



Governing Body

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TENTH ITEM ON THE AGENDA

Reports of the Programme, Financial and Administrative Committee

First report: Financial questions

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1. The Programme, Financial and Administrative Committee (PFAC) of the Governing Body met on 7–11 and 17 March 2011, and was chaired by Ambassador Matjila. Mr Julien and Sir Roy Trotman acted as Vice-Chairpersons. Mr Julien served as Reporter.
2. The order of discussion proposed in document GB.310/PFA/TOB was agreed.

Programme and Budget for 2010–11 (First item on the agenda)

3. The Committee had before it two papers¹ on the position of accounts as at 31 December 2010 and the collection of contributions from 1 January 2011 to date.
4. The representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller) reported that, since 28 February 2011, contributions amounting to 5,243,699 Swiss francs (CHF) had been received from six member States as follows:

Member States	Contribution received for 2011	Contribution received for arrears	Total contributions received in Swiss francs
Panama	7 659	–	7 659
Guatemala	103 048	–	103 048
Cuba	–	181 000	181 000
Ireland	1 936 193	7	1 936 200
Saudi Arabia	3 015 439	–	3 015 439
Cameroon	–	353	353
Total	5 062 339	181 360	5 243 699

5. As a result of that payment, Cameroon had regained the right to vote. Total contributions received to date amounted to CHF104,956,744, comprising CHF97,876,446 for 2011 and CHF7,080,298 for arrears. The balance due as of 9 March 2011 was CHF366,314,471.
6. The Committee took note of the two papers.

Use of the 2008–09 Special Programme Account (Third item on the agenda)

7. The Committee had before it a paper on the use of the 2008–09 Special Programme Account.²
8. The representative of the Director-General (Mr Thurman) recalled the provisions governing the use of the Special Programme Account (SPA), as established in the Financial Regulations. He reassured the Governing Body that the proposed activities met the purposes of the Financial Regulations and that, where investments were proposed,

¹ GB.310/PFA/1/1 and GB.310/PFA/1/2.

² GB.310/PFA/3.

related ongoing costs were built into the current level of the regular budget proposals. The provisions in the Financial Regulations did not forbid activities that could or should be followed up. In the case of substantive activities, the Office would ensure that any follow-up would be funded through extra-budgetary resources or within the existing regular budget.

9. Sir Roy, speaking on behalf of the Workers' group, said that it was difficult for his group to take a stance on the proposed activities, pending the Director-General's response to the issues raised by the Committee on the Programme and Budget proposals for 2012–13. He sought the views of governments.
10. The speaker indicated that his group had expected that a larger share of resources than the US\$2 million currently provided for would be allocated to the proposal on standards. That extra funding should translate into a programme to speed up the process to strengthen the application of standards in countries, particularly Conventions Nos 87 and 98. At the same time, the proposal on Decent Work Country Programmes (DWCPs) needed to be looked at in more detail.
11. In the light of those comments, Sir Roy reserved the judgement of his group.
12. Mr Julien, speaking on behalf of the Employers' group, stated that it wished to defer the decision, for four reasons. First, it considered that the main priority was currently the headquarters building. Second, it was of the view that the question of strengthening the application of standards must be submitted to the LILS Committee. Third, it wanted the Office to take strong and symbolic action to meet the expectations of certain Members of the Organization which were currently facing severe difficulties, and it attached less urgency to supporting the promotion of DWCPs. Lastly, the financing plan and modus operandi of the strategies on strengthening the knowledge base and modernizing IT infrastructure had not yet been defined precisely enough, as no new information had been provided on those strategies since November 2010, despite repeated requests from the Employers' group. The latter was thus not able to approve the proposal put forward by the Office, and requested it to present reasoned proposals once a policy debate had taken place in the LILS Committee.
13. The representative of the Government of South Africa, speaking on behalf of the Africa group, supported the request of the Employers' group to defer a final decision on the matter and allow the necessary consultations to take place.
14. The representative of the Government of Australia, speaking on behalf of the Asia–Pacific group (ASPAG), regretted that the proposal to defer the discussion had not been known in advance. His group had been ready to support the use of the SPA, subject to receiving a number of clarifications. The speaker requested the Office to explain the implications of a delay of six months, especially for the third and fourth proposals, in order for his group to decide whether to support the postponement of the discussion.
15. The representative of the Director-General (Mr Thurman) indicated that on the third and fourth items in the SPA proposals the Office had hoped to start the work immediately. The decision to delay the proposals would have two implications. Firstly, the planned work to put in place the necessary IT infrastructure for the knowledge system would be delayed. That in turn would delay the time by which online information could be made available to constituents and ILO staff by six to seven months. Secondly, the risks and urgent needs identified in the area of IT infrastructure would not be addressed promptly. Lastly, deferring the decision on the use of the SPA until the following November was also problematic in that it meant that the Governing Body would be requested to endorse the Programme and Budget proposals for 2012–13 in the absence of any decision on the use of

the SPA. In practice, the implementation of the Programme and Budget for 2012–13 depended heavily on the work to be funded by SPA in the areas of knowledge systems and IT infrastructure investment.

16. Sir Roy clarified that no agreement had been made with the Employers' group as to the deferral of a decision on the SPA, nor was it ever the intention of his group to postpone the issue by another six months. He reiterated the expectations of his group as voiced earlier, notably: (i) to place greater emphasis on the proposal on strengthening the application of standards, including through the DWCP components, particularly Conventions Nos 87 and 98; and (ii) to hear clarifications from the Director-General on issues raised so far, along with the views of governments.
17. Mr Julien explained that his group had never had the intention of requesting a further delay of six months. The speaker did not see how a decision could be taken on the matter in the absence of a reply on the essential points. He recalled that a Chief of the Information Technology and Communications Bureau (ITCOM) had not been appointed, that none of the three strategic options presented in November 2010 had been chosen and that the human resources strategy, which was essential to launching the IT strategy, had not been deployed.
18. In requesting a deferral of the discussion, the speaker wished to give the Office the opportunity to reply to the questions raised by the constituents on those two strategies, in particular concerning the modalities and time frame for their implementation and estimated savings and costs.
19. Lastly, the speaker reiterated the importance attached by his group to the IT strategy, and said that there was no reason why the Employers should not endorse it, once their questions had been answered.
20. The Committee resumed the discussion after having received additional documentation from the Office on the knowledge and IT infrastructure proposals.
21. Sir Roy, speaking on behalf of the Workers' group, regretted that they had received the documents too late. His group would give its position later.
22. Mr Julien, speaking on behalf of the Employers' group, thanked the Office for the two documents made available to the constituents that morning. He highlighted the quality of the documents, which, while not exhaustive, were intended to address the questions that had been raised. Those important questions related not only to the SPA, but also to the Organization's strategy. The Employers were duly attentive to the discussion and, like the Workers' group, wished to have the matter deferred so that all three groups could study the proposals formulated by the Office.
23. The representative of the Government of France, speaking on behalf of the group of industrialized market economy countries (IMEC), thanked the secretariat for the information provided on the SPA and for the assurance that it was based on the relevant provisions in the Financial Regulations. He emphasized that SPA discussions should not be separated from the programme and budget discussions and should be accompanied by a high level of detailed information. Although the SPA was meant to be used for ad hoc essential priorities not provided for under the regular budget, it had to be discussed together with the programme and budget to ensure coherence with its priorities, expected results and resource allocations. The speaker concurred with the request of the Employers' group for more detailed information on the financial implications of the IT and knowledge strategies, as well as the articulation of the various financial and human resources to be mobilized for those strategies. More information would be required on the proposals

regarding DWCPs and standards, along the lines of the additional details already provided for the proposals on IT and knowledge. The Office should also clarify how that work would be coordinated with other UN organizations, including the United Nations Development Programme (UNDP). Lastly, the speaker endorsed the comments by the Employers' group on the importance of determining a clearer hierarchy of priorities for SPA funding, in view of the urgent challenges faced by the Office. In that context, the SPA should be considered as a potential tool for both short-term and unexpected investments in the renovations and the long-term building strategy.

