic Republic of Iran expressed concern about the administrative complexity and potential costs associated with the amendment proposed by the Government representative of France.
41. As there was no support for this amendment, the representative of the Government of France agreed to withdraw his proposal.
42. *The Committee recommends that the Governing Body propose to the 97th Session (June 2008) of the International Labour Conference that, subject to audit:*
- (a) *in derogation of article 11.5 of the Financial Regulations, the net premium earned during 2006–07, amounting to 32,270,415 Swiss francs, be credited to the Building and Accommodation Fund to finance partially the refurbishment of the headquarters building; and that*
- (b) *in order to ensure an equitable contribution by all member States to the costs of renovating the headquarters building, the one-half of the net premium earned during 2006–07 amounting to 16,135,207 Swiss francs, that would have been distributed to member States through the Incentive Fund, be recognised as a payment made in advance by each member State for their respective share of any future assessments that may be made upon them for the purposes of renovating the headquarters building; and that*
- (c) *it adopt a resolution in the following terms:*

The General Conference of the International Labour Organization,

Noting that the operation of the Swiss franc assessment system has resulted in a net premium earned of 32,270,415 Swiss francs in the 2006–07 biennium,

Decides, in derogation of article 11.5 of the Financial Regulations, to transfer the full amount of the net premium earned amounting to 32,270,415 Swiss francs to the Building and Accommodation Fund, and that the one-half share of the net premium earned during 2006–07, amounting to 16,135,207 Swiss francs, that would have been distributed to member States through the Incentive Fund, be recognised as a payment made in advance by each member State for their respective share of any future assessments that may be made upon them for the purposes of renovating the headquarters building.

(c) Use of resources in the Special Programme Account

43. Mr Barde, speaking on behalf of the Employers' group, said that he would have appreciated consultations on the projects before the publication of the document, since that would have avoided certain comments from the Employers and might have altered the way they reached their final position. With regard to the proposed allocation of resources from the Special Programme Account, the Employers believed that "green jobs", the security of staff and premises, and technical assistance to DWCPs were priorities, but that they could be taken into account in a different way. With regard to the ILO Century Project and the 90th anniversary of the ILO, the Employers considered that those projects were not a matter of priority. In view of the urgency of the need to renovate the building, the Employers' group proposed that the entire amount of the budgetary surplus, including the proposed reserve, should be transferred to the Building and Accommodation Fund for the renovation of headquarters.
44. Mr Blondel, speaking on behalf of the Workers' group, said that he understood and supported the pragmatic proposal made by the Director-General to allocate 50 per cent of the surplus to the Building and Accommodation Fund. Part of the allocation must also be used for the various programmes, in particular for technical assistance for the DWCPs and, up to a point, for the ILO Century Project and for the events planned to mark the 90th anniversary.
45. The representative of the Government of the United Kingdom, speaking on behalf of the industrialized market economy countries (IMEC) group, stated that the refurbishment of the headquarters building was the single most important project and the largest risk facing the ILO. The IMEC group would therefore support amending the point for decision to transfer up to 100 per cent of the income surplus to the Building and Accommodation Fund.
46. The representative of the Government of Australia endorsed the proposal made by the United Kingdom. The surplus was the result of payment of arrears, and since the failure of timely payments of assessed contributions in turn led to suboptimal funding of programmes, there was some validity to the argument that any surplus arising out of payment of arrears be applied to programmes to rectify earlier shortfalls. It was his view that there was no distinction between past suboptimal funding of programmes and past suboptimal funding for building renovations, and since the latter was the most pressing need and single biggest risk facing the ILO today, as much of the income surplus as possible should be allocated to the Building and Accommodation Fund. Australia therefore supported allocating 100 per cent of the income surplus in this way.
47. The representative of the Government of Mexico, speaking on behalf of Argentina, Brazil, Chile, Cuba, El Salvador, Peru, Uruguay and the Bolivarian Republic of Venezuela, noted the Director-General's proposal to transfer approximately 50 per cent of the resources (US\$15.8 million) in the Special Programme Account to the Building and Accommodation Fund. Given that it was already proposed to transfer some 32 million Swiss francs to the Building and Accommodation Fund from the net premium earned, and given the significant importance of Decent Work Country Programmes (DWCPs) for the countries represented by the speaker, it was proposed that only US\$10 million be allocated for the Building and Accommodation Fund but that a further US\$5.8 million be allocated for technical assistance to DWCPs.
48. The representative of the Government of India supported the proposal to transfer 50 per cent of Special Programme Account resources to the Building and Accommodation Fund,

but felt that the remaining balance should be fully allocated to technical assistance to DWCPs.

49. The Chairperson suspended the discussion to allow time for further consultations.
50. The Committee had before it a new paper ² containing revised proposals.
51. Mr Barde, speaking on behalf of the Employers' group, congratulated the Office on setting the budget for the building at US\$22 million and took note of the other amounts. Without wishing to question their allocation, he said he would like to know what the priorities were. He proposed amending allocation 3 by the deletion of everything following the words "decent work". He concluded by asking the Office to submit to the November 2008 Session of Governing Body a document for decision on the allocation of the US\$7.8 million.
52. Mr Blondel, speaking on behalf of the Workers' group, welcomed the new allocation of resources, which appeared to satisfy all the groups. Regarding the celebrations surrounding the ILO's 90th anniversary specifically, he hoped that they would serve to acquaint workers and citizens better with the Organization rather than for the issue of a commemorative publication. While he was aware that the budget surplus would not make it possible to finance ongoing activities because of its variable nature, he nevertheless hoped that without the need for a formal amendment, consultations would take place on how the money would be spent.
53. The representative of the Government of the United States stated that her Government considered the building renovation project to be the largest single unfunded project facing the ILO at this time and therefore preferred that 100 per cent of the surplus fund go to that project. Her Government did not support the point for decision but could support the proposal made by the Employer's spokesperson for additional details to be submitted by the Office in November 2008.
54. The representatives of the Governments of France, Mexico, Italy, Germany, South Africa, Canada, Cuba, Kenya and the Netherlands expressed their support for the amended proposal contained in the document and also supported the proposal made by the Employer's spokesperson for further consultations and the provision of more details at the November 2008 session.
55. The representative of the Government of India agreed with the priority that had been given to the renovation of the headquarters building and the additional resources for technical assistance. He questioned whether a reserve of 8.1 million Swiss francs still remained.
56. The representative of the Government of the Russian Federation sought the opinion of the Legal Adviser as to whether decisions could be taken on unaudited financial data.
57. The Treasurer advised that the proposals in the document allocated the full amount available in the Special Programme Account. No reserve remained. He reported that both the amount of the income surplus and the net premium had been verified by the external auditor.
58. The Legal Adviser, in response to the question from the representative of the Russian Federation, advised that there was no legal obstacle to the Committee taking the decisions before it.

² GB.301/PFA/1/3(Add.).

59. The representative of the Director-General (Ms O'Donovan) proposed the inclusion of an addition to the point for decision requesting the Office to provide additional details at the November 2008 session.
60. The representative of the Government of the Russian Federation requested that the point for decision include reference to the fact that the figures contained therein were still subject to audit.
61. *The Committee recommends that the Governing Body:*
- (a) *authorize the use of resources available in the Special Programme Account totalling, subject to audit, 35.8 million Swiss francs (US\$31.4 million) as summarized in Appendix II to the present document, in accordance with the criteria recalled in document GB.301/PFA/1/3, paragraphs 3 and 6; and*
- (b) *request the Office to submit a document, following consultations, to its 303rd Session (November 2008) further detailing the allocation of resources to support technical programmes in countries totalling US\$7.8 million.*

ILO programme implementation 2006–07

(Second item on the agenda)

62. The Committee had before it two papers³ on programme implementation during 2006–07.
63. The Chairperson proposed to organize the discussion of the report as follows: initial statements on the overall content, format, length and methodologies of the report; discussion on each of the four strategic objectives separately, together with comments on mainstream strategies and InFocus Initiatives, followed by a brief response from each Executive Director; and, finally, discussion on the sections concerning institutional capabilities and governance, management and support.
64. Mr Blondel, speaking on behalf of the Workers' group, made some general comments on the programme implementation report. Because of its size, it was particularly important that comparable indicators and a certain similarity of presentation be maintained from one biennium to the next, and above all that the report be sent to constituents at least one month in advance. Because of the late production of the document this year, his group had not had time to examine it in detail.
65. Regarding the DWCPs, he recalled how important it was for his group that they be properly managed for the promotion of decent work, and stressed the absolute need to involve the social partners at every appropriate level in their formulation, with additional help from ACTRAV and ACT/EMP. Another fundamental aspect was the inclusion of international labour standards and the observance of the spirit of those standards.
66. The Workers' group accepted and supported the document. Although he appreciated that it was difficult to quantify the ILO's achievements and contributions, the speaker felt that there was still room for improvement in the report's presentation. He noted that the ILO's contribution was often described in rather general terms, as a list of meetings and documents rather than specific results. He also emphasized the importance of providing quantified data and, where appropriate, of indicating the problems encountered. It would

³ GB.301/PFA/2 and GB.301/PFA/2(Add.).

be useful to consider a new way of expressing success in achieving objectives in terms of a percentage figure.

67. He recalled the importance of integrated management in the way in which work was carried out at headquarters. He emphasized that over-compartmentalization had to be avoided.
68. Mr Barde, speaking on behalf of the Employers' group, said that the delay in the production of the paper was not acceptable, and recalled the Office's undertaking to publish Governing Body documents at least two weeks before the start of meetings. He also regretted that the structure of discussions had been determined unilaterally by the Office.
69. Commenting on the document as a whole, he said that in his view it was generally clearer but lacked detail, which led to a degree of frustration because the reports did not meet expectations. He would have liked to know in particular the impact of the various activities undertaken and how the constituents had been involved. He would have liked the report to explain more specifically what the Office was accomplishing on matters with a global focus. The report described country activities, and read much like one of just any development agency with insufficient emphasis on the Organization's specific mission. The Employers' group would have liked to see the Turin Centre better integrated in the report. In the English version of the document, there was some regrettable confusion between "International Labour Organization" and "International Labour Office" (both abbreviated "ILO" in English). In addition, worryingly, the report provided little explanation of the sharp decline in the delivery rate and did not present any lessons learned. The viewpoint of the report was sometimes embellished to the point that no mention was made of attacks in Latin America against the private sector and the right to property, or the bombing of the FEDECAMARAS building.
70. In previous discussions, the Employers had already noted a problem with regard to the definition of indicators; they recalled that plans of action for each sector were indispensable in order to ensure policy coherence.
71. Generally speaking, the document, which was crucial to the Office's programming cycle, had met in part with expectations. It would, however, have been more useful if it had showed more of what was being done for constituents.
72. He concluded by requesting that the report of the present discussion be attached to the document when it was presented to the International Labour Conference.
73. The representative of the Government of the Netherlands, speaking on behalf of the IMEC group, commended the Office for the document but regretted its late availability, which had prevented proper consideration prior to the discussion. Acknowledging a substantial improvement over previous implementation reports, he welcomed the report as part of a continuous process to sharpen indicators for 2008–09 and their revision for the Strategic Policy Framework for 2010–15. He also welcomed the inclusion of outcomes, targets and indicators for each strategic objective. The Office should carry on this approach and incorporate baselines as well as more detailed financial information in future reports. A description of each outcome should be added to the charts introduced to give a quick overview of the percentage of targets reached per strategic objective. The IMEC group welcomed the first use of IRIS to incorporate results from DWCPs into the document and the intention of further improving DWCPs in terms of the quality assurance, involvement of constituents and priority setting. He looked forward to further information to be provided by IRIS for the discussion on the Strategic Policy Framework in June 2008. Reporting, together with proper evaluation, should provide solid information to make

informed decisions on the next Strategic Policy Framework and the next programme and budget. Currently they were taking place in a dispersed way. The Office should look into ways to combine this information for the discussion in November. To this end, a short introduction prefacing each strategic objective could be introduced in the preview of the programme and budget. With reference to the ILO's measure to offset carbon emissions associated with official travel, he requested clarification on where the funds came from and how they were being used, stressing that in view of its budgetary implications in future this should be part of the budget decision by the Governing Body. Pointing to considerable differences in meeting targets between different strategic objectives, he also requested clarification as to why some strategic objectives were harder to achieve than others.

