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Programme, Financial and Administrative Section

PFA

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DRAFT MINUTES

Programme, Financial and Administrative Section

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Programme, Financial and Administrative Segment

First item on the agenda

Draft transitional strategic plan for 2016–17 and preview of the Programme and Budget proposals for 2016–17 (GB.322/PFA/1)

1. *The Chairperson* invited the Governing Body to make general comments on the agenda item.
2. *The Worker spokesperson*, referring to the profound challenges that continued to beset the world of work, said that his group firmly believed that, to achieve its strategic objectives, the ILO must continue to promote social justice through the Decent Work Agenda and be guided by the 2008 ILO Declaration on Social Justice for a Fair Globalization. His group had been supportive of the internal reform process and, in that respect, welcomed the draft plan, its layout and its strategic focus on ten policy outcomes. Each outcome should address all four pillars of the Decent Work Agenda and include more specific indicators and targets on international labour standards, social dialogue and the capacity building of workers' and employers' organizations. Adequate resourcing would be required to address the cross-cutting issues in a meaningful way.
3. Steps should be taken to further develop the mainstreaming of standards across all the outcomes through the identification of relevant instruments, indicators and targets across regions. Regions with the lowest ratification rates had all too often been those with the lowest targets for the rights dimension of the Decent Work Agenda, whereas outcomes focusing on employment and social protection had been given greater prominence, which undermined the ability to deliver on the four strategic objectives in an integrated approach.
4. The Office should indicate the linkages between the strategic plan up to 2017 and the ILO centenary initiatives, in particular with regard to the future of work initiative and also with the follow-up to the evaluation of the 2008 ILO Declaration on Social Justice for a Fair Globalization, both of which should guide the next programme and budget. The Office should also provide clarification on which external experts the Office planned to use for the review of the programme and budget indicators. The Bureau for Workers' Activities (ACTRAV) and the Bureau for Employers' Activities (ACT/EMP) should be fully consulted on the matter.
5. The plan should also address the difficulties encountered in mainstreaming decent work and fundamental principles and rights at work, contain more specific details on the role of multinational enterprises (MNEs) and work on supply chains and set out clearer guidelines on the incorporation of the four pillars of the Decent Work Agenda under each outcome.
6. *The Employer coordinator*, noting the complexity of ILO programming, called on the Office to clarify and simplify the process further, and to explain how the 19 outcomes of the previous period could realistically be distilled into ten. The plan must address the main challenges in the world of work, set clear priorities, respond to constituents' needs, operationalize the ILO's mandate and prevent duplication of work. While his group welcomed the changes incorporated further to earlier consultations, including the selection of promoting sustainable enterprises as the topic of outcome 4, some of the outcomes

overlapped or lacked focus. Specifically, the issue of decent work in the rural economy, while important, should not be an outcome in itself; it was rather a matter for the sectoral activities programme and therefore it should either be removed or integrated into outcome 6. Outcome 8 should also be removed, as it overlapped with outcomes 2, 3, 5 and 7, and it was not clear what exactly was meant by “unacceptable forms of work”. It might be better framed as “promoting fundamental principles and rights at work”. Greater emphasis also needed to be placed on the linkages between outcomes.