- 24.** The representative of the Government of Australia, speaking on behalf of ASPAG, welcomed the focus of the proposals on the best ways to meet constituents' needs, particularly in the areas of standards and DWCPs. His group supported in principle the recommendation in paragraph 33, subject to clarifications on how funds would be spent, as well as on specific points related to each of the four proposals. Regarding the proposal on standards, the Office should clarify how the pilot approach in point (a) in paragraph 7 would address reporting failures and create sustainable capacities in the 20 countries. He also requested explanations on the length of the pilot, the Office's plan to incorporate that effort into future programme and budget documents and the criteria for selecting the 20 countries. Appropriate regional representation should be ensured throughout the pilot phase. Concerning the proposals on DWCPs, the Office should clarify the nature of the proposals, notably whether those were a one-off investment. On the proposals for design and implementation of the Central Information Services Gateway as part of the initiative to strengthen the ILO's knowledge base, the Office should ensure that such a system was created in a user-friendly manner, with end-users in mind. With regard to the proposal to modernize the IT infrastructure, clarifications were necessary on the one-off and ongoing costs related to the third-party housing of the IT systems.
- 25.** In conclusion, the speaker indicated that in allocating the remaining 2008–09 SPA funds (US\$4.2 million), which were scheduled to be discussed in November 2011, ASPAG would welcome proposals that would help constituents to meet their goals in concrete and practical ways. In that regard, global unemployment was still a major challenge, which the ILO was uniquely positioned to address. Likewise, there was an urgent need for the ILO to respond to the current situation in the Arab States, particularly in the areas of youth employment and the establishment of labour administration mechanisms in line with ILO standards. The speaker requested the Office's advice as to the possible use of the SPA or other funding for that purpose.
- 26.** The Committee resumed the discussion after having received supplementary documentation from the Office on the proposals on strengthening of the application of standards and DWCPs.
- 27.** Mr Julien, speaking on behalf of the Employers' group, stated that his group had already conveyed its observations concerning the SPA and would not revisit the issue.
- 28.** Sir Roy, speaking on behalf of the Workers' group, referring to the additional information on the IT proposal, stated that the group expected that every effort would be made to fill as quickly as possible the management positions referred to in the document, particularly that of Chief of ITCOM. His group was not necessarily in agreement with the details of the proposal and had several questions on the additional documents distributed. Firstly, in relation to the proposal on IT, regular staff should be made aware of the rapid changes in IT and trained systematically to ensure a minimum level of outsourcing. Secondly, he inquired about whether the data would be kept outside or within the Office. Thirdly, he was concerned about the anticipated workload for staff and the implications resulting from the foreseen changes. The Integrated Resource Information System (IRIS) roll-out should allow the Office to manage both its personnel and its information effectively.

29. Regarding the new knowledge management system, the speaker considered that staff should be involved in the discussions on the shifting of jobs and job descriptions resulting from the changes envisaged. That required an adequate level of social dialogue between the Staff Union and management. He requested that for discussions in November 2011 or subsequently, the Office provide detailed information on: (i) IT costs with a budget breakdown of major initiatives, including the IRIS roll-out, infrastructure, knowledge management and the Internet; (ii) progress on major projects analysed so as to guide decision-making; (iii) the sources of funding of those projects; (iv) the departments or field units responsible for any additional work; and (v) a timeline for all projects separately and integrated into a table. Detailed information should also be provided on risk management, in particular in relation to organizational impact and the building renovation.
30. The Workers' group supported the point for decision.
31. The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the supplementary information provided by the Office and supported the point for decision in paragraph 33.
32. The representative of the Government of France thanked the Office for the additional information and reiterated the long-term recommendations already made by his Government, to the effect that the discussions on the SPA and the programme and budget should be integrated.
33. The representative of the Government of India supported the point for decision in paragraph 33.
34. The representative of the Government of Kenya supported the statement made by the Africa group, as well as the point for decision in paragraph 33. He was in favour of the use of the SPA to strengthen the participation of ILO constituents in the design and implementation of DWCPs, in particular the development of a consolidated methodology for decent work country scans. Consideration should be given to how that methodology could further support resource mobilization efforts for DWCPs. The establishment of adequate labour market information systems, in particular in Africa, where it was a challenge, should be a priority. The review of the DWCP framework to align it to national planning and budget systems could add value to the work on the scan methodology.
35. *The Committee recommends that the Governing Body authorize the Director-General to use US\$14.4 million of the 2008–09 Special Programme Account as detailed above and summarized in paragraph 5, and requests him to submit proposals on the use of the remaining \$4.2 million to the Governing Body in November 2011.*

Evaluations

(Fourth item on the agenda)

36. The Committee had before it two papers³ on evaluations.

³ GB.310/PFA/4/1 and GB.310/PFA/4/2.

(a) Results-based strategies 2011–15: Evaluation strategy – Strengthening the use of evaluations

37. The Committee had before it a paper entitled “Results-based strategies 2011–15: Evaluation strategy – Strengthening the use of evaluations”.
38. Mr Julien, speaking on behalf of the Employers’ group, commended the quality of the paper under review and confirmed the Employers’ opinion regarding improvements in evaluations. The follow-up to, and implementation of, the recommendations were the chief concerns. While it was undoubtedly wise to decentralize evaluations, it was essential to make sure that good practices were followed, especially in the regions, in order to guarantee the accuracy of evaluations and ensure the implementation of recommendations. The i-Track initiative was interesting, but it should complement, not replace, the evaluation process. He welcomed the increase in the Evaluation Unit (EVAL) budget but, since there were plans to call on extra-budgetary resources, he wondered what steps the Office intended to take should those resources not be forthcoming. The Employers’ group was waiting to see the amendment proposed by the Governments before it took a decision.
39. Sir Roy, speaking on behalf of the Workers’ group, supported the new evaluation strategy’s aim to achieve greater levels of professionalism and noted that the International Training Centre of the ILO in Turin (the Turin Centre) could be of assistance in redressing the weaknesses of constituents and staff. He called for better use of evaluation results to improve decision-making and to enrich the ILO’s operational activities. With regard to outcome 1, he emphasized that constituent participation should not be an afterthought. Engaging workers’ organizations in evaluations had not always been satisfactory, and the Office should promptly overcome that major drawback. He called for training of the social partners and involvement of the Turin Centre.
40. Referring to outcome 2, he called on the regional directors and executive directors to mainstream tripartism and to involve the social partners in decentralized evaluations in line with the dynamics and inconsistencies at those levels. He requested that the Bureaux for Employers’ Activities (ACT/EMP) and Workers’ Activities (ACTRAV) be involved in all evaluations involving employers’ and workers’ technical cooperation programmes, and when developing guidelines for joint evaluation. Lastly, he encouraged the ILO to strengthen and institutionalize its evaluation network to build the capacity of constituents and to contribute to the improvement of constituents’ structures and policies.
41. The representative of the Government of Australia, speaking on behalf of the IMEC group, supported the aim of the strategy to improve the use of evaluation, noting that it incorporated several of the recommendations of the independent external evaluation (IEE) of the ILO’s evaluation function. In particular, it welcomed moves to strengthen the advisory role of the Evaluation Advisory Committee (EAC), the upgrading and expanded use of decentralized evaluations, the use of lessons learned by improving the i-Track database, and the incorporation of evaluation responsibilities in job descriptions and performance appraisals.
42. The IMEC group called on the Office to enhance evaluation practices in the ILO by drawing on internal and external expertise, including that within the International Programme on the Elimination of Child Labour (IPEC), and recommended that peer review be used in developing and refining evaluation standards. With regard to paragraph 11, the IMEC group noted that governments had not been consulted on the initial list of topics in the appendix, and considered that the strategy should clearly describe the modalities of consultations. Furthermore, confirmation of those topics should be left to the Governing Body alone. The speaker also pointed to the lack of a performance indicator to measure high-level evaluations. The IMEC group expected that the review of the

strategy in 2015 should be independent and external. The IMEC group concluded by proposing an amended decision point.