74. The representative of the Government of South Africa, speaking on behalf of the Africa group, extended his appreciation to the Office for the document but regretted its lateness. The use of IRIS to compile information for the report confirmed that the investment in IRIS was a good one. However, the document presented some shortcomings. The executive summary was repetitive of other parts of the report and the document was silent on approaches and resources the Office used to ensure achievement of the Millennium Development Goals (MDGs), including its participation in the UN reform process. He welcomed the work of the Regional Office for Africa towards greater policy coherence, especially the consultations with member States. More information on the impact of the work of the joint task force comprising the African Union and the ILO would have been appreciated. He noted that DWCPs were an important policy tool and welcomed information on progress with regard to their finalization as well as the establishment of regional DWCP support groups. Progress made in respect of advancing gender equality was also commendable.
75. The Chairperson opened the discussion on Strategic Objective No. 1.
76. Mr Barde, speaking on behalf of the Employers' group, began by pointing out that, as far as the document was concerned, he saw no advantage in including the mainstreamed strategies or the InFocus Initiatives, which were simply a cause of confusion in the discussion. He also wondered what the point of the Policy Integration Department was, as it did not seem to integrate anything.
77. As to the strategic objective itself, he recalled that the Office worked for enterprises through the employers' and workers' organizations. The standards were intended for States, which translated them into legislation which enterprises were required to comply with. He doubted whether there was a broad consensus on enhancing the impact of the standards, as the report claimed.
78. The Employers sought clarification on a number of points: the end of paragraph 65 was not clear; paragraph 68 mentioned that the ILO had promoted fundamental principles and rights in the practices of employers' and workers' organizations but did not cite any examples; in paragraph 74, it was not clear what the link was between the result concerning China and the contribution of the ILO; in the case of Namibia it was not explained why the social partners were not involved; an explanation was needed for the negative result for indicator (iv) on page 18; in the case of Niger, on page 19, an explanation was in order for the financial support referred to; in the case of Ukraine, on page 20, the result appeared to be measured by the adoption of standards by the European Union; Kazakhstan, on page 22, was a good example of the work carried out by IPEC, which worked more with NGOs (and with two of them in particular) than with the ILO's constituents; in paragraph 96, there was no indication of the number of observations received from trade unions and employers' organizations.

- 79.** Mr Blondel, speaking on behalf of the Workers' group, welcomed the findings of the Committee of Experts on the Application of Conventions and Recommendations, according to which progress made in the application of ratified Conventions and tripartite participation in the supervisory process had surpassed expectations. He was also pleased to see that the adoption of a strategy to enhance the impact of the standards system had been widely supported. It was encouraging that the four databases on standards had continued to be extensively used and that the NATLEX portal with country profiles gave online access to all information concerning standards for any given member State, with links to the DWCPs.
- 80.** He considered, however, that integrating the issue of standards into all the Office's activities remained a challenge. He recalled that international labour standards lay at the heart of the ILO's mandate and were part of its Constitution. While acknowledging that it was often difficult to promote more than one fundamental principle at a time, he had come to the conclusion that promotion methods should be reviewed.
- 81.** The Workers reaffirmed the view that promotion and implementation of international labour standards should not be the monopoly of any one unit or Sector within the Office. The same was true of tripartism and social dialogue, and of providing assistance to constituents, be they workers or employers.
- 82.** The speaker concluded by welcoming the new ratifications of the fundamental Conventions, and emphasized the importance of applying them. Noting that, with regard to the principle of non-discrimination, the results had fallen short of the target, he requested further details on the strategy to reverse that trend.
- 83.** The representative of the Government of the Netherlands, speaking on behalf of the IMEC group, welcomed the targets reached under this strategic objective, especially those on child labour. However, targets were not reached in the area of racial and gender discrimination. He requested the Office to elaborate on how performance on these targets could be improved. He also stressed the importance of ILO support through technical assistance in order for countries to observe ratified standards.
- 84.** The representative of the Government of the United States supported the IMEC group statement. She was pleased that most targets had been reached or exceeded and urged continued progress in processing timely supervisory reports to facilitate the work of supervisory bodies. The inclusion, under indicator 1a.1(vi), of a number of activities related to migrant workers' rights led to confusion and should be reported separately. The document also incorrectly stated that the Governing Body had adopted the ILO's Multilateral Framework on Labour Migration, whereas the latter was a non-binding document adopted by the group of experts that drafted it and noted by the Governing Body. Actions of the Governing Body should be accurately worded in Office documents.
- 85.** The representative of the Director-General (Mr Tapiola) indicated that this chapter of the implementation report highlighted the work of the entire Organization and the Office under the first strategic objective. Many outcomes called for cooperation between Sectors or for work in other Sectors. Standards were not only the concern of Sector I. The contents of many standards on social protection were covered by Sector III. Substantive operational work on the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) was carried out by Sector II in cooperation with Sectors I and IV. Concerning the fact that the targets on gender and racial discrimination were not reached, this was partly due to the lack of a programme with major funding, as well as mainstreaming of work on discrimination under other objectives.
- 86.** The Chairperson opened the discussion on Strategic Objective No. 2.

87. Mr Blondel, speaking on behalf of the Workers' group, noted that overall, the paper maintained that targets had been reached with regard to changes to legislation, policy and the implementation of skills improvement programmes.
88. He hoped to be given more details of the different components of the Global Employment Agenda (GEA). Some 21 countries appeared to have drawn up plans of action or implemented operational programmes to promote youth employment. Those programmes took into account the GEA and the provisions of the Employment Policy Convention, 1964 (No. 122), a fact which the Workers welcomed. However, they also wished to know the extent to which the conclusions of the general discussion on youth employment at the 93rd Session of the Conference had served as a basis for the plans in question.
89. As with other objectives, the ILO's capacity to meet demand remained a matter of concern. The Workers considered that it was essential to strengthen synergies and to have an approach that was more holistic and more coherent with other ILO programmes and activities.
90. Drawing attention to paragraph 103, the speaker said he welcomed the fact that the operational implementation of the GEA had made it possible to develop new ways of supporting the DWCPs. However, he wanted to know whether there was a database for all the principles and pillars of the Agenda. With reference to paragraph 122, he noted that employment creation through enterprise development had made great advances and that the creation of an environment favourable to enterprise development must be given a more prominent place in the design and implementation of the programme.
91. Noting that the report acknowledged the fact that the design of such programmes left something to be desired with regard to quantitative impact measurement and analysis, he said he was surprised that the ILO was being asked to provide greater resources for a programme whose real impact had not yet been assessed.
92. It appeared necessary to recall that the ILO also needed to focus on the qualitative aspects of employment creation. The Workers welcomed the work done by the programme on labour-intensive investment, an area in which, according to an independent assessment, the ILO was the world leader. The Workers considered that those results justified allocating greater resources in the future.
93. The Workers supported the implementation of the conclusions on the promotion of sustainable enterprises, and wanted information on the department's strategy for the promotion of collective bargaining and improving representation in small and medium-sized enterprises.
94. Drawing attention to the second part of a box in paragraph 126, the speaker said that it was his understanding that the results presented had been called into question by an official, and requested clarification on the matter.
95. Mr Barde, speaking on behalf of the Employers' group regarding Strategic Objective No. 2, referred the Committee to the comments voiced in the Committee on Employment and Social Policy and drew attention to a number of points.
96. The Office had continued to devise decent work indicators, whereas the statistical experts and the Governing Body had called for a policy debate on the subject (paragraph 104); regarding the ILO contribution, there was little mention of the social partners, notably with respect to the GEA (page 34); on page 35, the ILO did not explain how it had used its flagship products; on page 36, in the case of Burundi, the link between the result and the ILO contribution was not clear; the same was true for Ghana. Concerning outcome 2a.2,

the Employers would like more details about the strengthening of the employers' organizations; and on page 39, the nature of the Chinese delegation was not specified. The Employers wished to point out that strengthening employers' organizations was the concern of the Office as a whole and not just of ACT/EMP.

97. Regarding the goal of creating employment, the Employers would have liked more information on the ILO contribution. Local organizations cited on page 48 were not identified. On page 50, the ILO did not indicate how it worked directly at the enterprise level.
98. Concerning outcome 2b.2, nothing had been done with the social partners, as the Employers had indicated previously. On the contrary, new actors were mentioned without being identified. The situation was much the same with outcome 2b.3, where more NGOs received assistance than employers' and workers' organizations together.
99. The speaker concluded by emphasizing that the ILO must respond to the needs of its constituents.
100. The representative of the Government of the Netherlands, speaking on behalf of the IMEC group, welcomed the targets met under this strategic objective. He appreciated the efforts made in the field of youth employment and urged the Office to enhance its capacity to provide countries with short-term solutions, alongside longer-term approaches. Progress had also been made through the enterprise development pilots, although more needed to be done to scale up this progress. The lack of progress on knowledge products was a source of concern, since this was directly related to the ILO's research capacity and knowledge base. The Office should pay special attention to improving performance on this target. He asked for information on the progress made in ensuring peer reviews, among others, under the new research and publications strategy.
101. The representative of the Director-General (Mr Salazar-Xirinachs) echoed the comment previously made by Mr Tapiola stressing that not everything reported under Strategic Objective No. 2 was undertaken by Sector II. A great deal of coordination existed, for instance, between Sectors I and II on the Employment Policy Convention, 1964 (No. 122), and the MNE Declaration. Responding to the concerns expressed by the spokesperson for the Workers' group, he indicated that whilst the ILO was not a development agency, some of its international labour standards were related to developmental issues. Referring to the statement made by the IMEC group, he acknowledged the need for further refinement of targets and indicators to allow better planning, implementation and monitoring of the Office work. He noted the point made on the need to better link the core elements of the GEA to the implementation report. He explained that the figures on the SIYB Programme in China reflected in the report confirmed how successful ILO tools and approaches can be, when adopted, owned and upscaled to a larger extent at country level.
102. The Chairperson opened the discussion on Strategic Objective No. 3.
103. Mr Barde, speaking on behalf of the Employers' group, said that, given the lack of information on what had been done for the social partners, he could only comment briefly.
104. He considered that the approach to social security was too theoretical and that the only specific activities related to advice given on actuarial matters. He recalled that the Employers did not support the Maternity Protection Convention, 2000 (No. 183).
105. He regretted the lack of information on activities carried out for the constituents with regard to migration, but welcomed the fact that they were fully involved in the fight against AIDS.

106. Mr Blondel, speaking on behalf of the Workers' group, welcomed the fact that the ILO had helped member States to draw up and implement social protection policies and to ensure the smooth running of their social protection systems. As a result, 27 countries had been able to strengthen their national capacity in the field and 14 had taken measures to improve the governance of their social protection systems. A large number of national occupational safety and health (OSH) profiles had been established, and 16 countries had ratified the Conventions pertaining to social security and occupational safety.
107. While he welcomed the projects and technical cooperation activities relating to HIV/AIDS, he requested more information on the outcome of objective 3b.3.
108. With regard to the content of paragraph 180, he drew attention to the new trend of organized group migration. It would appear that the situation of migrant workers in those conditions was not fully known, and it would therefore be useful for the Office to examine the question in more detail.
109. He welcomed the very good outcomes obtained under indicator (iii), with several ratifications of standards on safety and health, wages, working time, and reconciling work and family. Unfortunately, the indicators remained bunched together, and it would be a good idea to give them more space.
110. In conclusion, he welcomed the ratifications of the ILO Conventions on migrant workers and expressed the hope that they would be ratified by more receiving countries.
111. The representative of the Government of the Netherlands, speaking on behalf of the IMEC group, welcomed that almost all targets had been met and noticed the consistent performance under this strategic objective. Progress made in the area of the fight against HIV/AIDS was appreciable, whereas targets had not been met on indicator 3.b.3(ii). He asked how the Office considered making further progress on this target. ILO activities on universal access to health care, food security and information technology seemed far from the ILO mandate and expertise. He requested further details on these activities, including on resources used.
112. The representative of the Government of the United States associated herself with the IMEC group statement. She commended the ILO's work on labour administration and labour inspectorates, all of which was well reflected in the report. Her delegation was not in agreement with the conclusion in paragraph 140 that gradual implementation of a global social floor was a valid long-term objective. The various elements of national security schemes were determined through democratic processes at the national level, after which the ILO could assist constituents in meeting those aspirations. Referring to paragraph 154, she requested clarification as to how much of the ILO's technical assistance activities were taking place outside DWCPs.
113. The representative of the Director-General (Mr Diop) stressed the importance of the Maternity Protection Convention, 2000 (No. 183), and called for wide support from constituents for its promotion. He also emphasized the need to further promote the participation of social partners in the Office's work on migration, given that good labour migration policies could not be developed without their involvement. He noted that progress achieved in the fight against HIV/AIDS was partly due to governments' mobilization, but in particular to the involvement of social partners. He recognized that the target of the indicator 3.b.3(ii) was overly ambitious and confirmed that the Sector would increase the number of focal points at country level to achieve better results. Referring to the question on technical activities taking place outside DWCPs, these responded to local requests as well as commitments at the international level.