7. He called for a reduction in the number of topics addressed as cross-cutting issues, as previous experience had shown that the work in that regard was not clearly visible from the point of view of accountability and added value. It did not make sense to include international labour standards as both a cross-cutting issue and an outcome. Similarly, the justification for including as cross-cutting issues the end to poverty, which would be hard to operationalize in a meaningful results framework, and a just transition to a green economy, which should be incorporated into one of the employment outcomes, was unclear. Furthermore, too much attention was devoted to supply chains, which implied a focus on a small percentage of workers and companies.
8. His group had for a long time called for a fundamental review of how the Organization measured its activities and impact. The reference to an internal and external expert review was not sufficient, not least because consultations were required from an early stage of the drafting process and not merely at the end. External experts should be identified where possible.
9. The overview of regional priorities should be removed and the priorities incorporated into outcome strategies, first to ensure coherence of accountability between headquarters and the field and second because the existing text contained no clear prioritization of action and had omissions; for example, no mention was made of the Oslo Declaration. The inclusion of information on external partnerships was helpful but a more coherent approach was needed. Lastly, he emphasized the special nature of the sectoral activities, which were directly constituent-driven and should not be systematically and automatically linked to indicators.
10. *Speaking on behalf of the Government group*, a Government representative of Italy commended the Office for incorporating lessons learned from past experience, in particular with regard to developing fewer but bigger and better-integrated programmes, the inclusion of cross-cutting issues, the development of clear indicators for each policy outcome and the analysis of the external context of the world of work. Her group attached particular importance to retaining jobs and skills for young people as one of the principal subjects of outcome 1.
11. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe welcomed the fact that the document focused on key outcomes, which would also serve the ILO well in future four-year strategic plans; reflected internal reforms; was anchored in the Organization’s four strategic objectives; and took on board the external context of the world of work, including the sustainable development goals. Reference should be made to Africa’s priority of focusing on sectors with high potential for job creation, such as agriculture. It was regrettable that the document in its current form did not contain indicators to accompany the policy outcomes, which would have allowed the discussions to progress to a different level.
12. *Speaking on behalf of the Asia and Pacific group (ASPAG)*, a Government representative of India commended the Office for reorienting itself to the changing global context and for aligning its policy goals to address the challenges in the world of work. The ten policy outcomes would ensure continuity and effectiveness. His group hoped that the Decent

Work Country Programme (DWCP) approach – which had proved successful – would continue to be pursued. Nevertheless, ASPAG hoped that the past imbalance in the allocation of resources to the region would be adjusted to reflect the fact that it was home to more than half the world’s workforce, and that the region would receive more technical expertise from the ILO. Noting with satisfaction the priority given to job creation, and especially youth employment, he said that ASPAG fully supported the scaling up of programmes in that regard, provided that the policy tools were flexible enough to reflect regional and national contexts, not overly prescriptive and allowed for the involvement of country offices. Similarly, initiatives to promote social protection floors should not be uniformly imposed, but rather determined nationally. He called on the Office to work with member States to overcome the technical problems faced in ratifying core Conventions and regularly to provide the Governing Body with information on progress made in the area of research.

13. *Speaking on behalf of the group of Latin American and Caribbean countries (GRULAC)*, a Government representative of Cuba supported the Government group’s statement, noting that, although the number of outcomes had been reduced, leaving room for greater focus, all in all, the plan still effectively covered 19 “priority areas”. The priorities on research, knowledge, labour statistics and capacity development, and on international labour standards, would be more appropriate as cross-cutting strategies only, and the stated intention of linking all outcomes to the four pillars of the Decent Work Agenda should be given greater emphasis. His group would like further clarifications as to why one of the outcomes would be considered an exception when developing indicators, what strategy would be used to develop Office-wide methods of work and how those methods would be adapted to regional and national contexts. More information was also requested regarding the strategy to be pursued to improve ILO services in the five thematic areas under outcome 1. The key expected changes should seek both greater and better use of knowledge on macroeconomic policies, and interaction and complementarity with public policies. Furthermore, both qualitative and quantitative targets should be considered, and relevant statistics should be compiled in that regard. Under outcome 2, the ratification and implementation of international labour standards should be considered separately and all obstacles to ratification were of relevance. It was important to make a distinction between social security and social protection under outcome 3. The Social Protection Floors Recommendation, 2012 (No. 202), sought the extension of social protection as a whole and a focus on social security alone was contradictory. Furthermore, no distinction should be made between pensions and social security as the former were one of the nine elements established under the Social Security (Minimum Standards) Convention, 1952 (No. 102). Any participatory approach in that regard should also include ministries of labour and social security institutions. Given the considerable progress made in the region in the area of social security, a reference to lessons learned in that regard would have been appreciated. Outcome 4, while important, should also seek to improve competition and strengthen capacity for innovation. In addition, the formalization of small and micro-enterprises should be reflected in the means of action and support. Under outcome 5, the ILO should consider ways of overcoming the problem of fragmented ILO action. There was a need for greater awareness beyond constituents regarding the transition to the formal economy under outcome 6. Outcome 7 should not be limited to progress made through the Better Work programme and outcome 8 should also consider lessons learned from limited access to social protection. With regard to outcome 9, while empirical evidence was certainly important when designing labour migration policies, social dialogue was equally important. Lastly, the cross-cutting strategy of a just transition to a greener economy should refer to sustainable production and consumption patterns rather than restricting the concept to the green economy.