43. The representative of the Government of South Africa, speaking on behalf of the Africa group, expressed appreciation for the conclusions, having supported many of the evaluation activities. The group welcomed a new strategy to address gaps in constituents' capacities. The table of high-level evaluation topics was of particular interest. The Africa group supported the evaluation of the ILO's HIV/AIDS strategy and the point for decision.
44. The representative of the Government of the United States supported the move to include impact assessment in the strategy and emphasized the importance of EVAL learning from internal and external evaluation experts to improve the evaluation standards of the ILO.
45. The representative of the Government of China considered the strategy to be well focused on existing problems and called on the Office to implement the strategies by linking evaluation to the programming and budgeting process. On a related point, he endorsed the ILO's plan for a global evaluation of the employment strategy in 2012.
46. The representative of the Government of Australia was pleased that the EAC would follow up more effectively on evaluations but highlighted the need to prompt more structural change. She requested that the EAC provide guidelines to line managers for effective follow-up and noted that EVAL needed the authority to enforce follow-up to evaluation results.
47. She noted that the proposed topics for 2012 were aligned with key high-level strategies, but considered evaluations of DWCPs to be a lower priority than cross-cutting topics. She called on EVAL to help shape the programme and budget indicators to improve measurement of the outcomes and strategies. She also supported making i-Track more user friendly and a part of the overall knowledge management system.
48. The representative of the Government of Argentina, speaking on behalf of the group of Latin American and Caribbean countries (GRULAC), reiterated the group's interest in evaluation as a tool for improving the functioning of the ILO. Regarding outcome 1, the EAC should consider planning and follow-up for all types of evaluation. Referring to paragraph 9, he called on the EAC to ensure internal coordination and adequate opportunities for regular consultation on issues related to evaluation. He was in favour of the three-year rolling evaluation plan being presented to the PFAC every November.
49. For outcome 2, the role of the executive directors and regional directors in assuming greater responsibility for evaluation activities was central to effective management and administration of technical and human resources. He also welcomed the development of guidelines and identification of good practices for impact and joint evaluations, as well as the defined responsibilities and periodicity of evaluations in table 1, but more detail was needed for proper monitoring.
50. GRULAC also requested more details on the methodology presented in paragraph 21; the approach that would be used to measure the indicators presented in the table in paragraph 27; and the financing of regional evaluation positions mentioned in paragraph 28. Regarding assumptions and risks, the Office should adopt a more systemic approach to securing greater involvement of the Governing Body. Lastly, there should be a mid-term evaluation of the strategy to assess how well it was being implemented.
51. The representative of the Government of India supported the strong link between evaluation findings and decision-making and emphasized the importance of addressing employment policies for women, HIV/AIDS and capacity building through the Turin

Centre. He supported the approach in paragraph 13 of the report and noted that decentralized evaluations required harmonization and standardized approaches.

52. The representative of the Government of Japan requested that the evaluation strategy be amended in line with IEE recommendation 3 and mention ex post facto evaluation as well as impact evaluation, which were in line with IEE recommendation 10.
53. Sir Roy expressed his unease over the way in which some of the Government speakers emphasized their financial contributions, and stressed the need to work in genuine partnership between workers, governments and employers. He hoped that the United Kingdom in particular would reconsider its decision to terminate extra-budgetary funding to the ILO.
54. Mr Julien, speaking on behalf of the Employers' group, said that it would like a reference to the group secretariats to be included in the amendment proposed by the IMEC group.
55. The representative of the Government of the United Kingdom clarified that budget decisions were made by United Kingdom ministers but that the delegation would forward remarks made during the Governing Body.
56. The representative of the Government of Canada accepted the proposed amendment adding a reference to the secretariats of the Workers' and Employers' groups.
57. The representative of the Director-General (Mr Thijs) noted that the comments reflected a very strong interest in a well-functioning evaluation capacity and a good understanding of the complexities involved. The new strategy built upon the ILO evaluation policy of 2005 and introduced a results-based framework with indicators, milestones and targets for implementation to address shortcomings identified in the IEE. That results-based framework would help the Governing Body in carrying out its oversight responsibilities.
58. Concerning the request to better involve constituents in evaluations at the governance and country levels, he mentioned that the EAC had already discussed modalities for consulting with the representatives of constituent groups, much along the lines being suggested; however, he referred to the need to be practical in the process to avoid delaying decisions.
59. The most critical Governing Body involvement would be the final endorsement of the workplan for evaluation each November. On that point, the topics listed for high-level evaluations in 2011 had been discussed by the PFAC in November 2010 and the final selection reflected their comments and concerns. At the field level, there had been quite a few cases in which the Office had been able to involve constituents in discussing evaluations, and those practices could be built upon. The strategy set out specific targets for improving constituent and staff capacities, and work in that area would be done in collaboration with the Turin Centre and also with the regions.
60. Regarding the IPEC evaluation experience, Mr Thijs noted their good practices, and that much had been contributed already. He added that other parts of the Office also had valuable good practices to share. On the use of evaluation, he emphasized the intention to involve managers in the selection of topics for evaluation and to enforce a more rigid system for follow-up on action plans.
61. ***The Committee recommends that the Governing Body request the Director-General to implement the "Results-based strategies 2011–15: Evaluation strategy – Strengthening the use of evaluations" after amendment of the text to incorporate the following considerations:***

- (a) a process of informal consultations including governments, through regional coordinators, and the secretariats of the Employers' and Workers' groups on the topics for high-level strategic evaluations and their terms of reference;*
- (b) the inclusion of high-level strategic evaluations in the measurement criteria of outcome 1;*
- (c) when developing and refining appropriate evaluation standards, EVAL should draw upon existing best practices for evaluation in the ILO, in particular those of IPEC; and*
- (d) the independent and external nature of the review of the 2011–15 evaluation strategy mentioned in paragraph 33.*

The amended evaluation strategy 2011–15 should be distributed to constituents for information.

(b) Independent external evaluation of the ILO's evaluation function

- 62.** The Committee had before it a paper for decision pertaining to recommendations made by the IEE of the ILO's evaluation function and deferred for decision during the Governing Body session in November 2010.
- 63.** Sir Roy, speaking on behalf of the Workers' group, welcomed the general progress made by the evaluation team and reiterated the need to ensure constituents' engagement in the planning and implementation of evaluations. He expressed support for the point for decision in paragraph 9, but reserved his position until after the proposals of the Government group had been heard.
- 64.** Mr Julien, speaking on behalf of the Employers' group, noted that EVAL would be stronger, more independent and less likely to be influenced by PROGRAM and ED/MAS, if it were located at a higher level. Given that it was risky to maintain the status quo and that the tendency within the United Nations was to follow recommendation 3, the Employers were in favour of the latter. They wondered why the Director of EVAL and the Chief Internal Auditor were appointed through different procedures.
- 65.** The Employers thanked the Office for having organized the presentation of the various evaluation, audit and oversight bodies during informal consultations in January. They wished to continue those discussions. Rather than setting up a tripartite working group, they proposed that a request should be made for an independent external evaluation of all audit and evaluation functions, including their mandate, appointment and termination procedures and the format of their reports or recommendations. The Governing Body could examine the recommendations stemming from that evaluation in November 2011. At the current meeting, it could adopt the point for decision together with the amendment incorporating recommendation 3. The Employers wished to hear the Governments' views on that matter.
- 66.** The representative of the Government of Australia, speaking on behalf of ASPAG, congratulated the Office for significant improvements in the quality of evaluations, but registered concern over the apparent lack of use of evaluation results to guide policy, strategy and programme decisions.

67. He pointed out that the action plan for the implementation of the IEE recommendations did not provide specific data on implementation and required resources. He welcomed the additional resources for evaluation.
68. ASPAG was in favour of the increased decentralization of the evaluation function to Regional Offices, but remained concerned about the independence of evaluation. The speaker stressed that the independence of EVAL was critical to its success and indicated that ASPAG fully supported recommendation 3.
69. ASPAG felt that greater clarity was required on how the Office intended to act on the recommendations and requested that action plans provide more details.
70. The speaker noted that ASPAG was pleased that the Office had considered the financial implications of implementing the recommendations and the increased financial support provided to oversight bodies in the Programme and Budget proposals for 2012–13; however, he requested that the Office provide greater detail on how the financial resources would be utilized.
71. The representative of the Government of Australia, speaking on behalf of the IMEC group, noted that the document was almost identical to that presented at the 309th Session in November 2010 (GB.309/PFA/5/5). As a result, the group's stance had not changed with regard to recommendation 3. He noted that, while there was no evidence of Office interference in the evaluation function, the IMEC group wanted any possibility of interference to be eliminated. The IMEC group called on the Office and the social partners to change the decision point so that recommendation 3 could be implemented appropriately.
72. The representative of the Government of Argentina, speaking on behalf of GRULAC, emphasized the important role of the evaluation function for the governance of the Office and also for policy decisions. GRULAC noted the valuable contributions made by the evaluation function as stated in paragraphs 3–5. GRULAC also indicated that the ILO must ensure that evaluation was independent. GRULAC supported the implementation of recommendation 3 and the point for decision in paragraph 9.
73. The representative of the Government of South Africa, speaking on behalf of the Africa group, expressed support for the point for decision in paragraph 9.
74. The representative the Government of Sweden, speaking on behalf of a group of like-minded donors consisting of Belgium, Denmark, Finland, the Netherlands, Norway, Sweden and the United Kingdom, indicated that the group aligned itself with the IMEC statement.
75. He noted the importance attached to independent evaluation within the framework of accountability, and recalled that in the Committee's discussion on the issue in the November 2010 session of the Governing Body, together with IMEC, the group had called for implementation of recommendation 3 of the IEE.
76. He stated that value for money, transparency and accountability through strong and independent audit and oversight and the implementation of corresponding recommendations were indispensable in times of budgetary austerity. He informed the Committee that several governments in the group would undertake funding reviews during the next two years which would determine the future of their voluntary contributions to the ILO. The group of like-minded donors would pay close attention to the manner of the appointment of the Chief Internal Auditor, the future of the IOAC, adequate Governing Body reform, and the adoption of all ten recommendations of the IEE.