114. The Chairperson opened the discussion on Strategic Objective No. 4.
115. Mr Blondel, speaking on behalf of the Workers' group, welcomed the fact that the various outcomes described generally showed a favourable trend in relation to workers' organizations. The political climate, which sometimes made ILO cooperation activities difficult, required the strengthening of ILO assistance. A more integrated approach would have resulted in the achievement of better outcomes, particularly in the field of governance, where a global strategy was necessary. The Workers regretted the lack of information on two fundamental issues for the world of work, namely collective bargaining and the promotion of the Employment Relationship Recommendation, 2006 (No. 198). They would also wish to be provided with tangible examples in support of the statement in paragraph 231 reporting "a number of significant improvements towards decent work in particular sectors and countries".
116. With regard to the InFocus Initiative on the informal economy, he called for the strengthening of the message concerning the formalization of activities in the informal economy, and asked whether the Office had disseminated good practices in the field of the formalization of the informal economy.
117. The Workers regretted that the part of the report relating to export processing zones (EPZs) made only very brief reference to freedom of association and collective bargaining. Finally, in relation to the social responsibility of enterprises, the report should have reflected more clearly the consensus achieved on the promotion of the MNE Declaration.
118. Mr Barde, speaking on behalf of the Employers' group, called on the Office to increase its activities for the social partners, not only through ACTRAV and ACT/EMP, but also all of the Office's departments. With reference to sectoral activities, the Employers believed that the reform was heading in the right direction, but that the indicators used should be reviewed.
119. The representative of the Government of the Netherlands, speaking on behalf of the IMEC group, welcomed the targets achieved and took note of the targets that could not be attained by the Office under Strategic Objective No. 4. He emphasized the importance of social dialogue in realizing the implementation of the Decent Work Agenda.
120. The representative of the Director-General (Ms Walgrave) referred to the work undertaken by the Office to promote the Employment Relationship Recommendation, 2006 (No. 198). She acknowledged that sectoral activities were not adequately reflected in the report and would be discussed in greater detail in the Committee on Sectoral and Technical Meetings and Related Issues. She pointed out that three member States had ratified the Maritime Labour Convention, 2006. She concurred that more work was required by the Office in the area of gender sensitivity and emphasized the importance of good governance.
121. The Chairperson opened the discussion on institutional capabilities, governance, support and management.
122. Mr Blondel, returning to the issue of institutional capacity and governance, emphasized the importance of the issues of relevance and human and financial resources in responding to the needs of constituents.
123. With regard to publications, he called for ACTRAV to restart the production, which had been interrupted for several years, of practical guidelines for trade unions. In general terms, information products that could be downloaded free of charge should not replace publications intended for constituents.

124. He asked why the Bureau of Statistics had stopped working in two areas related to occupational health and social dialogue statistics, as indicated in paragraph 282. He welcomed the external review of ILO statistical activities, but requested further information on the recommendations that had been made.
125. He considered that the increase in the average time required for the recruitment of staff was a problem of governance that needed to be resolved. The Workers would also like to be provided with more precise information on the content of the pre-bidding assessment process for procurement procedures referred to in paragraph 317.
126. Finally, he once again emphasized the importance of distributing documents within the time limits so as to ensure the smooth functioning of meetings and the participation of constituents.
127. The representative of the Government of Jordan regretted the delay in receiving the report. He requested the Office to increase the share of participants from the Arab States in training programmes of the ILO Turin Centre.
128. The Committee took note of the Office paper.

Preliminary consultation on the Strategic Policy Framework for 2010–15 (Third item on the agenda)

129. The Committee had before it a paper⁴ on the Strategic Policy Framework for 2010–15.
130. Mr Barde, speaking on behalf of the Employers' group, regretted the late distribution of the paper, which compromised the quality of the discussion. Moreover, an in-depth discussion of the report on programme implementation would have been useful for the examination of the Strategic Policy Framework. He nevertheless welcomed the opportunity for the present discussion on the Strategic Policy Framework for 2010–15 and emphasized the need for structured consultations so as to produce a consensus document in November which would reflect the objectives of the Organization and its constituents. The Organization had a specific role to play in the context of globalization, but even so should not go beyond its mandate, which was the world of work. The ILO had to analyse and respond to the needs of its three groups of constituents in the light of the effects of globalization on the world of work. He said that tripartism and respect for it should prompt the Office to better integrate the needs of employers' organizations, to which ACT/EMP could not respond on its own. ACT/EMP had a cross-cutting role to play and should be given the financial and human resources needed to enable it to do so.
131. With regard to the Decent Work Country Programmes (DWCPs), he considered that the needs of employers were not sufficiently taken into account, and that was in part due to the fact that they were drawn up by external collaborators, and partly due to inadequate training of the constituents themselves. If DWCPs were to truly reflect the needs of employers' organizations, the employer specialists would have to be involved more closely in their preparation, as well as ACT/EMP in Geneva. He recalled that the Office existed primarily to serve its constituents, who were its strength. While emphasizing the importance of the DWCPs, he noted that the Office also had to respond to the decisions adopted by the Governing Body and the International Labour Conference by taking tangible action. The decentralization described in the documents sometimes harmed

⁴ GB.301/PFA/3.

activities which were global in scale and was prejudicial to the image of the Organization among certain constituents, who no longer discerned its unique qualities. He expressed concern at seeing the ILO become a development agency.

- 132.** He also expressed concern at the growing imbalance between the regular budget and extra-budgetary funding, and requested information on the new Regular Budget Supplementary Account. Extra-budgetary funding needed to be more responsive to constituents' needs by providing tangible solutions, without becoming a substitute for them. While the Governing Body should not indulge in micromanagement, it needed to be informed of existing workplans in order to know what the Office was doing. The indicators needed to be entirely redefined so as to improve the presentation of the activities. He emphasized that the Employers' group wanted to have substantive meetings on the definition of those indicators for the next programme and budget meeting. Moreover, evaluations did not provide a sound measurement of the impact of the Office's activities and did not meet the expectations of the Employers. Greater coherence was also required as three committees were currently dealing with evaluation issues. With regard to the issue of governance, he also called on the Office to make proposals for a reform of the governance bodies so as to be able to respond to the challenges of the modern world.
- 133.** Turning to issues which were considered to be priorities by the Employers, he focused on the promotion of an environment which was conducive to the creation and development of enterprises with a view to creating jobs and wealth, which would in turn help to reduce poverty, and he emphasized the need to give effect to the conclusions of the general discussion on sustainable enterprises at the Conference in 2007.
- 134.** In the context of the first strategic objective, the Employers called on the ILO to continue the promotion of the ILO Declaration on Fundamental Principles and Rights at Work, 1998, the objective of which was the promotion of the four fundamental principles, not the ratification of international labour standards. They also supported the continuation of activities to combat child labour and forced labour, calling for greater participation of employers' organizations and, through them, of enterprises, in those projects. It was essential to modernize international labour standards so that they responded to the realities of the world of work. To that end, the Office should assess the economic and social impact of standards and establish assessment mechanisms. The procedures for selecting new standards, as well as the supervisory system, needed to be reviewed. It should also be recalled that standards were intended for governments, and were not drafted in order to be implemented by enterprises. Furthermore, certain subjects did not lend themselves to standard setting.
- 135.** The second strategic objective was central to the priorities, as well as the concerns of employers. The Employers' group supported the GEA and emphasized that employment was created by enterprises. For that reason, the Office needed to establish an environment that was conducive to enterprise, including promotion of the creation and development of small and medium-sized enterprises. The Office should allow follow-up to the June discussions on skills and productivity. The Employers welcomed the fact that the work on multinational enterprises was followed closely by the Subcommittee covering this subject, including the establishment of a new programme to provide guidance on standards. The Subcommittee could serve as an example for other Governing Body committees. On the subject of "green jobs", he considered that the Office should study the social consequences of climate change and its employment effects. Flexicurity was an important subject for the Office, even though this subject, which touched on many issues, did not have a well-defined position in the current structure.
- 136.** In relation to the third strategic objective, the priorities were the promotion of the global campaign for the extension of social security, occupational safety and health, the

promotion of the framework Convention and measures to combat HIV/AIDS. The Employers welcomed the manner in which the Office was addressing the latter two issues, but wished to see greater pragmatism in relation to social security. The ILO needed to offer tangible and practicable solutions whose social and economic impact could be measured.

- 137.** Turning to the fourth strategic objective, the Employers once again emphasized that the role of ACTRAV and ACT/EMP was not confined to social dialogue: they had a cross-cutting role to play and should be involved in all projects. The process of reforming sectoral activities appeared to be well under way and was supported by the Employers' group. The Office needed to modernize its approach to the provision of advisory services on labour law and assess the economic and social consequences of the proposed reforms. The modernization of labour administrations and labour inspection was important and the dispersion of the Office's activities in this respect was to be regretted.
- 138.** The Employers were not convinced of the justification for the replacement, in the Programme and Budget for 2008–09, of mainstreamed strategies by common principles of action, nor of the InFocus Initiatives by joint immediate outcomes. They called for the integration of the International Institute for Labour Studies and the Turin Centre. It was necessary for the Institute to include employers' organizations in its activities more effectively, and the Turin Centre needed to be a fully integrated part of the Organization and increase the services provided in response to the priorities outlined by the Employers' group.
- 139.** Finally, in relation to the issue of human resources and knowledge, he called on the Office to show greater anticipation in replacing officials who would soon be retiring and in filling vacant posts. He hoped that the strategies adopted recently would respond to these needs. In conclusion, he once again requested the Office to avoid the dispersion of effort and to focus on its areas of competence so as to offer tangible solutions to the needs of constituents and, in the case in point, of employers' organizations which he had just described, and which form a whole by which the Employers' group would measure the ILO's efforts.
- 140.** Mr Blondel, speaking on behalf of the Workers' group, referred to the remark made by the spokesperson of the Employers' group: he regretted the attitude of employers in relation to new standards and emphasized the need for an in-depth debate on the standards required to confront the problems of the world today. However, he associated himself with the Employers concerning the integration of the Turin Centre and the imbalance between the regular budget and extra-budgetary resources.
- 141.** With reference to the paper on the Strategic Policy Framework for 2010–15, he supported the extension of the strategic framework and the approach adopted by the Office, which opened up a new phase of consultations with the tripartite constituents. He welcomed the emphasis placed on improved coherence and tangible outcomes, while indicating that the Workers' group would have wished to see more detail in the document. The next Strategic Policy Framework would be especially significant because it would cover a longer period and come at a time when the decent work challenge was enormous. A well-oriented strategic framework, associated with an effective field structure, should allow considerable progress to be made in relation to the objective of decent work.
- 142.** He presented five of the observations of the Workers' group. Firstly, the Workers noted a significant gap between the policies adopted at the International Labour Conference or the Governing Body, for example in the area of employment relationships, cooperatives and EPZs, and the activities carried out at the national level. Secondly, technical capacity was still too weak to carry out certain essential functions, such as data collection, research, promotional activities and implementation. Thirdly, ILO programmes did not give enough

emphasis to the fundamental values of the Organization, such as freedom of association, collective bargaining and tripartism. Fourthly, priorities in relation to work were too frequently determined by the concerns and preferences of the Office, to the detriment of the governance structures. Fifthly, the results-based management system essentially measured procedures, rather than impact.