14. *Speaking on behalf of the group of industrialized market economy countries (IMEC)*, a Government representative of the United Kingdom said that, while he welcomed the process to align the ILO's planning and budgeting cycle with the quadrennial comprehensive policy review cycle and the focus on ten policy outcomes, the plan should be more focused. A number of outcomes, such as outcome 2, referred to processes rather than outcomes and should be reformulated. The advocacy, governance and support outcomes should be considered as enablers underpinning other outcomes. The cross-cutting issues were both means and ends, and gender equality and the green economy were of particular importance for the Decent Work Agenda. While his group supported the concept of the centenary initiatives, in recognition of the fact that the world of work context had changed considerably in recent years, it would like further clarification as to how those initiatives fitted into the plan. It was also interested in getting evidence that a results-based framework was being used for strategic planning and resource allocation, and an overview of how the new programme and budget compared with the current framework.
15. *Speaking on behalf of the Association of Southeast Asian Nations (ASEAN)*, a Government representative of Cambodia welcomed the draft transitional strategic plan and in particular the introduction of the ten policy outcomes. The overview of regional priorities should take account of the priorities identified by the 23rd ASEAN Labour Ministers Meeting, in May 2014, with regard to building a competitive labour force. In addition, ILO means of action should include resource allocations to assist countries affected by natural disasters, and national and regional situations should be taken into consideration to ensure the practical application of research undertaken by the Office. Effective international cooperation efforts were essential in mainstreaming the Decent Work Agenda into national and international programmes and in promoting wider engagement with government agencies.
16. *A Government representative of China* noted that the plan and the programme and budget proposals needed to respond to post-crisis challenges. The Governing Body should seize the opportunity of the post-2015 development agenda and of the ILO reform. His Government supported the reduction in the number of policy outcomes to ten, the inclusion of the cross-cutting issues and the emphasis given to youth employment. The extension of social security should be at the heart of the plan. The implementation of the programme and budget should respond to the needs of the tripartite constituents and enhance the influence of the ILO, taking social and economic diversity into consideration so that all workers at the grass-roots level could benefit.
17. *A Government representative of Trinidad and Tobago* supported the GRULAC statement, adding that the more targeted approach would garner wider support for the ILO's work. In particular, her Government welcomed the reference to micro-enterprises. With regard to the regional priorities, the success of the ILO's strategies and programmes would be enhanced by taking into account the differences between intraregional economies. Particular attention should be given to the specific concerns of small island States.
18. *A Government representative of the United States* supported the IMEC statement, noting that her Government attached particular importance to the ILO's standards work, the promotion of more and better jobs, workplace compliance, the protection of workers from unacceptable forms of work and creating and extending social protection floors. It also encouraged efforts for coherence and Office-wide collaboration, although certain areas of overlap should be reviewed. She requested further information as to who would conduct the external review of draft indicators.
19. *The Chairperson* opened the discussion on sections III to VI of the document (paragraphs 23–188).