77. The representative of the Government of France indicated that his Government looked forward to receiving the evaluation of the Independent Oversight Advisory Committee (IOAC). Its conclusions should be made available before the International Labour Conference. It would have implications for oversight as a whole, and therefore should be examined prior to the evaluation proposed by the Employers' group.
78. The representative of the Government of Kenya referred to independent evaluation of the ILO's oversight functions and suggested that a panel could be established to oversee evaluation.
79. The representative of the Government of India underlined the importance of self-evaluation and independent evaluation for reviewing policies and the long-term impact of ILO programmes. He expressed concern over the reported lack of use of evaluation results and asked for clear action plans to be submitted to the PFAC.
80. The representative of the Director-General (Mr Thurman) emphasized that the Office considered evaluation to be a key part of the ILO's performance mechanisms. The Office was committed to following up evaluation recommendations and would strengthen the internal processes to ensure that. Regarding the issue of reporting channels and the appointment process for the Director of EVAL, the Office considered that the current procedures ensured independence, as recognized by the independent evaluation. However, it was clear that the IMEC group and others wanted further measures. The Office wished to do everything possible to ensure that the Governing Body had full confidence and would therefore accept the proposal that the Director of EVAL report directly to the Director-General. In addition, it was accepted that the recruitment process would be aligned with best practice in the UN system. The Office understood this to mean that the Director of EVAL would be appointed by the Director-General in line with good practices set out by the UN Evaluation Group.
81. He recalled the proposal made by the Employers' group and suggested that the proposal of France be followed. The cross-cutting issues involving evaluation could be at least partially addressed within the upcoming review of the IOAC.
82. *The Committee recommends that the Governing Body request the Director-General to implement the IEE recommendations within available resources, and in accordance with the attached table, after amendment of the text in recommendation 3 to read as follows:*

The evaluation function will be organizationally consolidated into an entity that reports directly to the Director-General and through this position to the Governing Body. The Director of EVAL will henceforth be appointed according to UN system best practices for heads of evaluation. Any necessary changes to the Staff Regulations will be submitted to the Governing Body for adoption in November 2011.

Audit questions

(Fifth item on the agenda)

83. The Committee had before it five papers⁴ on audit questions.

⁴ GB.310/PFA/5/1, GB.310/PFA/5/2, GB.310/PFA/5/3, GB.310/PFA/5/4 and GB.310/PFA/5/5.

(a) Follow-up to the report of the Chief Internal Auditor for the year ended 31 December 2009

- 84.** Sir Roy, speaking on behalf of the Workers' group, took note of the paper presented.
- 85.** Mr Julien, speaking on behalf of the Employers' group, wondered why the first recommendation had been only partially accepted and asked the Office to explain the reasons for that. As for paragraphs 16–17, the Employers did not understand why the management of training funds was not a budgetary priority. They wished to receive a copy of the document entitled "Roles and responsibilities of senior managers in the ILO". Lastly, he asked the Chief Internal Auditor to comment on the Office's responses on the last two recommendations (paragraphs 34–35 and 36–37).
- 86.** The representative of the Government of Canada, speaking on behalf of the IMEC group, thanked the Office for the improved format of the document but asked for an additional column with the name of the person responsible for implementing the recommendation. She stressed the importance of assigning responsibility, especially in areas which had appeared in multiple audit reports. Regarding the internal letter of representation, she emphasized that the internal performance management system was not a substitute for that, and expressed her willingness to follow up bilaterally with the Office on that topic.
- 87.** The representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller) stated that the internal letters of representation from senior management were part of the Office accountability measures and that they were directly linked to the obligation of the Director-General and the Treasurer to provide representations, in turn, to the External Auditor. Representations by managers on compliance with financial rules and procedures provided assurance to senior management and the auditor. He noted that letters of representation normally focused on financial, reporting and control matters. Human resource and programme implementation were not typically covered. The Office had incorporated limited human resource topics with a direct financial control element into the internal letter of representation, but believed that the performance appraisal mechanism was a more appropriate tool for monitoring performance and personnel management subjects.
- 88.** Mr Watson (Officer-in-Charge, Office of Internal Audit and Oversight (IAO)) emphasized that valuable lessons learned in the roll-out of IRIS to the ILO Country Office for Indonesia (Jakarta) had been incorporated in the roll-out to the ILO Decent Work Technical Support Team and Country Office for Central and Eastern Europe (Budapest), which had itself been evaluated. He noted that lessons learned from the Budapest roll-out were being incorporated in the roll-out to the Regional Offices and he therefore agreed that a post-implementation review of the initial roll-out to Jakarta was not cost-effective. He confirmed that procedures for monitoring performance of implementing partners did exist and were being redistributed in a new Internal Governance Document to be published soon. He observed that the IAO considered that the problem lay in the implementation of the procedures.
- 89.** In reply to the suggestion of the representative of the Government of Canada, the representative of the Director-General (Mr Johnson) pointed out that the annual report of the Chief Internal Auditor was a summary of observations and recommendations from many individual reports. A single report could contain up to 60 recommendations involving multiple officials with shared responsibility for implementation.

(b) Report of the Chief Internal Auditor for the year ended 31 December 2010

90. Mr Julien, speaking on behalf of the Employers' group, thanked Ms Kamioka for the excellent work she had done throughout her term of office, but regretted that the report had not been written by the Chief Internal Auditor. He noted that it was clear from the paper that some problems did still exist in the regions, even though they had ostensibly been solved. The Employers wondered what policy the Office had adopted to deal with fraudsters and if the Office could prosecute them.
91. The representative of the Government of Canada, speaking on behalf of the IMEC group, noted that the report was submitted "for information" and reiterated that Chief Internal Auditor reports were considered to be "for debate and guidance". She suggested that the IOAC adopt the report format used for tracking follow-up to recommendations by the Office and that the implementation date be replaced with a time frame which distinguished longer term implementation from immediate follow-up items. She noted that the report did not mention implementation of International Public Sector Accounting Standards (IPSAS), despite its impact on management and governance. She requested an update on the risks facing the ILO in implementing those standards. She expressed concern about a possible gap in IPSAS training for officials in internal governance, financial management and administration, and asked whether the audit report took full account of IPSAS.
92. She referred to the implementation of the IRIS reconciliation ledger and the manual workarounds required to overcome limitations with the Financial Information System for External Offices (FISEXT) in meeting IPSAS requirements. She inquired about the risks of those manual workarounds and their impact on the information in the reconciliation ledger, and asked whether the Chief Internal Auditor had tested the reconciliation ledger.
93. She requested elaboration on the recruitment recommendations and specific information on whether the Recruitment, Assignment and Placement System (RAPS) was cost-effective. She stressed the importance of filling the position of Chief Internal Auditor as soon as possible, as it was critical to the IAO. Regarding paragraphs 38–40, she requested clarification on which allegations had been followed up and which had been closed. She expressed support for a fraud risk assessment in 2011. She drew attention to the IMEC group's support for the recommendations and requested effective and timely implementation, in particular with regard to the suggestion of the IAO to discuss recurring findings and risk management.
94. Sir Roy commented that the issue of allegations and scandal had been mentioned twice in two speeches by the representative of the Government of Canada, speaking on behalf of the IMEC group, and inquired whether there was some information he was missing.
95. Mr Watson (Officer-in-Charge, IAO) emphasized that all internal audit reports were written in an independent and impartial manner by the IAO, without any influence or interference. In response to the comments of the representative of the Government of Canada, speaking on behalf of the IMEC group, regarding IPSAS, he noted that there were two primary risks: (1) the timing of implementation; and (2) receiving a qualified audit opinion. Regarding training, he explained that the accountants at headquarters had expertise and professional experience in understanding and interpreting financial statements under IPSAS, while accountants in the field had a good working knowledge of accounting principles. Regarding manual workarounds, he observed that the risk related to the completeness of information. He reported that the IAO had not undertaken a dedicated review of IPSAS readiness, as this was within the scope of work of the external auditors.