143. The Workers supported the continuation of the discussion on strengthening the capacity of the Organization, which would be examined in November, and favoured the strengthening of the field structure, which should be very clearly linked to the Organization's priorities.
144. Although the date 2015 was symbolic, as it corresponded to the MDGs, the objective was essentially effective long-term planning. All priorities had to be inspired by the standards and policies adopted by the Conference and the Governing Body, with the idea of assisting constituents and the social partners in their implementation based on the decent work concept. The third strategic objective needed to focus on the implementation of the concept in practice, and might have as its theme "Putting the decent work concept into practice" or "Decent work as a national reality". The social dimension of globalization needed to be at the heart of the decision-making process of the major international and regional institutions, and the Workers welcomed the fact that the President of the World Bank would be addressing the Governing Body. The ILO had a very important role to play in promoting equitable globalization: combating inequalities related to globalization and the establishment of a global social floor based on international labour standards could become the principal focus of its action in 2010–15. Independent labour inspection and the strengthening of collective bargaining would make it possible to support those who had gained the least from globalization.
145. Atypical employment relationships were also a priority. It was necessary to try to introduce social protection into the informal economy, as there could be no decent work without social security. It was also necessary to strengthen the technical and practical advice provided to constituents. The social partners needed to be involved in the design, implementation and evaluation of technical cooperation activities. The strategic framework would also need to address the issue of equality between men and women in the world of work. In all these fields, efforts had to be made to create an environment that was conducive to the establishment and effective operation of trade unions throughout the world and to ensure compliance with fundamental workers' rights.
146. DWCPs should systematically take into account the recommendations of the supervisory bodies, and a paper should be prepared by the International Labour Standards Department on the manner in which standards were to be taken into account in DWCPs. With regard to the priorities of DWCPs in the field and the linkages to processes of regional and subregional integration, emphasis should be placed on the integral nature of the decent work concept; moreover, its integrated approach presupposed a revision of the structures and working methods of the Office so that it could become a real centre of coordination and cooperation with the involvement of ACTRAV and ACT/EMP, which up to now had been left outside the integration process. The Workers' group emphasized the need to place decent work at the heart of economic and social policies by strengthening the capacity of the Office and its constituents, making available high-quality information on key indicators of the labour market, guaranteeing and developing labour protection and ensuring the capacity of States to enforce standards through effective inspection systems.
147. He expressed agreement with the Employers' spokesperson that it was for the State to ensure the application of standards, and he called for the application of the MNE Declaration and the promotion of social dialogue between multinational enterprises and trade unions. Finally, he hoped that the anniversary of Conventions Nos 87 and 98 would

provide an occasion for the promotion of freedom of association and collective bargaining in a globalized economy.

- 148.** The representative of the Government of the Netherlands, speaking on behalf of the IMEC group, expressed appreciation for the document, the briefing provided by the Office in February 2008, and the intention to make the process fully tripartite and participatory. He stated that the results of the SILC process should be reflected in the Strategic Policy Framework for 2010–15. If properly designed and implemented, the Strategic Policy Framework would be a valuable results-based management tool providing a seamless framework for three consecutive programme and budgets. To this end, the Strategic Policy Framework and the programme and budget should be issued as one document to allow comparisons of biennial priorities and resource allocations against the six-year strategic framework. In this context, the Strategic Policy Framework should comply with certain criteria. It should include concrete targets, indicators and baselines. It should elaborate the circumstances in which the targets are to be met. It should state the strategy for each strategic objective, as well as the resources required to achieve each of them.
- 149.** Referring to the field structure review, the speaker requested clarification on the apparent discrepancy between the timing of the assessment of the geographical coverage (2008 and early 2009) and the discussions on the Strategic Policy Framework and programme and budget at the Governing Body session in November 2008. He proposed that the next Strategic Policy Framework be focused on the theme “Delivering the Decent Work Agenda”. The Strategic Policy Framework should be a comprehensive document integrating all ILO programmes and activities. It should be informed by the implementation report 2006–07, inputs from the Decent Work Decades, DWCPs, and ILO work on international labour standards. It should also identify priority areas of work as well as indicate areas which could be discontinued. Focus should be on areas of expertise where the ILO can have significant impact and which are determined, to a large extent, by the priorities emerging from DWCPs.
- 150.** Finally, the speaker suggested tripartite consultations be held between the International Labour Conference and the Governing Body in November and encouraged the Office to look at best practices of other UN organizations in preparing their Strategic Policy Framework.
- 151.** The representative of the Government of Cuba noted the aim of the Strategic Policy Framework to provide further harmonization between decent work and the MDGs. She observed that the six-year period proposed for the Strategic Policy Framework might be adequate, provided that evaluations of results achieved were conducted every two years. She indicated that the Hemispheric Agenda for Decent Work adopted in 2006 contained a set of targets valid until 2015. To assess progress towards meeting those targets, Cuba conducted a study in 2007 that had been submitted to the ILO Regional Office for the Americas. The study shed light on needs and priorities for future ILO assistance. She concurred with paragraph 24 on the need to increase the level of resources available to serve constituents, whilst reducing dependence on extra-budgetary resources. The speaker supported the proposed process of consultation with constituents on the Strategic Policy Framework preparation.
- 152.** The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the Strategic Policy Framework as a major planning document in the process of shaping the ILO of the future. The four strategic objectives remained relevant to steer the ILO’s mandate, given the challenges at stake in the world of work. Challenges such as those posed by the “One UN” process called for the need to enhance the role of tripartism in order to maintain the ILO’s identity. He stressed the need to strengthen both

institutional and management capacities. The speaker supported the call for consultations on the Strategic Policy Framework and the related milestones in the document.

- 153.** The representative of the Government of the Islamic Republic of Iran, speaking on behalf of the Asia–Pacific group, expressed support to the proposed extensive consultations with constituents and the proposal to make the Strategic Policy Framework a comprehensive document, covering context, strategies, trends and capacities. The Strategic Policy Framework should encompass all ILO programmes and activities and reflect the outcomes of the SILC discussions. He welcomed the incorporation of the lessons from the 2006–07 implementation report and the inclusion of more measurable indicators, baselines and evaluation information into the next Strategic Policy Framework, in line with results-based management. The programme and budget and the implementation report should also serve to assess progress and delivery against the Strategic Policy Framework. Referring to priorities for the ILO’s work, he noted that due attention and resources should be directed to tripartite capacity building in developing and new member States, based on needs emerging from DWCPs. He stressed the importance of a timely and careful completion of the field structure review for the effectiveness of the ILO.
- 154.** The representative of the Government of Spain acknowledged the importance of this preliminary discussion on the Strategic Policy Framework. Paragraph 10 of the document placed decent work at the heart of the ILO’s contribution to the achievement of the MDGs. However, it was important to see the ILO’s future action in a broader context to ensure full relevance for industrialized countries as well. To this end, the “Changing Patterns in the World of Work” report should also be taken into account in guiding the Strategic Policy Framework preparation. Themes such as migration and flexicurity were relevant for all countries and should be considered. The speaker called for a more flexible approach to the preparation of the ILC agenda. Referring to the comment made by the Employer Vice-Chairperson on the importance of an enabling environment for enterprise development, he indicated that such an environment included good governance as well as effective labour administration and labour inspectorate systems.
- 155.** The representative of the Government of France endorsed the statement by the IMEC group and thanked the Office for organizing the preliminary consultation, while regretting the delay in the translation of the strategy paper. He considered that the policy under discussion responded to a need for long-term vision, which was also necessary from an external viewpoint to make ILO action more visible and internally to improve its “governability”.
- 156.** He noted the appropriate timing of the consultation, at a period when the ILO was engaged in the modernization of its structure and the renovation of its buildings, and was moving towards the strengthening of its capacity to serve its constituents, all within a context of UN reform, the strengthening of DWCPs, the response to the MDGs and measures to accompany globalization. He hoped that these points would become the parameters for the development of the future Strategic Policy Framework for 2010–15.
- 157.** He called on the Office to provide further information on the integration of the various projects and activities in the implementation of the Strategic Policy Framework for 2010–15, since the Strategic Policy Framework needed to be based on strong guidance, such as strengthened coordination between the various levels.
- 158.** He also hoped that common outputs in areas such as microfinance and the informal economy, as referred to by the Employers, would be included in the Strategic Policy Framework so as to help in the structuring of ILO programmes.

159. In conclusion, he referred to two strategic areas for the ILO, namely the renewal of human resources and the modernization of the Organization's knowledge.
160. The representative of the Government of Hungary supported the statement made by the IMEC group. Referring to the Strategic Policy Framework as a major planning document for the ILO, he highlighted two points. First, the importance of regional priorities and the need to take into account demands emerging from DWCPs in preparing the Strategic Policy Framework. Second, the theme of the next Strategic Policy Framework could focus on delivering the Decent Work Agenda in day-to-day life. The speaker concluded by welcoming the process of consultation and discussion on the Strategic Policy Framework.
161. The Committee took note of the Office paper.

Review of the ILO field structure (Fourth item on the agenda)

162. The Committee had before it a paper⁵ on the review of the field structure.
163. Mr Blondel, speaking on behalf of the Workers' group, said that the document on re-examining the external structure of the ILO encouraged collective reflection on the future of the Organization and was an honest intellectual initiative to define the best way of providing the constituents in countries and regions with high quality and effective services.
164. It would be preferable to use the expression "field structure" rather than "external structure". The notion of an external structure suggested some kind of appendage. It was not a question of terminology but of political semantics. The Workers saw no dichotomy between headquarters and field structures and did not wish the two to be divorced from each other. DWCPs should not, therefore, decide unilaterally to accept some parts of the Office and reject others, and the entire mandate of the Organization and its fundamental principles should prevail, particularly international standards and social dialogue, whatever the difficulties of negotiating in the field, for example with a UN team. Regional offices should not be outside headquarters, the Governing Body, the International Labour Conference or the mandate of the Organization.
165. The technical capacity of the Office should be strengthened to allow it to maintain its position of excellence with regard to the world of work. The number of experts in Decent Work Technical Support Teams (DWTSTs) should be increased. It was a question not only of reshaping structures, but also of making policy choices, including in terms of human and financial resources. The ILO was not simply a development institution. It had been founded in 1919 to promote universal peace and social justice, to improve working conditions and to guarantee respect for the principles of freedom of association and collective bargaining. Its presence and its actions in certain countries had helped save the lives and freedom of thousands of trade union members. ACTRAV played an indispensable role, both in the field and at headquarters. The proposed changes should not hinder its ability to act. The process of deciding policy at headquarters, in regional offices and within DWTSTs should be clarified. For example, it should be specified whether standards were a policy matter, a technical matter, or both.
166. The Workers proposed that an internal working group should be set up to ensure that the process was transparent and that all sectors were involved. Consultations with constituents should be guaranteed.

⁵ GB.301/PFA/4.