20. *The Employer coordinator* said that his group wished to see a clear reference to outcome 4 under outcome 1, as the two were closely interrelated. In particular, greater focus was needed on skills development and apprenticeships, and the ILO should consider partnering with the Global Apprenticeships Network. With respect to the section on international labour standards as a cross-cutting strategy, only instruments that were fully up to date should guide the work under the outcome. Evidence-based research should be neutral and should not seek to justify political aims.
21. Regarding outcome 2, international labour standards should address labour realities and the standards review mechanism (SRM) should become operational as quickly as possible. The pace of work had so far been disappointing. Outcome 3 was too narrow and the ILO should also support countries with existing social protection systems, especially with regard to their sustainability in light of ageing populations.
22. The 17 pillars of the 2007 International Labour Conference (ILC) conclusions concerning the promotion of sustainable enterprises should be clearly established as the framework for outcome 4. References to global supply chains in paragraphs 57, 59 and 61 should be removed, given that the ILC discussion on that subject would not be held until 2016. The problem section focused on limitations to accessing higher value-added supply chains, while inadequate enabling environments with low productivity and high informality levels were the real problem. Lessons learned in paragraph 56 should draw on work done in relation to the enabling environment for sustainable enterprises.
23. Outcome 5, if included at all, should be more focused on skills development and should seek to promote both workers' and employers' organizations. Outcome 7 was too narrowly focused on labour inspection and should also address occupational safety and health (OSH) under the comprehensive title "Promoting safe workplaces". Regarding outcome 10, his group wished to participate fully and efficiently in ILO activities and argued for additional resources for ACT/EMP.
24. Lastly, constituents needed to be directly involved in the identification of research issues to meet their needs and greater clarity was needed on the research reporting structure. Research would benefit from a broader intellectual base and the research gap regarding strategies to create enabling environments for sustainable enterprises should be addressed.
25. *The Worker spokesperson* supported the strategy for outcomes 1 and 3, noting that youth unemployment levels were related to overall unemployment. The Human Resources Development Recommendation, 2004 (No. 195), should be added to the list in paragraph 29. It was important to advise countries on the promotion of decent work as a tool for reducing poverty. In respect of outcome 3, the reference in paragraph 50 to the Social Security (Minimum Standards) Convention, 1952 (No. 102), and other social security Conventions was welcomed.
26. His group supported outcome 2 but the work planned under that outcome should be clarified in the proposals for March 2015. The priority should be to ensure that the Office developed targeted promotional work for relevant international labour standards and assisted countries in ratifying and applying them. Targets and indicators should be developed regarding ratification rates across all regions and for each outcome.
27. Outcome 4 should include measures to help enterprises meet challenges regarding business efficiency, better working conditions and environmental sustainability. The promotion of decent work was central to building sustainable enterprises, including in their supply chains, and should be a priority. The outcome should also integrate work on cooperatives and the social economy.

28. Reference to cooperatives and social economy organizations should be made in the last bullet point in paragraph 55 and the third bullet point in paragraph 57. The Promotion of Cooperatives Recommendation, 2002 (No. 193), should be added to paragraph 58. Paragraph 59 could make an explicit reference to collective bargaining as a key tool to improve working conditions in enterprises. Not only small and medium-sized enterprises (SMEs) but also MNEs were relevant in respect of sustainable enterprises.
29. Regarding outcome 5, it was important to focus on promoting freedom of association and collective bargaining and on the role of standards to combat child and forced labour. He welcomed the focus on plantations and the goal of improving working conditions and incomes of agricultural workers in supply chains. Mature systems of industrial relations should be promoted in those areas.
30. Concerning outcome 6, the section on expected changes and paragraph 80 should better reflect the need for a comprehensive framework to formalize the informal economy, including rights, social protection, minimum living wages, job-centred macroeconomic policies and industrial policies to encourage the expansion of formal higher added value jobs. The outcome should be used to promote the Recommendation that the ILC would be adopting the following year. Paragraph 76 should focus on extending the scope of labour laws to include traditionally excluded categories of workers. While there were important differences between outcomes 5 and 6, there were also links and both were needed.
31. Concerning outcome 7, the group supported paragraph 87. The strategy should be guided by the 2011 ILC conclusions. Strengthening the public function of labour inspection and the resources allocated to it would contribute to improving the protection of workers' rights. While private compliance initiatives could complement public inspection, in some cases they were counterproductive, and should be included under lessons learned.
32. The group supported the focus of outcome 8, which was the appropriate place for OSH, and suggested referring specifically to relevant Conventions relating to OSH and hazardous sectors.
33. Concerning outcome 9, the group endorsed the strategy of implementing a rights-based approach to migration and the means of action in paragraph 112, which would allow the Office to work on migration policies to guarantee the protection of migrant workers' rights. Tripartite guidelines for fair recruitment should be developed to further protect those rights.
34. The group strongly supported the strengthening of workers' organizations under outcome 10 and requested ACTRAV and ACT/EMP involvement across the ten outcomes.
35. The group supported the cross-cutting strategies and requested that they be duly reflected under each outcome in the March 2015 Governing Body document. Decent work was the surest way out of poverty. Labour market institutions played a central role in reducing poverty and inequalities. The transition to a green economy was important, as was gender equality and non-discrimination.
36. The paper was weakest in terms of regional priorities. The March Governing Body document was expected to integrate them under each outcome with the relevant targets and indicators. None of the regions had included work on outcomes 2, 5 and 10, which was a concern. The priorities listed did not reflect the rights dimension, which should be better integrated in the strategy for all regions by March.