96. In respect of the recommendations of the recruitment audit, he stated that each stage of the process should be clarified and documented, as there were many stakeholders involved. He recalled that generic job descriptions had been prepared some ten years previously, and since the structure of the Office had changed he suggested it was time for them to be reviewed.
97. Mr Julien, speaking on behalf of the Employers' group, commented briefly that he did not in any way question Mr Watson's independence, but thought that it would have been preferable if the report had been drawn up by the Chief Internal Auditor in person.
98. A representative of the Director-General (Ms Viale) added that at the time of the audit report the RAPS had only been in place one year. She explained the current focus on competency-based interviews and that creating job descriptions, which required review by the Staff Union, would take time to complete.
99. The representative of the Government of the United Kingdom noted that the implementation of IPSAS was already behind schedule and he questioned whether the true risk was a qualified audit opinion owing to IPSAS not being implemented in field offices.
100. The Committee took up this question under the discussion of the paper on the implementation of IPSAS (GB.310/PFA/5/4).

(c) Report of the Independent Oversight Advisory Committee

101. Mr Chamay, Chairperson of the IOAC, introduced the report, noting that its purpose was to bring to the Governing Body's attention items which were of critical importance to governance of the ILO. Some items had been mentioned in previous reports, which meant they were of ongoing concern.
102. Among the ten recommendations in the report, Mr Chamay highlighted several: (1) the appointment of a single IRIS manager and the use of a standard project management methodology; (2) the urgent need to recruit key personnel, such as the Chief of the Information Technology and Communications Bureau (ITCOM) and the Chief Internal Auditor; (3) follow-up on the recommendations of the Chief Internal Auditor, in particular those regarding regional directors and executive directors assuming more active engagement in following up on recommendations and the need for a summary report on the status of follow-up to internal audit reports, which would be periodically provided to the Senior Management Team (SMT) and the Director-General; (4) the need for a comprehensive training programme and training materials for staff on accountability and administrative matters; and (5) the need to make the proposed information technology (IT) infrastructure investments, in particular with respect to connectivity, which were fundamental to the Office delivering its services.
103. Mr Julien, speaking on behalf of the Employers' group, thought that the IOAC report was particularly useful for employers and the Governing Body that year and would have liked the Office to reply to the comments of the IOAC.
104. The IOAC had expressed doubts as to the viability of IPSAS standards and their implementation within the prescribed time limit. He asked the Office to reply on that issue.
105. The Employers supported all the recommendations concerning IRIS and FISEXT; as far as key personnel were concerned, they considered it unacceptable that the Office had not yet recruited a Chief of ITCOM or a project manager.

- 106.** He welcomed the interest shown by the External Auditor in matters of governance and management, in line with the Employers' request. He endorsed the recommendations of the IOAC regarding internal audit. He hoped that the Office would express an opinion on the practicality of recommendations 9 and 10 in the section on the follow-up to recommendations.
- 107.** Paragraphs 37 and 38 were muddled and he asked the IOAC for some explanations, especially of the meaning of the last sentence of paragraph 37.
- 108.** Sir Roy, speaking on behalf of the Workers' group, stated that the views of his group on the IOAC had been conveyed in earlier sessions. The Workers were not convinced that seven layers of oversight were necessary, but were prepared to go with the emerging consensus of Governments and the Employers on the role of the IOAC.
- 109.** The representative of the Government of Japan, speaking on behalf of the IMEC group, stated that the IOAC played an essential and distinct role. The IMEC group believed that there was no duplication between the IOAC and other oversight functions, such as internal and external audits, but rather that the IOAC complemented those functions. The IOAC offered great value at relatively low cost, and, apart from the External Auditor, was the only independent oversight body in the ILO. Most major international organizations had an oversight committee, which was considered a prerequisite for good governance. The IMEC group hoped that the IOAC would be given permanent status, and an even stronger mandate at the next Governing Body session.
- 110.** In view of the importance of the roll-out of IRIS to ILO field offices, the IMEC group strongly supported recommendation 1 of the report. It also strongly supported recommendations 3 and 4, and encouraged the Office to move urgently to complete the selection and recruitment of key management positions. The IMEC group noted that, in addition to that of Chief of ITCOM, the positions of Chief Internal Auditor, Executive Director for Management and Administration, and Director of the Partnerships and Development Cooperation Department (PARDEV) should not be left vacant for long periods of time.
- 111.** The IMEC group shared the concerns expressed by the IOAC about the same issues being raised in multiple internal audit reports. While acknowledging significant improvements in reporting on audit follow-up, which the IMEC group attributed to the IOAC, it urged the Office to implement recommendations 6 and 7, to ensure greater involvement of responsible officials in the process. The IMEC group supported recommendation 9 and urged the Office to further develop comprehensive training for officials.
- 112.** The IMEC group called upon the Office to implement all the IOAC recommendations, without prejudice to the discussion of the Programme and Budget proposals for 2012–13.
- 113.** The representative of the Government of Australia, speaking on behalf of ASPAG, noted that the IOAC's work was critical to the oversight function and equally important for the Governing Body's governance responsibilities. The function of the IOAC was not that of another audit layer, but rather a complementary component of a complete audit and oversight mechanism.
- 114.** ASPAG strongly supported recommendations 1, 3 and 4, concerning IRIS management, the filling of key management vacancies, and the unavailability of key staff and the associated mitigation measures. ASPAG urged the Office to ensure proper follow-up to audit recommendations and assign responsibility accordingly, and supported recommendations 6, 7 and 8.

115. ASPAG also supported recommendations 9 and 10, dealing with the development of comprehensive staff training and with formal reminders to senior managers concerning their responsibility for business continuity planning, respectively.
116. The representative of the Government of Argentina, speaking on behalf of GRULAC, supported recommendations 1 and 3, on the appointment of a single IRIS manager and the use of a standard project management methodology, and on the need to accelerate the recruitment of key personnel. GRULAC supported recommendations 6 and 7, and underscored the importance of regional direction and managers assuming a more active engagement in following up on internal audit recommendations, and the need to provide systematic information to senior management on the status of the follow-up to the audit reports. GRULAC also supported recommendation 9 on training, which was a further recommendation on the subject initially raised by the IOAC in its March 2010 report. GRULAC requested that all the recommendations be implemented and followed up by the Governing Body.
117. The representatives of the Director-General (Ms Viale, Mr Johnson and Mr Thurman) replied that the recommendations had been reviewed very closely by the Office, and that the Office had already started implementing a number of them. At each session of the IOAC, the Office made presentations on the progress made in implementing recommendations, and the feedback from the IOAC often helped to move the process even further forward.
118. The Office had taken steps to ensure that the key positions identified would be filled quickly. It had commenced an internal/external recruitment process to replace the Chief Internal Auditor, and was planning the merger of the IRIS support units into a single unit with a single manager.
119. The Office had changed its approach on follow-up to internal audit recommendations, and would be communicating directly through regional directors to ensure that there was full engagement, and also by providing a periodic summary on the status of all recommendations to the Director-General.
120. The Office had resumed its review of business continuity planning, and would be communicating with field offices to ensure that that area was adequately addressed.
121. With respect to the recommendations relating to training, the Office was developing an internal governance and accountability programme targeting all staff, with implementation planned for the autumn of 2011. There was also a Management Leadership and Development Programme (MLDP), for which the procurement process was being finalized, with delivery anticipated in August 2011. In addition, a comprehensive set of training tools was being developed for headquarters and field locations, which would be launched by the end of 2011.

(d) International Public Sector Accounting Standards: Update

122. Sir Roy, speaking on behalf of the Workers' group, and Mr Julien, speaking on behalf of the Employers' group, took note of the paper presented.
123. The representative of the Government of Japan called for the schedules of the IRIS roll-out to the field and IPSAS implementation to be coordinated, to reduce risks relating to both projects. In addition, to eliminate inefficiencies caused by manual workarounds put in

place for IPSAS implementation, the roll-out of IRIS should be implemented taking into account the actual workload in the field offices.

124. A representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller) confirmed that the Office was well placed to implement IPSAS by 1 January 2012. That schedule reflected the phased implementation that had begun in 2009, and was in accordance with the schedule discussed and accepted in the Committee's November 2009 meeting (GB 306/PFA/7).
125. That phased implementation had provided advantages to the Office, with the 2008–09 and 2010 financial statements already incorporating significant IPSAS components. While the absence of IRIS functionality in the field did present a challenge, the manual workarounds, although more labour intensive, would ensure that the required information was captured.
126. IPSAS training had been provided to officials in external offices, with additional web-based modules currently available. The demands of IPSAS had resulted in a re-profiling of many positions in the Financial Services Department, and vacancies were being filled with staff with the requisite IPSAS knowledge and experience.
127. He noted that the Office's progress in IPSAS implementation was more advanced than that in a number of comparable UN organizations.