- 167.** The Workers strongly supported the idea contained in paragraph 7 with respect to the effectiveness of joint and coherent action of field and headquarters structures. They had concerns about the real capacity of ILO structures in the field to participate in UN reform (paragraph 8). They supported the strengthening of vertical governance, horizontal governance and external governance, as described in paragraph 11. They welcomed the reference at the end of paragraph 12 to the Organization's universal mandate. With regard to paragraph 13, the quality of advisory services should be based on standards and the conclusions of the Conference and Governing Body. With regard to paragraph 15, the Workers considered that DWCPs should remain autonomous and independent programmes and requested information on promoting participation by the ILO's tripartite constituents in preparing and implementing the United Nations Development Assistance Framework (UNDAF). They agreed with paragraph 17. With regard to paragraph 20, they underlined that, bearing in mind the modest resources available to ACTRAV for its technical cooperation projects, the workload of officials in the field was very heavy. Expressing appreciation for the good intentions set out in paragraph 22 with regard to the creation of knowledge networks, Mr Blondel underlined, with respect to paragraph 23, that the number of ACTRAV experts in the regions was very small. Concerning paragraphs 25 and 26, he observed that there was already insufficient expertise at headquarters, and proposed a specific analysis of the relationship between professional and general staff, to be carried out in consultation with the Staff Union. With regard to paragraphs 29 and 31, the Workers welcomed the idea of extending the network of national coordinators; however, the Organization should avoid falling under the influence of governments and other institutions within the UN system. With regard to paragraph 33, Mr Blondel said that ACTRAV had primary responsibility for liaising with trade unions. Paragraph 36 specified neither the role nor the functions of ACTRAV with respect to technical units at headquarters and in regional offices. The general operating principle described in paragraph 45 was problematic. The Workers supported the intention expressed in paragraph 52 of pursuing consultations at all levels, including with the Staff Union, ACTRAV and ACT/EMP. They requested more specific information on the number of experts, by thematic area, that the Office currently had available at headquarters and in the field.
- 168.** The Workers were prepared to support the point for decision on condition that subparagraph (b) be amended to read:
- (b) recommend that the Governing Body request the Office to produce a supplementary document for the March 2009 session of the Programme, Financial and Administrative Committee, preceded by an oral presentation to the Committee on Technical Cooperation in November 2008 on the consequences in terms of technical cooperation, taking further the Office's proposals resulting from analyses and consultations with constituents.
- 169.** Mr Barde, speaking on behalf of the Employers' group, said that his group was very much in favour of improving ILO effectiveness in the regions, with a view to responding to the requests of regional constituents. He underlined the importance of consultations with both staff and constituents, and advised that the review be undertaken carefully.
- 170.** With regard to changes in the structure, the Employers regretted the fact that the Office had decided to disregard the second and third options given in the expert report, as the second option had the merit of better integrating the sectoral approach into the work of regions. They were concerned about the role given to DWTSTs and country offices, and questioned in particular who would manage funds and projects, who would represent the Office within UN institutions, and whether those in charge of national offices would be sufficiently knowledgeable, particularly in matters of tripartism, to understand the problems faced by constituents. The table in paragraph 33 showed the overlap between responsibilities at each level, and the new structure raised many questions among the

Employers, in terms of both making decisions and implementing them. He requested that the Turin Centre be involved, as it was the training “arm” of the ILO.

171. With regard to activities for employers, the Employers’ group feared that the new structure would have significant consequences for the role of ACT/EMP. Employer experts should maintain direct contact with ACT/EMP in Geneva and with employers’ organizations in the regions. They should also participate fully in preparing DWCPs and manage projects specifically designed for employers.
172. The Employers regretted the absence of financial data in the document and the expert report, and wished to know whether finding potential economies in Office management was on the agenda. They also raised questions about the results of pilot programmes from the Office’s point of view, and asked whether the priorities of the constituents, especially the social partners, had been properly taken into account by UNDAF. The process of re-examining the external structure should enable directors of projects and field offices to be made more aware of their responsibilities in terms of financial management. The Employers awaited the Office’s proposals concerning staff mobility policy, expressing the hope that headquarters would not lose its expertise to benefit the field structure. The ILO should not be solely a development institution but should ensure that it maintained its profile as a reference point for social and labour matters.
173. The Employers considered that the presence of national coordinators had been beneficial in Central and Eastern European countries, but remained concerned about the independence of such coordinators, in the light of a number of examples. It was important for their mandate to be clear. The Employers wished to continue being consulted on and informed of new events taking place in the regions, not only the closure or merging of external offices. Information and consultation meetings should therefore be planned, covering the mechanisms used and assistance provided to constituents by the Office.
174. The Employers had declared their willingness to support the amendment proposed by the Workers to the point for decision.
175. In the interest of time left, the Chairperson urged for brief interventions and suggested that written statements could be submitted to the secretariat and would be summarized in the report.
176. The representative of the Government of Australia, speaking on behalf of the IMEC group, noted that the report provided a good description of the review context. He regretted that the document was not clear as to whether the type of review envisaged by the terms of reference had been conducted. Some objectives of the review, such as articulated in paragraphs 3, 4, 5 and 9(iv) of the terms of reference, were not reflected in the document. Conversely, the five objectives referred to in paragraph 18 of the document were not addressed in the terms of reference. He regretted that the preliminary report written by the review team had not been made available to all members. The speaker acknowledged the proposals for change contained in the report, in particular those concerning staff and the structure in the field. However, these proposals were described in general terms and were not supported by details on costs. The report should elaborate more on issues such as the different roles of the field structure, the DWTSTs, and the governance and budgetary implications of proposed changes. Proposals concerning national coordinators could not be supported prior to conducting a thorough assessment of this option, including its budgetary implications.
177. The speaker also indicated that the review should be closely linked with the Strategic Policy Framework, the programme and budget and the SILC exercises. Regarding DWCPs and the fact that these must be strongly linked to national development policies, he

suggested that the main function of ILO offices should be the “assistance to countries in the development and implementation of their DWCPs”. He requested the Office to share the full review team report and to clarify its relationship with the document before the Committee. He finally asked for the amendment of the decision point (b) as follows:

recommend to the Governing Body that it request the Office to further elaborate the field structure review team’s proposals by carrying out analysis and consultations consistent with the original terms of reference and report back to the Governing Body by November 2008 for approval prior to preparing a phased plan of implementation that will be reflected in the Programme and Budget proposals for 2010–11 and the Strategic Policy Framework for 2010–15.

- 178.** The representative of the Government of Australia, speaking on behalf of Australia, supported the IMEC group statement. He noted that it was important that the outcomes of the review led to a structure better suited to meet the needs of ILO constituents. Australia and New Zealand had consulted with Pacific Island member States on their needs in terms of the ILO’s service delivery, taking into account their uneven ability to implement decent work. The outcome of this consultation having been shared with the review team, the speaker regretted that this input was not reflected in the document. He reiterated the call to circulate the final review team report and requested that a paper be presented in November with specific recommendations drawn directly from the conclusions of the review team.
- 179.** The representative of the Government of Peru, speaking on behalf of the group of Latin American and Caribbean States (GRULAC), recalled the primary objective of the review as agreed by the Governing Body, which was to identify the most appropriate ILO field structure to better service constituents and facilitate the implementation of DWCPs. The review was not meant to be a process of rationalization of the field structure based on criteria of financial feasibility and cost reduction. Its main driving force was the search for increased impact and better alignment with ongoing reforms (including the UN reform), while maintaining ILO presence and specificity. He concurred with the objectives of the review presented in the report and suggested to include an additional one on the identification of the positive aspects of the existing structure, which included direct contact with constituents and better knowledge of the realities in countries and subregions. He warned against prejudging the review results prior to a full assessment and analysis, and therefore considered premature the proposal to establish DWTSTs. He asked for clarification on several issues, including whether the appointment of national coordinators would result in the closing of ILO offices, the differences in responsibilities between ILO offices and DWTSTs and the criteria for the establishment of these teams.
- 180.** The representative of the Government of South Africa, speaking on behalf of the Africa group, supported the amendment proposed by the Workers’ group. His statement reinforced the point made in the document before the Committee on the need to ensure ILO constituents’ participation in UNDAF processes. ILO participation in the UN reform could not sacrifice its comparative advantage, namely its unique tripartite governance. The proposal to reassemble regional teams into DWTSTs was worrisome as it risked hampering the current human resources strategy; more information on this matter was required. The proposal on national coordinators could be supported, but more information would be needed on how these posts would be funded. The issue of DWTSTs should be further analysed. Concerning the proposed principle that support by headquarters would be provided at the request of field structures, an indication was needed on the recourse constituents would have should they be dissatisfied with the services provided by these structures. Consultations referred to in paragraph 56 should be as representative as possible.
- 181.** The representative of the Government of Pakistan stated that the document was crucial and required consensus in the Governing Body due to its administrative and financial

implications. The division of functions of regional offices, DWTSTs and ILO offices was well conceived, with the DWTSTs playing an important role in the provision of technical advice and support to different offices. The functional partnership between headquarters and the DWTSTs would enhance results in country programmes. In thanking the ILO and its Office in Islamabad for its technical assistance, he supported the proposal in the document and requested that a DWTST be posted in Pakistan.

- 182.** The representative of the Government of the Islamic Republic of Iran drew attention to the fact that for almost three decades his country had not benefited from any sizeable project. He stressed that the field structure review should ensure, among others, that the ILO's constituents were treated fairly and without discrimination.
- 183.** The representative of the Government of Mexico supported the GRULAC statement.
- 184.** The representative of the Government of Spain supported the amendment proposed by the Workers' group. Since two amendments had been proposed by the IMEC group and the Workers' group respectively, he suggested that a decision be taken by consensus.
- 185.** The representative of the Government of Kenya supported the amendment proposed by the Workers' group. His statement referred to paragraph 1 of the document and requested information on the country visited by the review team in East Africa as well as the level of participation of constituents. The review would have implications for staff, office management and financial resources. Implications in terms of delivery of services to constituents should also be considered. In recruiting national coordinators, the need to attract local experts should be taken into account. As indicated in paragraph 40, a careful assessment of the current geographical coverage of ILO offices should be carried out. Paragraph 44 should also consider requests from constituents, in addition to those from the field structures. Clarification on paragraph 29 on national coordinators was requested and on the method to be used to adhere to the tripartite structure of the ILO.
- 186.** The representative of the Government of India stressed the commitment of his country to ILO values and, referring to several areas of work with the ILO, thanked the Office for its support through its Subregional Office in India. The reform of the field structure, he indicated, should take into account the requirements of each subregion and should strengthen technical areas of critical importance for that subregion.
- 187.** The representative of the Government of the United States fully endorsed the IMEC group's statement. She added that a careful review should also consider ILO offices in industrialized countries, as well as the Turin Centre. Such a review, conducted without preconceived views, would lead to the optimal structure of headquarters and field offices.
- 188.** The representative of the Government of France, endorsing the statement by the IMEC group, welcomed the decompartmentalization approach that was being adopted in the structural review. He emphasized two points. The first was the agreement with the Workers' group to use the term "field" structure instead of "external" structure. The second was the call made to the Office to start the process of this change of terminology, which underlined the quest for coherence and the federative approach, which would also allow the inclusion of the Turin Centre.
- 189.** The representative of the Director-General (Ms O'Donovan) stressed that the main aim of the Office paper was to receive feedback on the proposals and this had largely been achieved and thanked the Committee for their observations and suggestions. Recognizing the complexity of the process, she explained that the review of the field structure was part of a larger reform exercise, including a number of other complex and simultaneous initiatives. The Office was conscious of the need to achieve a coherent outcome. Referring

to inquiries from several speakers about the review team report, she indicated that it had been made available to each regional coordinator, the Employers' and the Workers' groups and anyone else who requested it. The Office was happy to share it with any member of the Committee who had not received it. Data collected for the report were not fully processed yet, but the Office would pursue their analysis and bring forward the data in a more accessible form. She acknowledged that clarification on the function and the selection process of national coordinators was still required. Referring to the questions raised on the DWTSTs, she noted that further consultation would be necessary, especially with ILO offices and the constituents in the regions. She stressed that the document did not propose that changes be made in the responsibilities and the relationship of the workers' and employers' specialists vis-à-vis ACTRAV and ACT/EMP at headquarters or vis-à-vis constituents at national level. She also emphasized that the Office would not proceed with some of the proposals in the paper prior to a full and proper review of their cost implications. The proposals which were recommended to be taken forward as from now were cost neutral in so far as they were within the context of the Programme and Budget for 2008–09.