37. The group endorsed the research agenda as set out in paragraph 177. It welcomed the strengthening of the strategic partnership with the International Training Centre of the ILO in Turin (Turin Centre) and capacity building for ILO constituents, which should go hand in hand with a resource mobilization strategy.
38. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe supported the focus on a reduced number of policy outcomes, including those relating to the areas of critical importance (ACIs).
39. Evaluating how the ILO had been moving towards realizing the policy outcomes since the adoption of the Strategic Policy Framework 2010–15 was central to screening the policy outcomes outside the ACIs. More information was requested on the selection criteria for those policy outcomes. He expressed the expectation of his group that policy outcomes relating to HIV and AIDS at the workplace, skills development and social dialogue be included in the transitional strategic plan.
40. *Speaking on behalf of GRULAC*, a Government representative of Cuba, referring to paragraph 160, underscored that the Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR) should be strengthened in view of the need for vocational training in the region. It was hoped that the ILO would adapt and strengthen existing tools to provide technical assistance. Concerning outcome C, as well as diversifying donors, it was also necessary to diversify partnerships. South–South cooperation was only addressed in two regional contexts, Latin America and Africa. However, there was the scope to consider intraregional South–South cooperation. South–South cooperation could, therefore, be viewed as a cross-cutting issue.
41. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom expressed support for the move to fewer, bigger and better-integrated programmes, which should be reflected in the indicators and framework in the March 2015 proposals. The ILO was encouraged to create clearer links between development results, resource mobilization goals and actual financial resources. The Office could learn from other organizations' experiences with structured financing dialogues. The Office had recognized the need for better focus and teamwork between different policy areas and between headquarters and the regions and was urged to go further in that regard. The inclusion of an SRM in the standards centenary initiative was welcomed. A functioning SRM was of critical importance to the implementation of labour standards and should be prioritized. More information was requested concerning the flagship academy in paragraph 41 in respect of the areas it would cover, its links to the Research Department and the role of the International Labour Standards Department. Strengthening research, knowledge and statistics would be required to support successful policy outcomes. The Office was urged to identify and make best use of existing data from other bodies.
42. *A Government representative of China* referred to outcome 1, noting that the promotion of the green economy had become a priority in order to create jobs. The ILO was urged to promote international coordination since macroeconomic policies had a significant impact on job creation. Concerning outcome 2, it was hoped that the ILO would be able to set up its standards evaluation system and proceed to the regrouping of standards, thus ensuring that they were better adapted to the realities on the ground. Regarding outcome 3, the ILO should invest more in the broadening of social protection floors and take a more targeted approach. Awareness-raising efforts should be stepped up so that social protection floors could be included in the post-2015 development agenda. Under outcome 4, enterprise creation should be a priority. A balanced approach to small and micro-enterprises should be pursued in order to boost the creativity and dynamism of those enterprises. Data collection on the link between the development of those enterprises and job creation should be reinforced. Concerning outcome 5, priority should be given to developing countries

regarding decent work in the rural economy, while taking into account their economic reality. Greater emphasis could be placed on the impact of economic transitions and labour migration in rural areas on employment, social protection and industrial relations. China had done considerable work in the area and would willingly share its experiences.