(e) Appointment of the External Auditor

128. Mr Julien, speaking on behalf of the Employers' group, approved the point for decision in the paper.
129. Sir Roy, speaking on behalf of the Workers' group, recalled the process for selecting the Auditor General of Canada as the External Auditor of the ILO and praised her professionalism and the quality of her reports. He confirmed his belief in the appropriateness of the appointment and supported the point for decision.
130. The representative of the Government of South Africa, speaking on behalf of the Africa group, supported the point of decision, citing the importance of continuity.
131. The representative of the Government of India supported the point of decision in the context of the importance of the External Auditor's role in the phased and rapid implementation of IPSAS.
132. *The Committee recommends to the Governing Body that the holder of the office of the Auditor General of Canada be reappointed as External Auditor for a period of four years from 1 April 2012.*

Knowledge Strategy 2010–15: The role and contribution of decent work statistics (Sixth item on the agenda)

- 133.** The Committee had before it a paper⁵ entitled “Knowledge Strategy 2010–15: The role and contribution of decent work statistics”.
- 134.** The representative of the Director-General (Mr Diez de Medina) introduced the paper, situating the statistical strategy within the overall knowledge strategy and programme and budget proposals. He explained that the reorganization of statistical activities had started in May 2009 with the creation of the ILO Department of Statistics to lead and coordinate the implementation of the strategy. The paper further responded to the requests by the Governing Body and the International Labour Conference for a strategy on a strong statistical knowledge base. He reviewed the six work areas underpinning the strategy. He emphasized that the basic pillar would be technical assistance to countries, stressing the fact that in many areas of the world the current state of decent work statistics required urgent attention. He also highlighted the special challenge of building a coordinated statistical system in the ILO, and the need to assess the quality of the data currently compiled by the Office.
- 135.** Mr Julien, speaking on behalf of the Employers’ group, emphasized that his group unreservedly supported the knowledge strategy and its underlying aims. He noted, however, that that item had been discussed in a piecemeal fashion and he wondered why the paper under consideration was not part of the programme and budget.
- 136.** He also conveyed the Employers’ uncertainties as to the links between the strategy and the statistical work carried out by technical departments. There was a need for closer cooperation within the Office and he proposed that the Key Indicators of the Labour Market (KILM) database should be incorporated in the statistical pillar of the gateway to databases. He asked for clarification of paragraphs 14, 22 and 23. He drew attention to the fact that constituents had to determine the priority to be attached to needs in the context of country programmes to promote decent work, which should be established by tripartite consultation. He noted that activities in the field of decent work overlapped with the work envisaged in the paper and he warned against the risk of duplication. The Employers wished to have more information about the manual referred to in paragraph 23.
- 137.** Lastly, he assured the Chairperson of the Employers’ unfailing support for the idea of a knowledge strategy, but pointed out that not all the items of information put forward for debate had been included in the programme and budget. That compartmentalized discussion of various aspects of the same strategy constituted a fundamental problem in the Employers’ view.
- 138.** Sir Roy, speaking on behalf of the Workers’ group, was pleased to see that the Office was moving forward to become a centre of reference where knowledge was used not only by the ILO, but also by other agencies. Given the prominence of the statistical area, it should become the centrepiece around which the other knowledge areas were oriented. He expressed concern that the resources used should produce something feasible and user friendly. He recognized that all countries might not yet have the IT infrastructure to feed the statistics in a timely manner and that that should be taken into account and addressed. However, that did not prevent the Office from moving forward with its statistical strategy, as it was important to deliver information to the users. He thus supported the outlined strategy and pleaded to make efforts to bring on board those countries that could not, as

⁵ GB.310/PFA/6.

yet, easily take part. In recent years the International Conference of Labour Statisticians (ICLS), as well as the ILO Declaration on Social Justice for a Fair Globalization and the Governing Body, had agreed on the need to measure decent work in order to help countries to assess their progress towards decent work. A Tripartite Meeting of Experts on the Measurement of Decent Work had agreed on a set of decent work indicators, and the Office had been asked to develop new indicators on particular legal aspects of decent work. Thus, the document entitled: “Knowledge Strategy 2010–15: The role and contribution of decent work statistics” should mention the decent work indicators or the measurement of decent work.

- 139.** The representative of the Government of Australia, speaking on behalf of the IMEC group, welcomed the strategy in developing a strong and sustainable statistical base as the central element of the new information management system proposed. Following the global financial crisis, the IMEC group recognized that there had never before been a greater need to collect timely data on key aspects of decent work. The ILO had a prominent role in developing that knowledge base. In the light of the many references made to high-quality and timely statistics during the recurrent discussion at the 2010 session of the International Labour Conference, the IMEC group wished to reinforce the role of statistics in those discussions. Further, it supported the Office’s focus on the needs of both the ILO and its tripartite constituents, as there was an intrinsic link between the development and dissemination of statistics and the wider Knowledge Strategy.
- 140.** With regard to the work areas indentified, the IMEC group strongly supported the initiative to develop a central statistical database and welcomed the inventory, overall coordination, quality control and rationalization of databases. External peer review was considered of critical importance. The IMEC group welcomed the Office’s commitment to taking a more active role in building the capacities of constituents to develop useful and relevant data on decent work, without increasing the reporting burden. Streamlining the collection and dissemination of statistical data should be done in consultation and collaboration with other international organizations and partners.
- 141.** The IMEC group had recognized a risk in relying too heavily on direct donor funding in support of the capacity-building initiative, as that was crucial to the success of the strategy and therefore should also be provided for in the programme and budget. As a result of centralized management of the statistical activities in the Office and enhanced capacity building, the IMEC group expected coherence and transparency.
- 142.** The IMEC group’s support for the Knowledge Strategy did not imply approval of the “Monitoring and Assessing Progress on Decent Work” project, which would be dealt with separately. The IMEC group called for a continued interlinked implementation of the Knowledge Strategy with the human resources and IT strategies.
- 143.** The representative of the Government of South Africa, speaking on behalf of the Africa group, recognized the centrality of statistics to the Knowledge Strategy. He supported the six work areas identified and, in particular, welcomed the enhancement of constituents’ capacity to produce more and better decent work statistics. Capacity building of both ILO staff and the constituents had become even more important for the monitoring of DWCPs, as 14 new DWCPs had been finalized in the region, bringing the total number to 25, and more were under preparation. The Africa group welcomed and supported the process to enhance the Department of Statistics.
- 144.** The representative of the Government of Kenya endorsed the statement of the Africa group. She welcomed the proposed partnerships with international donors to support member States, particularly developing economies, where data and labour market

information remained a challenge both to map gaps in labour statistics at the country level and to supply timely quality data on key aspects of decent work.

- 145.** The representative of the Government of Argentina, speaking on behalf of GRULAC, thanked the Office for the presentation. He considered that the decision to have a strategy to develop solid and sustainable statistics was correct in order to compile, disseminate and analyse data and make them available to constituents. It was adequately framed within the strengthening of the knowledge base of the Office as requested by the Programme and Budget proposals for 2012–13 (paragraphs 326 and 329). The establishment of one portal (ILOSTAT) was seen as a very important step, and GRULAC was aware of all the strain that that work would entail in terms of human resources, internal coordination and technical effort by the Office.
- 146.** GRULAC also considered that there was a need to provide technical assistance to countries and therefore agreed with the strategy regarding the support to regional and national offices in the field. The speaker highlighted the joint efforts carried out by the ILO Regional Office for Latin America and the Caribbean jointly with the UN Economic Commission for Latin America and the Caribbean (ECLAC) in that regard. The capacity-building component of the strategy should be agreed jointly with the regional and national offices in the field and not only focus on the Turin Centre.
- 147.** GRULAC asked the Office for clarification on the human resources allocated to the strategy, the reallocation of technical resources in the Office and in the field and the steps that were being taken to achieve the proposed outcomes. Lastly, although the speaker acknowledged that the paper was presented for information, the group considered it important to follow up on the matter, asking the Office to report on progress and action taken in that regard.
- 148.** The representative of the Government of the United States supported the statement made by the IMEC group. She commended the Office's effort to strengthen its statistical capacity to respond to the needs of the Office and constituents. Sound statistics were considered key to quality research and informed policy development.
- 149.** She supported the development of a central statistical database and the centralized management of statistical activities by the Department of Statistics in order to ensure rigour, consistency, transparency, coherence and relevance. She was in favour of an inventory of existing databases and their rationalization, and placed strong emphasis on external peer review. The primary data source being country-specific data, the speaker supported proactive technical assistance to enhance countries' capacities to produce better data. She was interested in learning more about the cost-benefit analysis of statistical components in technical cooperation projects, as well as the forthcoming manual on informal economy statistics. Lastly, the speaker encouraged the ILO to collaborate with the international statistical community.
- 150.** The representative of the Government of India complimented the Office on the paper, recognizing the vital role of statistics in the overall ILO Knowledge Strategy and the new information management system. She emphasized that strengthened statistical capacity of both constituents and the Office would help promote and achieve the four strategic objectives of decent work. As developing countries were characterized by the informal economy, she stressed that statistical indicators also needed to fully capture and represent the different realities of member States. The speaker expressed support for the six work areas outlined in the paper.