190. *In the light of its discussion of the proposals presented above, the Programme, Financial and Administrative Committee recommends to the Governing Body that it request the Office to:*

- (a) further elaborate the field structure review by carrying out additional analysis and consultation consistent with the original terms of reference; and*
- (b) produce an additional document giving further details of the Office proposals drawn up on the basis of analyses and consultations with the constituents for presentation to the Programme, Financial and Administrative Committee at the 304th (March 2009) Session of the Governing Body, to be preceded by an oral presentation to the Committee on Technical Cooperation in November 2008 on the consequences for technical cooperation.*

Follow-up to the report of the Chief Internal Auditor a.i. for the year ended 31 December 2006 (Fifth item on the agenda)

- 191.** The Committee had before it a paper ⁶ on the follow-up to the report of the Chief Internal Auditor a.i. for the year ended 31 December 2006.
- 192.** Mr Blondel, speaking on behalf of the Workers' group, welcomed the revival of the Archives Committee which had not met since 1998. He also expressed his approval of the amendment to the Regulations and Administrative Rules of the Staff Health Insurance Fund, which was intended to guarantee the Fund's financial viability in the medium term and of the participation of staff members in risk management training courses and the revision of the bidding procedure. On the other hand, he regretted the lack of reaction by the Bureau of Internal Administration to the recommendations of the Chief Internal Auditor.

⁶ GB.301/PFA/5.

193. Mr Barde, speaking on behalf of the Employers' group, congratulated the Office on the steps taken to respond to the recommendations of the Chief Internal Auditor and asked for clarification regarding the lack of competencies referred to with respect to the continuous and uninterrupted functioning of the Health Insurance Information System (HIIS).
194. The Treasurer and Financial Comptroller replied that the lack of skills referred to specialized information technology skills uniquely relevant to this system within the administration unit of the SHIF. Limited back-up support was available elsewhere in the Human Resources Development Department and collaboration with other UN agencies using HIIS provided additional security.
195. The Committee took note of the paper.

Report of the Chief Internal Auditor for the year ended 31 December 2007 (Sixth item on the agenda)

196. The Committee had before it a paper ⁷ concerning the report of the Chief Internal Auditor for the year ended 31 December 2007. The point for decision was in paragraph 3.
197. Mr Barde, speaking on behalf of the Employers' group, recalled that the report of the Chief Internal Auditor was one of the key elements in the system of oversight of the Office's management, and he regretted that some of the difficulties encountered had not been explained in a communication. He congratulated the new Chief Internal Auditor on his report, whose contents bore witness to the soundness of the Organization's management. The Employers endorsed all his recommendations. They wished, however, to ask the Office to devote special attention to improving the management of the regional offices and technical cooperation projects. Transparency must be encouraged in all the regions, controls must be stricter, and work must be better planned. The Employers welcomed the Chief Internal Auditor's emphasis on the need to establish repair and maintenance plans for the offices belonging to the Organization, quite apart from the headquarters building. They were surprised that it had taken so long for the Chief Internal Auditor to be informed of the allegations or suspicion of fraud. As to the Internal Audit Charter, the Employers supported the point for decision, although they were in two minds as to whether or not the Charter should include a reference to an Independent Oversight Advisory Committee.
198. Mr Blondel, speaking on behalf of the Workers' group, welcomed the practice referred to in paragraph 2 of the document and hoped that it would be maintained without modification. The Workers supported the point for decision. On reading the document, they had focused mainly on the audits conducted at headquarters, such as the payroll IT audit, and were pleased to see that IRIS was working out well. As to the audits of the field offices and technical cooperation projects, the Workers would concentrate on the conclusions of the Office of Internal Audit and Oversight (IAO) in the discussion on the reform of the field offices. They agreed with the important conclusions of the reviews. They strongly supported the establishment of an Internal Audit Charter and hoped that the Governing Body would continue to be informed of the conclusions and responses of senior management to the Chief Internal Auditor's audit.
199. The representative of the Government of the Netherlands, speaking on behalf of the IMEC group, proposed an amendment to the point for decision as follows: "The Committee may wish to recommend to the Governing Body that it refer the Internal Audit Charter attached

⁷ GB.301/PFA/6.

as Appendix II to GB.301/PFA/6 to the Independent Oversight Advisory Committee for advice.”

- 200.** The representative of the Government of the United States supported the amendment proposed by the IMEC group and commended the Office on its organization-wide approach to risk management. She referred to the UN Chief Executives Board recommendation on disclosure of internal audit reports and asked what action the Auditor was considering in light of such a recommendation.
- 201.** The representative of the Government of Mexico said that given the provisions of chapter XIV of the Financial Rules relating to internal audit, his delegation did not see the need for a new Charter. Mexico supported the recommendations contained in paragraphs 12, 15, 17, 18, 20, 24, 26, 36 and 48 and hoped they would be implemented by the Office.
- 202.** The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the fact that the IAO had not found any major weaknesses in the ILO’s system of internal controls for 2007 and noted with appreciation the positive results from offices in Africa. He urged offices where recommendations for improvements were suggested to implement them. While noting with regret that one official had acted in an unethical manner, he asked what measures the Office had foreseen to address such situations should they recur. The Africa group supported plans to implement training and guidance to assist staff in assessing the capacity of implementing partners to deliver ILO programmes and exercise stewardship over ILO funds. The group agreed with paragraph 37 that the Office should reinforce the requirement that, prior to project implementation, a formal risk assessment be undertaken to assess any risks that may impact on achievement of the project’s objectives. The Africa group supported the establishment of the Independent Oversight Advisory Committee (IOAC) on the clear understanding that it would in no way replace the Governing Body. Consequently, he could not support the amendment proposed by the IMEC group.
- 203.** The representative of the Government of the Netherlands explained that the amendment proposed by the IMEC group was not meant to transfer responsibility for internal audit functions to the IOAC. Both bodies – the Governing Body and the IOAC – should not to work in isolation.
- 204.** The representative of the Government of the Bolivarian Republic of Venezuela noted that the report contained some encouraging points, in particular the work undertaken by the regional offices. He stressed the Organization’s need to enhance its position in the regions in order to be closer to the people it aimed to serve and noted that this recent work in the regions would facilitate efforts. His Government expressed concern over a point in paragraph 4: “The IAO cannot, however, provide comment on those areas that have not been subject to an internal audit in 2007” and sought clarification. Regarding the point for decision, his Government did not understand why there was a need to have a charter attached to the document. The work of the IAO was already clearly defined.
- 205.** Mr Barde, speaking on behalf of the Employers’ group, said that the problem lay not in the amendment but in the fact that an opinion was being sought of an advisory committee which did not yet exist.
- 206.** Mr Blondel, speaking on behalf of the Workers’ group, agreed with Mr Barde and said that in the Workers’ opinion, there were already too many oversight bodies. The one to which they attached most value was the IAO, as it allowed a dialogue between the Governing Body and the Director-General. He hoped that no additional screen would be introduced into a structure that was working very well as it was. He did not wish to call into question

the motives of any officials. In conclusion, he said that he was not able to support the proposed amendment and was in favour of the Office text.

207. The representative of the Government of Spain endorsed the IMEC group declaration, insisting that it was not a matter of substitution but of complementarity. He insisted that there should be no disagreement on this issue between the three groups and therefore proposed that the point for decision in paragraph 3 be postponed pending further consultations.
208. The Chief Internal Auditor stated that, regarding the late notification of fraud to the Financial Comptroller, this was due to certain field office directors not being aware that they should refer all such situations to the appropriate authorities at headquarters. The Office had since reiterated to all field office directors their obligations to report fraud. This was reinforced by the anti-fraud policy issued by the Director-General and circulated to all staff. She noted that internal deliberations on the CEB decision relating to the disclosure of internal audit reports were ongoing. The Office would await a final decision. Regarding paragraph 4, she noted that the IAO covered 48 field offices and 770 active technical cooperation projects in 88 countries. In any given year, only a sample of offices or projects were the subject of audit activities.
209. She stressed that the proposed Charter was a basic document and a primary requirement of international audit standards. Although the mandate and authority of the Chief Internal Auditor were outlined in the Financial Rules, chapter XIV, and in the Director-General's circular of 2002, the Charter provided further clarification. It was more specific regarding the responsibilities of the IAO and held both herself and her office accountable for their work. According to the professional standards, the Charter should be reviewed once a year: as such the Charter was a working document.
210. The representative of the Government of the Netherlands stated that the IMEC group could support the proposal from Spain to postpone the point for decision.
211. The representative of the Government of South Africa, speaking on behalf of the Africa group, questioned the proposal to seek advice from the IOAC.
212. The Chairperson noted a majority for the point for decision as it stood.
213. *The Committee recommends to the Governing Body that it approve the Internal Audit Charter attached as Appendix II to GB.301/PFA/6 as a means to underpin the mandate and authority of the Chief Internal Auditor.*

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

214. The Committee had before it a paper⁸ on delegation of authority under article 18 of the Standing Orders of the International Labour Conference. The points for decision were in paragraphs 3 and 4.
215. Mr Barde supported the point for decision.

⁸ GB.301/PFA/7.

- 216.** Mr Blondel supported the point for decision.
- 217.** Should the need for such delegated authority arise, the Programme, Financial and Administrative Committee decides, for the period of the 97th Session (June 2008) of the Conference, to delegate to its Officers (the Chairperson and the spokespersons for the Employer and Worker members of the Committee) the authority to carry out its responsibilities under article 18 of the Standing Orders of the Conference in relation to proposals involving expenditure in the 71st financial period ending 31 December 2009.
- 218.** *The Committee recommends that the Governing Body make a similar delegation of authority to its Officers under article 18 of the Standing Orders of the Conference.*

Technical meetings reserve (Eighth item on the agenda)

- 219.** The Committee had before it a paper⁹ containing proposals for the choice of technical meetings to be financed from the balance of US\$419,288¹⁰ in the technical meetings reserve for 2008–09 from the following list:
- (d) Tripartite Meeting of Experts on Measurement of Decent Work;
 - (e) Meeting of Experts on the Revision of the List of Occupational Diseases (Recommendation No. 194);
 - (f) Meeting of Experts on the Code of Practice on Safety in the Use of Machinery;
 - (g) Tripartite Meeting of Experts on Working Time Arrangements;
 - (h) Meeting of Experts on Labour Law Reform and HIV/AIDS;
 - (i) Symposium on Two Key Labour Market Challenges for the 21st Century: Climate Change and Demographic Shifts;
 - (j) Symposium on the Role of Social Partners in Promoting Local Development Policies and Strategies for Decent Work.
- 220.** Mr Barde, speaking on behalf of the Employers' group, said that his group was in favour of adopting options (f) and (i).
- 221.** Mr Blondel, speaking on behalf of the Workers' group, said that his group favoured options (d) and (e). He acknowledged that the total cost of the two meetings was a little more than what was readily available but he wanted the question to be examined from a practical point of view.

⁹ GB.301/PFA/8.

¹⁰ This figure corresponds to the 2008–09 allocation of US\$1,225,180, minus the cost of US\$805,892 for the three meetings already agreed upon in November 2007 (International Conference of Labour Statisticians and its preparatory meeting; Celebration of the 60th Anniversary of Convention No. 98: The right to organize and bargain collectively in the 21st century; Business Responses to Demographic Challenge).

222. The representative of the Government of Japan indicated that the themes of “green jobs” and “local development” were on the agenda of the G8 labour ministers’ meeting that his Government would be hosting later in the year. He supported options (i) and (j).
223. The representative of the Government of Hungary supported options (g) and (d).
224. The representative of the Government of Mexico supported options (j) and (d).
225. The representative of the Government of India stressed the importance of the issues of occupational safety and health and decent work for his country. He supported options (f) and (d).
226. The representative of the Government of the United Kingdom supported option (d) on the understanding that the Office would take into account the results of the discussion on measuring decent work, due during the present session of the Governing Body, and that the experts present recommendations on the viability of different options for measuring the various dimensions of decent work, for consideration by the Governing Body in 2009. He also supported option (i) but expressed reservations on combining the major issues of climate change and demographic shift in one meeting.
227. The representative of the Government of South Africa, speaking on behalf of the Africa group, supported options (i) and (h).
228. The representative of the Government of the United States supported options (f) and (e).
229. The representative of the Government of France supported option (d) and observed that the participation for this meeting should be wider than proposed. He requested the Office to take into account the results of the Governing Body’s discussion on measuring decent work. He also supported option (e).
230. The representative of the Government of Australia supported options (i) and (e), with an emphasis on option (i) if only one of the two had to be chosen.
231. The representative of the Government of China supported options (e) and (g).
232. The representative of the Government of Chile supported options (i) and (j).
233. The representative of the Government of Canada supported options (g) and (f).
234. The representative of the Government of the Republic of Korea supported options (d) and (e).
235. The representative of the Government of the Netherlands supported options (d), (h), (i) and (j).
236. The representative of the Government of Tunisia supported options (g) and (e).
237. The representative of the Government of Argentina suggested dealing with options (d) and (j) together and also supported option (i).
238. The representative of the Government of Finland, speaking on behalf of Denmark, Finland and Sweden, supported options (d) and (i).
239. The representative of the Director-General (Mr Thurman) summarized the discussion. Option (d) came closest to consensus as it was supported by many Government members

and the Workers' group. This was followed by options (e) and (f), and then by option (i) although with the proviso that it should cover only one of the two topics mentioned. He suggested moving forward with (d) and choosing between (e) and (f) and maybe (i).

- 240.** Mr Blondel, speaking on behalf of the Workers' group, said that he thought item (d) could now be considered firmly adopted, and the second choice to be made was between the other three meetings.
- 241.** Mr Barde, speaking on behalf of the Employers' group, explained that, in the light of the comments that had been made, he could endorse proposal (d), subject to discussion by the Governing Body. After that he proposed item (i), which appeared to be well supported by Governments.
- 242.** The representative of the Government of South Africa, speaking on behalf of the Africa group, expressed his concern over the fact that he represented 52 member States and their proposals were not even shortlisted. He expressed dissatisfaction over the criteria adopted by the Office in selecting the meetings.
- 243.** The representative of the Government of Nigeria strongly supported the representative of the Government of South Africa.
- 244.** Mr Blondel, speaking on behalf of the Workers' group, said he wanted decisions to be taken on a consensual basis without going through complicated procedures.
- 245.** The representative of the Government of South Africa, speaking on behalf of the Africa group, requested information and clarity from the Office on the criteria adopted in finalizing the selection of proposals.
- 246.** The representative of the Director-General (Mr Thurman) pointed out that his previous intervention was not intended to suggest a numerical methodology, but rather to move the discussion towards consensus. Noting that consensus seemed to have been reached on option (d), he suggested that a second option be identified through informal consultations and that a decision be taken by the Governing Body at its current session.
- 247.** The Chairperson recalled that two meetings could be selected. At the end of its previous sitting, the Committee reached consensus on option (d) on the measurement of decent work. For the second meeting, the options that received most support were (e) on occupational diseases, (f) on safety in the use of machinery and (i) on climate change and demographic shifts.
- 248.** Mr Blondel, speaking on behalf of the Workers' group, reiterated the support of his group for option (e), noting that the issue of climate change would be addressed by the Governing Body in November 2008. He also recognized the importance of the issue of HIV/AIDS, but recalled that soon a standard would be discussed in this regard.
- 249.** Mr Barde, speaking on behalf of the Employers' group, said that while his group was still in favour of option (i), it would not be opposed to option (e), should the latter receive large support in the Committee.
- 250.** The representatives of the following Governments supported option (e): Australia, Canada, China, France, India, Islamic Republic of Iran, Japan, Jordan (on behalf also of Saudi Arabia), Republic of Korea and Spain.

251. The representative of the Government of South Africa, speaking on behalf of the Africa group, supported option (e) on the understanding that in the future support would be provided to the issue of HIV/AIDS.
252. *The Committee recommends to the Governing Body that, in addition to the three meetings agreed upon in November 2007, the following meetings be financed from the technical meetings reserve for 2008–09: Tripartite Meeting of Experts on the Measurement of Decent Work (US\$178,500) and Meeting of Experts on the Revision of the List of Occupational Diseases (Recommendation No. 194) (US\$227,844).*

**Programme and Budget for 2008–09:
Collection of contributions from
1 January 2008 to date
(Ninth item on the agenda)**

253. The Committee had before it a paper¹¹ on the collection of contributions from 1 January 2008 to date.
254. Mr Blondel, speaking on behalf of the Workers' group, said that he was pleased to note that the situation with regard to the payment of contributions was more satisfactory compared to the previous year, even though fewer countries had paid their contributions in full. As for countries that lost their voting rights as a result of their falling into arrears, he hoped it would be possible to intervene with them directly because in the final analysis workers were also penalized by such a situation. He once again thanked countries that paid their contributions on time.
255. Mr Barde, speaking on behalf of the Employers' group, said he had no particular comments to make.
256. The Treasurer and Financial Comptroller explained that since 29 February 2008 contributions amounting to 4,257,515 Swiss francs had been received from six member States as follows:

	2001	Arrears	Total in Swiss francs
Algeria	334 684		334 684
Saint Kitts and Nevis	3 944		3 944
Egypt	346 772		346 772
Panama	6 393		6 393
Indonesia	634 912		634 912
Saudi Arabia	2 930 810		2 930 810
	4 257 515		4 257 515

257. Total contributions received to date, therefore, amounted to 131,400,013 Swiss francs comprising 123,999,893 Swiss francs for 2008 contributions and 7,400,120 Swiss francs for arrears of contributions. The current balance due was 354,324,191 Swiss francs.

¹¹ GB.301/PFA/9.

258. The representative of the Government of Tunisia stated that her Government met its financial obligations to the International Labour Office via regular payments of contributions. Steps had been taken to ensure that the 2008 contribution would be made in the coming days.
259. The Committee took note of the paper.

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

260. The Committee had before it a paper¹² containing the report of the Building Subcommittee.
261. The representative of the Government of Brazil, speaking as the Chairperson of the Building Subcommittee, recalled the excellent discussion in the Subcommittee and underlined the recommendations contained in GB.301/PFA/10. The Subcommittee also considered a status report on ongoing renovation activities at headquarters but requested more information on the renovations of the kitchens and restaurants. He stressed the importance of the Office providing the Subcommittee with regular information concerning the progress of all renovation work in the building.
262. Mr Ahmed (Worker member and Vice-Chairperson of the Building Subcommittee) drew attention to the previous discussion relating to the net premium and treatment of the income surplus. He confirmed the Workers' group's support for the Director-General's proposals stating that the renovation of the headquarters building was necessary to provide a decent working environment. He reiterated calls for member States to consider both the possibilities of extraordinary contributions, as was the case for the United Nations building in New York, as well as loans from the host country, Switzerland. He also reiterated the Workers' group's support for an expert team to draft a master plan for the project and stressed the urgency of the issue.
263. Mr Lima Godoy (Employer member and Vice-Chairperson of the Building Subcommittee) expressed his agreement with Mr Ahmed and the Chairperson of the Building Subcommittee. He suggested that Committee members analyse the point for decision, given the range of views articulated in the Subcommittee meeting. He noted the concerns regarding the renunciation and sale of the leasehold on the parcel of land near the Route de Ferney and stated that another larger parcel of land could be considered for sale at a later date. He supported the establishment of an expert team and highlighted the opportunity for the Office to seek added productivity through the recruitment of internal candidates to oversee the ten years of construction with its legal and organizational complexities.
264. The representative of the Government of the United Kingdom, speaking on behalf of the IMEC group, supported the recommendation for the financing of an expert team for the project. She urged the Office to ensure the team was properly qualified and experienced through a transparent recruitment process. A cost-benefit analysis should be undertaken to decide whether to hire new ILO staff members or to outsource part or all of the project coordination. She voiced her concern that the Subcommittee was not meeting until November 2008 and suggested that an informal meeting be organized during the ILC in June as well as keeping Members informed on a regular basis through informal briefings and email updates. Since the master plan might take up to two years to develop, she requested that the Office keep the Committee informed of progress and that either the

¹² GB.301/PFA/10.

project manager or expert team be invited to future Building Subcommittee meetings. She also requested clarification on whether the scope of the master plan would encompass ILO premises around the world and if consideration had been provided to subletting of office space to defray renovation and maintenance costs. She stressed the necessity for quick completion of the master plan to avoid further cost increases and highlighted IMEC's support that 1 per cent of the value of all ILO properties be included as part of the regular budget to fund ongoing renovation and maintenance needs.

265. Mr Blondel, speaking on behalf of the Workers' group, proposed an increase of 1 per cent in the budget which would satisfy the wishes of Governments and allow regular maintenance of premises. The important aspect was that work, including any technical assessment, should be carried out by ILO staff. An architect and a team of professionals would have to be hired to assist with managing the project. It was essential to have one individual at all times to report directly to the Director-General on technical aspects.
266. The representative of the Director-General (Ms O'Donovan) confirmed that the master plan would only deal with the renovation of the headquarters building in Geneva. It would not be concerned with any ILO offices in the field.
267. *The Programme, Financial and Administrative Committee recommends to the Governing Body that:*
- (a) *taking into account the range of views expressed by the members of the Building Subcommittee, it support, in principle, a balanced treatment of the net premium earned during the 70th financial period (2006–07) and of resources in the Special Programme Account arising from the income surplus from the same period, as recommended by the Programme, Financial and Administrative Committee on the basis of the relevant documents submitted to it, including the report of the Building Subcommittee;*
 - (b) *it approve the renunciation and sale of the leasehold on the parcel of land identified in Appendix III (parcel 3924) on terms to be negotiated by the Director-General;*
 - (c) *subject to the approval of the transfer of resources from the net premium earned and/or the Special Programme Account, the Director-General be authorized to charge expenditure of up to 6 million Swiss francs to the Building and Accommodation Fund to cover the costs of an expert team for the development of the master plan and the bidding and contract administration processes for Phase II.*

Other financial questions (Eleventh item on the agenda)

Financial arrangements for the tripartite delegation of the Governing Body to the XVIII World Congress on Safety and Health at Work and to the Safety and Health Summit (Seoul, Republic of Korea, 29 June–2 July 2008)

268. The Committee had before it a paper¹³ regarding the XVIII World Congress on Safety and Health. The point for decision was in paragraph 5.
269. Mr Barde, speaking on behalf of the Employers' group, said he took note of the paper and supported the point for decision.
270. Mr Blondel, speaking on behalf of the Workers' group, said he endorsed the point for decision.
271. The representative of the Government of the Republic of Korea welcomed the recommendations of the members of the Governing Body that a tripartite delegation be appointed to attend the XVIII World Congress on Safety and Health at Work and reiterated her Government's commitment to facilitate the success of the World Congress.
272. The Committee approved the point for decision.
273. *The Committee recommends that the Governing Body decide that the total cost of the tripartite delegation of US\$30,700 be financed in the first instance from savings in Part I of the Programme and Budget for 2008–09, on the understanding that, should this not prove possible, the Director-General would propose alternative methods of financing at a later stage in the biennium.*
274. The Chairperson announced that, following consultations between the Officers of the Governing Body and the Director-General on the establishment of an IOAC, the PFAC was invited to establish a tripartite selection committee, consisting of two Employer, two Worker and four Government members. He urged regional coordinators and the Employer and Worker spokespersons to submit nominations for the selection committee to the Chairperson as soon as possible.

Independent Oversight Advisory Committee

275. The Chair announced the completion of the review of candidates for the Independent Oversight Advisory Committee by the Tripartite Selection Committee. The Officers of the Governing Body were now submitting their recommendation to the Committee.

¹³ GB.301/PFA/11.

276. The Committee recommends that the Governing Body appoint Mr Gil BELTRAN (Philippines); Mr Denys CHAMAY (Switzerland); Mr Reckford KAMPANJE (Malawi); Mr Arto KUUSIOLA (Finland); Mr Oscar MAFFE (Argentina) as members of the Independent Oversight Advisory Committee.

Geneva, 18 March 2008.

(Signed) Mr Barde
Reporter

Points for decision: Paragraph 42;
Paragraph 61;
Paragraph 190;
Paragraph 213;
Paragraph 218;
Paragraph 252;
Paragraph 267;
Paragraph 273;
Paragraph 276.

Appendix I

Director-General's address to the Programme, Financial and Administrative Committee (12 March 2008)

Ambassador Jayatilleka, Chairperson of the Governing Body,

Mr Barde, spokesperson for the Employers,

Mr Blondel, spokesperson for the Workers,

Excellencies, members of the PFAC,

Dear colleagues and friends,

Your Committee is once again shouldering a challenging agenda.