151. The representative of the Government of Australia, speaking on behalf of ASPAG, supported the paper and called for reporting on progress and implementation by the Office, in line with the Programme and Budget proposals for 2012–13.
152. The representative of the Director-General (Mr Diez de Medina) thanked everyone for the constructive comments and the support expressed. He reiterated that the paper fully fitted within the overall Knowledge Strategy of the Office and was embedded in the Programme and Budget proposals for 2012–13, figure 2, and in particular paragraph 328, which referred to the paper, in which it was clear that all of the main databases – including KILM – would be part of the portal. He agreed that technical assistance to countries was diverse and should necessarily take specific needs into account, with clear links to the DWCPs. Based on the state of the decent work statistics, it should be channelled in a proactive way. With regard to the manual on informal economy statistics, he explained that the ILO had been in charge of coordinating the work of the Delhi Group on Informal Sector Statistics, which had based its work on the resolution adopted by the 17th ICLS in 2003.
153. The representative of the Government of the Republic of Korea pointed out that the cover sheet of the paper did not mention any policy or financial implications. However, he was of the opinion that it had policy and financial implications and would have liked the Office to reflect that more carefully in the future when summarizing papers.

Delegation of authority under article 18 of the Standing Orders of the International Labour Conference

(Seventh item on the agenda)

154. The Committee had before it a paper⁶ on delegation of authority under article 18 of the Standing Orders of the International Labour Conference.
155. Mr Julien, speaking on behalf of the Employers' group, supported the point for decision.
156. Sir Roy, speaking on behalf of the Workers' group, supported the point for decision.
157. The representative of the Government of India supported the point for decision, noting the importance of ascertaining the need and urgency of a situation before any authority was delegated.
158. *Should the need for such delegated authority arise, the Committee, for the period of the 100th Session (June 2011) of the Conference, delegates to its Officers (i.e. the Chairperson, the Employer Vice-Chairperson and the Worker Vice-Chairperson of the Committee) the authority to carry out its responsibilities under article 18 of the Conference Standing Orders in relation to proposals involving expenditure in the 72nd financial period ending 31 December 2011.*
159. *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.*

⁶ GB.310/PFA/7.

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

- 160.** The Committee had before it the report of the Building Subcommittee.⁷
- 161.** Mr Paixão Pardo (Brazil), Chairperson of the Building Subcommittee, introduced the report.
- 162.** Mr Ahmed, speaking on behalf of the Workers' group, thanked the Office for the measures undertaken with respect to the renovation of the headquarters building, the appointment of the project manager and the establishment of a project team and steering committee. He stressed the importance of respecting deadlines, and encouraged the Office to continue discussions with the Swiss authorities to ensure that a fair value was obtained for the land to be sold. He highlighted the importance of consultations with the Staff Union on safety and health matters and on the question of temporary accommodation during the project. He requested consultations with the members of the Subcommittee between Governing Body sessions, and supported the point for decision.
- 163.** Mr Godoy, speaking on behalf of the Employers' group, expressed satisfaction with the agreement on a clear, long-term strategy for financing periodic refurbishment and renovation of ILO buildings. The Employers were concerned that the Building Subcommittee had been scheduled after the Programme, Financial and Administrative Committee sessions, and wanted that arrangement reviewed as part of the reform of the Governing Body. He supported the point for decision.
- 164.** *The Programme, Financial and Administrative Committee recommends to the Governing Body that it endorse the long-term strategy for the financing of periodic refurbishment and renovation of all ILO buildings contained in the Office paper and amended by the Subcommittee in paragraph 16 of its report.*

Other financial questions (Ninth item on the agenda)

- 165.** The Committee had before it two papers⁸ on other financial questions.

Financial arrangements for a Commission of Inquiry concerning the non-observance by Myanmar of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98)

- 166.** Mr Julien, speaking on behalf of the Employers' group, supported the point for decision.
- 167.** Sir Roy, speaking on behalf of the Workers' group, stressed that notwithstanding the fact that his group had initiated the exercise that would lead to the debate on the possibility of a

⁷ GB.310/PFA/8.

⁸ GB.310/PFA/9/1 and GB.310/PFA/9/2.

Commission of Inquiry, support for the item did not prejudice or precondition the debate in the Governing Body.

168. He clarified that the debate in the Governing Body required the facilitation and authorization of appropriate financing by the PFAC, without any linkage to the eventual possible decision and accordingly, in that context, he supported the point of decision.
169. *The Committee recommends to the Governing Body, should it decide to establish a Commission of Inquiry concerning Myanmar, that: (a) an honorarium at the rate of US\$300 per day be paid to each member of the Commission of Inquiry; and (b) the cost of the Commission, which is estimated at \$735,754, be financed from the appropriate budgets for 2010–11 and 2012–13. In the first instance, this would be from savings that might arise under Part I of the budget or, failing that, through the use of the Provision for unforeseen expenditure, Part II. Should this subsequently prove impossible, the Director-General would propose alternative methods of financing at a later stage in the biennium.*

Financial arrangements for a Commission of Inquiry concerning the non-observance by the Government of the Bolivarian Republic of Venezuela of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98)

170. Sir Roy, speaking on behalf of the Workers' group, noted the situation concerning the previous item, in which the Committee, through its support of that item, had agreed to the financial arrangements without anticipating or prejudging the eventual possible decision of the Governing Body. That would likewise apply to the current item.
171. He recalled that in the November 2010 session of the Governing Body, there had been errors and issues relating to the current item, and that he had understood at that time that the Bolivarian Republic of Venezuela's communication with the Governing Body would be incorporated in the future discussion.
172. In the context of no linkage between the financial arrangement and the upcoming discussion of the Governing Body, he supported the point for decision.
173. Mr Julien, speaking on behalf of the Employers' group, supported the point for decision.
174. The representative of the Government of the Bolivarian Republic of Venezuela expressed concern at the fact that the item had not been placed on the agenda, which was similar to the situation at the 309th Session of the Governing Body in November 2010. He reminded the Committee of paragraph 5.5.5 of the Standing Orders of the Governing Body, which required the distribution of documents before the opening of each session, and paragraph 3.1.3, which required the circulation of the agenda not less than 14 days before the date of the meeting, especially since it had been decided at the November 2010 session of the Governing Body that a discussion on the institution of a Commission of Inquiry would be held at the March 2011 session.
175. The speaker considered that the point for decision prejudged the discussion that would be held in the Governing Body, on the pretext of budgetary decisions, and thereby violated the right of the Bolivarian Republic of Venezuela to defend itself. He refused to support the point for decision.

- 176.** The representative of the Government of Argentina, speaking on behalf of GRULAC, pointed out that the paper had been distributed at the last minute and considered that it prejudged the forthcoming discussion of the Governing Body as set forth in the point for discussion in paragraph 4 of the paper.
- 177.** In view of the fact that that procedure was detrimental to transparency and the tripartite nature of the Committee, the speaker refused to support the point for decision. He requested that the decision be deferred until after the Governing Body discussion.
- 178.** The representative of the Government of Cuba supported the statements of the representative of the Government of the Bolivarian Republic of Venezuela and the representative of GRULAC. She did not support the point for decision, considering that it prejudged the upcoming Governing Body discussion.
- 179.** The representative of the Government of Panama endorsed the statement of the representative of GRULAC and expressed concern for the lack of transparency in the process, which impacted on the reputation of the Organization.
- 180.** The representative of the Government of the Islamic Republic of Iran regarded the last-minute distribution of the paper as a violation of the Standing Orders and not in keeping with the founding principles of the Organization. He considered that the Government in question had been prejudged. He indicated his lack of support for the point for decision.
- 181.** A representative of the Director-General (Mr Johnson, Treasurer and Financial Comptroller) confirmed that that was a procedural matter and did not pre-empt consideration by the Governing Body of the substantive question.
- 182.** He pointed out that in the last 15 years there had been five similar cases in which exactly the same procedure had been followed. He noted that, in one particular case, the Governing Body had subsequently not approved the establishment of a commission of inquiry, and therefore the recommendation by the PFAC on the financial arrangements had lapsed. That attested to the lack of any prejudging of the Governing Body's consideration of the question.
- 183.** The representative of the Government of the Bolivarian Republic of Venezuela considered that, even if the procedure had been the same in the past, that did not mean that it was correct and legal. He noted the Working Party on the Functioning of the Governing Body and the International Labour Conference, which included in its discussions the lack of transparency in the Organization, without any significant result to date, however.
- 184.** A representative of the Director-General (Mr Derepas, Legal Adviser) explained that paragraph 4.1.3 of the Standing Orders of the Governing Body was quite clear: the Governing Body could not take a decision on a proposal involving expenditure until the PFAC had estimated the costs and identified methods of covering the expenditure. He stressed that the point for decision was a technical and financial measure which did not prejudice any decision of the Governing Body.
- 185.** Mr Julien, speaking on behalf of the Employers' group, noted that, apart from the Islamic Republic of Iran, only speakers from Latin America had expressed their views, and that it would be useful to know the positions of the other governments.

- 186.** The Chairperson noted the support of the Workers' and Employers' groups for the point for decision and the lack of support on the part of the Government representatives who had spoken. In the absence of a consensus, he decided to defer further consideration of the item to allow members time to further consider the document.
- 187.** The representative of the Government of the Bolivarian Republic of Venezuela delivered the following statement:

On behalf of the Government of the Bolivarian Republic of Venezuela, referring to document GB.310/PFA/9/2, in relation to the content of the document and the explanations provided by the Chairperson, I wish to indicate the following:

My Government is aware of article 4.1.3 of the Standing Orders of the Governing Body respecting budgetary provisions. We respect this rule and wish to point out that it is not the subject of the present discussion.

It should be emphasized that the above article, for the purposes of the present budgetary item, does not require the naming of a country. The matter could therefore easily have been examined without needing to make reference to a specific country, which is in the present case the Bolivarian Republic of Venezuela.

Furthermore, the Office has to recognize its continual errors in submitting last-minute documents which are not envisaged on the agenda of the Governing Body.

I wish to remind the Office of the following:

Article 5.5.5 of the Compendium of Rules applicable to the Governing Body provides that documents shall be circulated before the opening of each session. Article 3.1.3 provides that the agenda of the Governing Body shall be circulated to the members so as to reach them not less than 14 days before the date of the meeting.

In that respect, last-minute documents should not be introduced using the subterfuge of "Other financial questions". Neither should the same subterfuge be used to prejudice a case that has not yet been examined by the honourable Governing Body. Nevertheless, as we indicated at the previous session of this Committee, and in view of the lack of transparency and objectivity that has prevailed up to now in the case of the Bolivarian Republic of Venezuela, it must unfortunately be presumed that there has been a prior decision against our Government, in respect of which we will constantly assert the rules of the ILO that are being violated by the Office itself.

It should be recalled that it has been envisaged since November 2010 that the case of the Bolivarian Republic of Venezuela would be examined by the present Governing Body, so that the Office has little excuse for publishing a last-minute document relating to the case.

It should also be recalled that the document was published on the ILO website at the last minute on Thursday, 10 March 2011, with the intention that it would be discussed by the Committee on the same day. Subsequently, and only because we approached the Office unofficially concerning the procedural flaw of a last-minute document, the discussion was postponed until the following day. However, that did not resolve the flaw of failing to publish the document sufficiently in advance, with no transparency and without its prior inclusion on the agenda of the present Committee or of the Governing Body.

It is inconceivable that, having been aware for the past four months, since November 2010, that the case of the Bolivarian Republic of Venezuela would be examined, the Office should publish the document at the last minute in a manner that was by no means straightforward.

There is much evidence of the serious and reasonable doubts that we have sustained in relation to the far from objective and impartial conduct of the Office in relation to my Government.

All of these flaws and irregularities, which are prejudicial to the credibility, objectivity and impartiality of the Organization, attest to the urgency, importance and necessity of introducing many adjustments and improvements in the Working Party on the Functioning of the Governing Body in order to remedy such anomalous practices.

However, until the reform of the Governing Body is implemented, we urge the Office not to continue following the practice and offering the dubious justification that “It has always been done like that”, as if that were tantamount to legality, particularly in the case of procedures affecting the rights, interests and legitimate defence of member States of the Organization.

Such dubious practices by the Office give rise to unnecessary debate and a climate of tension, as well as wasting time.

The Government of the Bolivarian Republic of Venezuela does not approve of the point for decision in paragraph 4 of document GB.310/PFA/9/2, which prejudices item 7 of the agenda of the present Governing Body.

Finally, it should be recalled that it is necessary to comply with the rule set out in paragraph 24 of the Compendium of Rules applicable to the Governing Body, under which decisions are taken by consensus, which is only achieved in the absence of any objection by a Governing Body member.

We request that the present statement be reproduced in full in the record.

- 188.** The representative of the Government of Argentina, speaking on behalf of GRULAC, delivered the following statement:

We have only today become aware of the inclusion of this item on the agenda of the present session. We regret that no prior notice was provided, as should be the case.

We reiterate our statement of 11 March in relation to document GB.310/PFA/9/2, in which we indicated our understanding that what is proposed as a point for decision in paragraph 4 implicitly prejudices the outcome of the examination of a matter which, in the present case, has not yet been examined or discussed in the appropriate forum, namely the plenary of the Governing Body.

For that reason, Chair, GRULAC cannot support the point for decision in paragraph 4 and calls for its consideration to be deferred until the substance of the matter has been examined in the appropriate forum.

We request that the present statement be reproduced in full in the record.

- 189.** The representative of the Government of Brazil supported the statements of the representative of the Government of the Bolivarian Republic of Venezuela and the representative of the Government of Argentina, speaking on behalf of GRULAC. He expressed his view that presenting a budgetary issue linked to such a sensitive matter, which was still open to decision by the Governing Body, was politically incorrect and unduly anticipated the final decision.

- 190.** He did not support the point for decision and reserved the right to comment further on the substance of the matter at an appropriate time.

- 191.** The representative of the Government of Sweden, speaking on behalf of the IMEC group, reminded the Committee that the point for decision was a procedural issue, necessary under the Financial Regulations and having no implications on the future position of the Governing Body. He noted that a refusal of the point for decision would undo the agenda of the Governing Body, or transfer substantive debate to the PFAC, which would be contrary to the constitutional duties of the Committee. To avoid such a circumstance, and without prejudgement of the final position of the Governing Body, he indicated that the IMEC group had no objection to the point for decision.

- 192.** The representative of the Government of Cuba expressed her support for the statements of the representatives of the Government of the Bolivarian Republic of Venezuela and the Government of Argentina, speaking on behalf of GRULAC. She noted the lack of consensus and stressed that the point for decision was not a simple mathematical process

and that it prejudged the forthcoming discussion of the Governing Body. She did not support the point for decision.

- 193.** The representative of the Government of Panama expressed support for the statement by the representative of the Government of the Bolivarian Republic of Venezuela. He noted the need for full transparency in all decisions and expressed his lack of support for the point for decision.
- 194.** The representative of the Government of the Islamic Republic of Iran did not support the point for decision and considered it a violation of the procedures of the Committee.
- 195.** The representative of the Government of the Bolivarian Republic of Venezuela requested that the lack of consensus be placed on record.
- 196.** The Chairperson noted that, although there was no consensus, there was a large majority of the Committee in favour of the point for decision. The point for decision was adopted.
- 197.** *The Committee recommends to the Governing Body, should it decide to establish a Commission of Inquiry concerning the Bolivarian Republic of Venezuela, that: (a) an honorarium at the rate of US\$300 per day be paid to each member of the Commission of Inquiry; and (b) the cost of the Commission, which is estimated at \$756,930, be financed from the appropriate budgets for 2010–11 and 2012–13.*

In the first instance, this would be from savings that might arise under Part I of the budget or, failing that, through the use of the Provision for unforeseen expenditure, Part II. Should this subsequently prove impossible, the Director-General would propose alternative methods of financing at a later stage in the biennium.

Geneva, 21 March 2011

(Signed) E. Julien
Reporter

Points for decision: Paragraph 35
Paragraph 61
Paragraph 82
Paragraph 132
Paragraph 158
Paragraph 159
Paragraph 164
Paragraph 169
Paragraph 197