You know the importance I attach to your work, your decisions and your guidance for a smooth, as well as an efficient and effective, running of the Organization.

I would like to address several items on your agenda, but let me start on a sad note.

Security of ILO staff

On 22 January I had a deeply moving encounter with the father and the sister of Mr Abderrahim Hanniche, our colleague from the ILO office in Algiers who died on 11 December 2007 in the bombing of the UN building; a terrible event.

Next week, we will pay tribute to and honour the memory of our colleague in the Governing Body.

But here, we will need to draw the full lessons from this tragedy, for the protection of our staff. You have a paper on security before you. The UN Secretary-General has appointed an independent panel to review all UN security procedures. There are many issues for the immediate future and the medium term that we will need to address.

Among them, resources. Within a zero-growth budget, our expenditures on security have increased enormously. In 2000–01 the ILO contributed approximately US\$50,000 to the UN Department of Safety and Security. This amount jumped to US\$4 million in 2006–07. Total expenditure amounted to US\$7.4 million in 2006–07.

Strategic Policy Framework

This leads me to the Strategic Policy Framework for 2010–15.

The preparation, this year, of the next Strategic Policy Framework presents us with a unique opportunity to shape the ILO of the future.

The challenge is clear.

The Decent Work Agenda has received global support and raised high expectations among our constituents and more widely within the international community.

As we have often discussed, this has raised the stakes for the Organization to better assist governments, employers and workers to make decent work a national reality.

And to promote policy convergence to make decent work a central objective of national, regional and international policies for sustainable economic, social and environmental development.

I believe that reaching an agreement, next November, on the Strategic Policy Framework for 2010–15 is one of the most important decisions we face this year.

All of us need to give it thought and dedication. Through intensive consultations and exchanges, I invite you to produce an exciting and practical statement on how we see the future of our organizations.

If I say “exciting”, it is because I believe we should agree on a vision of our responsibilities for the future and an implementation process that motivates us all – constituents, staff and external partners.

A statement that gives us a boost of energy, a sense of shared responsibility, a feeling of institutional self-assurance, a “can-do” attitude; something that we find attractive and are proud to be a part of.

But, I also see it as a unique opportunity to transmit to the world the strategic focus and the clarity with which we will pursue the commitment to our values and our mandate.

A definition of our future based on the Decent Work Agenda which others find relevant, and consequently stimulates them to take action within their own spaces in moving the agenda forward together with us.

As we shape the ILO of the future, we need to be both ambitious and realistic. We need to have dreams and be ready to take risks with new ideas and methods of work. We also need to deepen our results-based management approach and our capacity for team work.

I believe that constituents, as well as the multilateral system, expect the ILO to provide strong guidance on effective rights at work, enterprise development and the quantity and quality of employment, viable social protection systems and strong social partners engaged in tripartism and social dialogue in support of decent work.

Much of our effectiveness will rest on our ability to understand the ongoing changes in the world of work, to strengthen our critical mass and to identify key priorities in each of our four strategic objectives. Only by thorough consultations and wide participation can we get there.

An electronic forum is being set up to enable constituents to contribute to the debate, and one has already been launched for ILO staff. A dedicated side event during the International Labour Conference in June will provide an additional opportunity to discuss and reflect on the future of the ILO.

I look to the Strategic Policy Framework as a means to ask the difficult questions and carve out the best responses. This will require us to look at our knowledge management, our policy toolbox and our methods of work.

I very much hope that shaping together the future of the ILO will be seen by all of us as an exiting opportunity and a rewarding challenge.

Programme implementation report

A good point of departure are the lessons from our programme implementation report.

In response to your specific request, it is the most substantial and complete report we have submitted on results of the biennial programme. This is consistent with the logic of managing for results.

The programme and budget provides broad strategic direction. In turn, the reporting on results achieved expands in much greater detail. This is the transparency and accountability framework to which we are committed.

Behind the numbers, targets and indicators in the report, I am struck by the richness of the human story unfolding through these pages. It becomes so clear that we are relevant to the daily lives of people.

Allow me to publicly thank all ILO staff for their commitment and efforts in transforming their expertise, skills and professional time into results in your countries and regions and globally.

To make the most of this opportunity to look back on recent performance, we need to apply the full lessons to the future; about our successes, but also about our shortcomings. These include the need to:

- Enhance our capacity to carry out integrated actions combining several strategic dimensions.
- Continue to raise the quality of the Decent Work Country Programmes.
- Adapt our format to allow for reporting by country.
- Strengthen our ability to draw policy lessons from our work.
- Better integrate different budgetary resources into one programme.
- Build on our efforts to participate in and influence UN country programmes. The integration of different budgetary resources into one programme still needs attention. Our ability to influence UN country programmes is gaining in strength but remains uneven.

These are some of the operational lessons that should inspire our future plan.

And perhaps the greatest justification and stimulus for our future tasks is the continuing decent work deficit that so many families are facing worldwide.

Field structure review

Let me now turn to the proposals on the review of the field structure.

A key conclusion of the consultations held with you and constituents in your countries is that the demand for ILO support and services is high and rising. Only an optimized use of our human and financial resources will enable us to respond adequately to this rising demand.

Two important implications follow. On the one hand, office directors in countries and regions must be given greater responsibility to design and take forward decent work programmes. On the other hand, there is a need for a more flexible and integrated deployment of technical resources from across the Organization, including headquarters.

The proposal to establish fewer, but larger, decent work technical support teams meets these objectives.

I believe the technical teams will strengthen our capacity to liaise with regional and national knowledge networks and provide higher-quality advisory services.

These measures will also considerably enhance our capacity to design and implement Decent Work Country Programmes and contribute to common UN country programmes.

A number of measures can be implemented relatively rapidly, and I am ready to move forward with them. Others require further elaboration and consultations.

At this stage, your views on the overall approach suggested will guide the Office when entering the next phase of preparing for their implementation. The next programme and budget, as well as the Strategic Policy Framework, provides adequate space to integrate future directions.

Human resources

Managing ILO human resources, our main asset, will be a critical dimension of the ILO of the future.

With your support, the ILO Human Resources Strategy has evolved considerably over the years. It is now an important plank in our ongoing reform process.

A revised staff performance management system, which emphasizes results-based management, planning, accountability, motivation and recognition, is at the heart of current efforts.

The tables before you in the staff composition paper highlight other areas of progress. For example, we now have a much more balanced gender distribution among ILO staff. Four in ten ILO Professional category staff are women. Of six executive directors, two are women. Of five regional directors, four are women. Among staff at D1 and D2 levels, the proportion of women is respectively 48.4 per cent and 33.3 per cent.

Progress is also being made in rebalancing the grade structure and in achieving a more balanced geographical composition of staff. But more must be done.

This is one reason why we have introduced a new resourcing, assignment and placement system, RAPS. It will allow the Office to take a more comprehensive view of recruitment and placement decisions, bearing in mind our policy objectives in these areas. It will also make it possible to plan ahead more effectively, reduce transaction costs and give “applicants” more options.

We are investing more in our staff, our most valuable and valued resources, and must continue to do so even as we demand more from them. During 2008–09, we earmarked some 2 per cent to staff development, to build competencies and refresh the knowledge base.

But we need to do more. The recruitment and selection of highly qualified technical staff is a major task of today. We need to expand our outreach to motivate more young people to take an interest in the ILO, particularly those from regions currently less represented among ILO staff.

Team work across all ILO staff, including in technical cooperation projects, needs more attention. This includes support systems for sharing knowledge as well as greater flexibility to carry out specific assignments across our mandate.

We are also investing in staff welfare and security initiatives which can improve staff safety, motivation, commitment and performance, and will continue to do so during this biennium, working very closely with the Staff Union.

Transparency and management reforms

Together we have considerably strengthened the transparency and accountability of this Organization. A new public information disclosure policy will shortly be launched which will facilitate easier access to ILO documents for constituents as well as the wider public.

We have also strengthened our internal controls. You will no doubt take note with much interest, as I have, of the suggestions made in the report of the Chief Internal Auditor.

I am particularly pleased with the proposals regarding the preparation of a common understanding of perceived risks and ways to mitigate and manage such risks. We must act on them.

As you will have seen, an external assessment of the internal audit was carried out, yielding useful recommendations but also providing assurance of the adequacy of our internal controls.

Regular Budget Supplementary Account

With your support, we have established this Supplementary Account as a credible new funding mechanism.

I would like to warmly thank those governments that have responded positively. Germany, the Netherlands and Spain are among the first contributors. Four other countries have indicated their interest in making a contribution in 2008. Two countries have expressed an interest in joining in 2009.

We are taking the necessary measures to be able to programme the supplementary allocations to Decent Work Country Programmes, with leadership from our regional structures.

2006–07 resources

You have before you a number of proposals on resources.

I know that many of you are concerned, as I am, about the financing of the renovation of the headquarters building. This is an immediate challenge. I hope your Committee can agree to the specific proposals I have made to the Building Subcommittee.

If these decisions are taken, the Office is ready to actively plan the next stages of this project.

Our immediate task is to start with the development of the master plan. I have proposed that authorization be given to spend up to 6 million Swiss francs from the Building and Accommodation Fund to recruit a team of experts for this purpose.

The master plan to renovate the building will also introduce the latest environmental and energy efficiency standards.

The evolving situation of major currency markets and the payment of sizeable arrears of contributions have provided two unexpected financing possibilities for this project.

First, there is the net positive effect of foreign exchange operations during the biennium, amounting to 32 million Swiss francs. This net premium, as it is called, reverts, in principle, to member States directly through a well-established mechanism. Fifty per cent is returned to member States and 50 per cent is used as an incentive for early payments of contributions.

My proposal, subject to your concurrence and that of the Programme, Financial and Administrative Committee and the International Labour Conference, is to allocate 100 per cent of this extraordinary gain as a one-off special contribution of member States towards the renovation of the headquarters building. This responds, in fact, to proposals aired by some governments at last year's Conference.

My rationale is the following: since no government could have reasonably planned to count on these resources, which are quite exceptional, we can well use them as an equally exceptional non-recurrent expense for our headquarters building – a unanimous priority of the Governing Body – at no cost to the planned budget of any government. Understandably, in always difficult financial situations, some of you would like to retain this unexpected windfall. Nonetheless, I would plead with you not to weaken the building proposals.

Second, in 2006–07, there was an income surplus amounting to 36 million Swiss francs which is available in the Special Programme Account. Its use requires careful consideration.

On the one hand, member States pay their assessed contributions, including arrears, having in mind the funding of regular ILO activities. Logically, such resources should be devoted to that end. On the other hand, we are faced with an extraordinary investment need for the renovation of the building.

In light of informal soundings held with many of you, a balanced proposal, subject to your concurrence, is to allocate half of the 2006–07 surplus towards the renovation of the headquarters building. The other half should be directed to activities in areas identified as priorities, but for which funding remains inadequate or indeed has not been foreseen.

For the time being I propose that approximately US\$9 million be directed to ILO priorities that are currently inadequately funded. We can return to the allocation of the balance at a later session.

Concluding words

For several years now we have together carried out deep and systematic reforms of our Organization to enhance our capacities and governance systems.

We are continuing this effort through the items on your agenda and, at the forthcoming Conference, with the discussions on strengthening the ILO's capacity.

Our method is to build on continuity and anchor reforms in our long-standing values and principles.

At the same time, we are steered by new energy to respond to the immense support to decent work and the potential to advance the noble principles of the ILO.

Thank you for your attention; thank you for your support.

Appendix II

Revised proposed allocation of resources from the Special Programme Account

Proposed allocations	US\$ *
1. Transfer to the Building and Accommodation Fund for the renovation of the headquarters building	22 100 000
2. Additional investments in security of ILO staff and premises	1 500 000
3. Support to ILO technical programmes in countries to strengthen decent work and ILO values and principles, including on the 90th anniversary, knowledge and capacity building, ILO participation in UNDAFs and ILO support to green jobs	7 800 000
Total	31 400 000
Total in Swiss francs	35 800 000

* US dollars equivalent at the US\$/Swiss franc rate of exchange as at 31 December 2007.