43. *The Chairperson* opened the discussion on section VII (paragraphs 189–215).
44. *The Worker spokesperson* welcomed outcome A. The Office should ensure further tripartite involvement in the advocacy work, which was expected to be included in the proposals for March. Outcomes B and C were essential to achieving the goals set by the ILO. The most obvious way of tracking change was to track the allocation of resources. He asked whether the Office could give some preliminary indication regarding the size and percentage of resources, including staff time, for the policy outcomes and the advocacy, governance and support outcomes. Resources should also be allocated to the cross-cutting issues.
45. *The Employer coordinator* stressed that the basis for all advocacy work was the position and approaches agreed on in the Governing Body and the ILC. There needed to be strong governance structures and control mechanisms to ensure that any published material was a true reflection of the ILO's position. Concerning outcome B, the appointment of the risk manager and the plan to strengthen the evaluation process were welcomed. He raised the issue as to whether the reform process itself should be assessed. Concerning outcome C, the group had expected more information on the lessons learned from the ACI experience to be reflected in paragraph 206. One lesson from field work was that the social partners needed to be included from the outset. That was an issue on which there should be a clear commitment in the strategic plan for 2016–17.
46. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe commended the inclusion of the advocacy, governance and support outcomes in the draft transitional strategic plan. The Decent Work Agenda could only remain relevant and be included in the programmes of other United Nations (UN) agencies if it continued to feature in the ILO's strategic plans. The internal reforms on the functioning of the Governing Body and the ILC, as well as the results-based management approach, would ensure that the transitional strategic plan was more effectively implemented.
47. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom welcomed the advocacy, governance and support outcomes and recognized the progress that had been made in increasing transparency, accountability and efficiency; however, he requested clearer indicators. As previously stated, the results under the Strategic Policy Framework could best be achieved if the Organization had a proper system of governance and oversight. He urged the Office to continue to implement the Independent Oversight Advisory Committee (IOAC) recommendations in full, recalling the concerns expressed by the IOAC regarding the inaccessibility of complex financial reports. The Office should bear that in mind when preparing the Programme and Budget proposals for 2016–17. IMEC welcomed the emphasis placed on strengthening and streamlining support services in headquarters and the regions, asking the Office to provide more details on how it expected to achieve better value for money and greater efficiencies. He encouraged the Director-General to continue work on the ongoing review by the International Civil Service Commission (ICSC) of the UN Common System Compensation Package.
48. *A representative of the Director-General* (Director, Strategic Programming and Management Department) said that the discussions had provided the Office with guidance for finalizing the Programme and Budget proposals for 2016–17, which would be available in early February 2015. In replying to the issues raised by Governing Body members, he made seven points. First, regarding the ten policy outcomes, the 2008 ILO Declaration on

Social Justice for a Fair Globalization underpinned the proposals, including the inseparable, interrelated and mutually supportive nature of the strategic objectives. The Director-General had proposed to focus on ten areas, respecting the agreed positions of the Governing Body. International labour standards served not only as a separate policy outcome but also provided the guiding principles for the other outcomes, and served as a cross-cutting strategy. Thus, there were ten policy outcomes plus three supporting outcomes, and the cross-cutting strategies. Second, acknowledging the interlinkages between outcomes, the Office would prepare a table outlining the operational linkages between them. Third, the Office had been working on an ongoing basis with in-house and external experts to review each and every indicator. Fourth, the separate section on research was in answer to the Governing Body's request that, following the establishment of the new Research Department, the same level of information previously provided by the International Institute of Labour Studies would be reflected in the programme and budget. Fifth, concerning the criteria used to select the policy outcomes that did not correspond to ACIs, constituents' priorities were identified through many different forums, which helped highlight where strong tripartite agreement existed, such as on labour migration. Sixth, the academies at the Turin Centre, mentioned by IMEC, had been introduced in 2009 and enabled the Centre to provide more in-depth and comprehensive courses. Finally, in relation to outcome 5, the Office had taken note of the comments made during the discussion.

49. *The Director-General* said that the discussion had been useful and the most substantive preview discussion in recent biennia. Effective processing of the points made during the discussion would pave the way for another positive discussion in March 2015 and a good product at the end of the process. A critical issue touching on the architecture of the programme and budget was the identification of the ten policy outcomes and the five cross-cutting strategies, along with the three advocacy, governance and support outcomes. The relationship between them would be further clarified. By including outcomes A, B and C, the Office was taking further steps to meeting its commitments to the Governing Body in terms of transparency and good management of the Organization. The concern expressed with regard to the complexity added to the programming process was noted, although the inherent complexities of the process could not be denied.
50. The Office had also carefully noted the comments and suggestions on the content of the ten policy outcomes. Overlap should be avoided, and the interrelations between the different outcomes needed to be worked through. At the same time, it was true that some of the proposed policy outcomes built on the guidance provided by the Governing Body on previous occasions. That was the case of the outcomes on the rural economy and the informal economy, which the Governing Body had requested the Office to handle separately. The Office would make adjustments to the regional priorities, including with a view to reconciling the policy outcomes with the realities of very diverse regional and national situations. The Office was firmly committed to making research capacities an engine for evidence-based policy advocacy, as requested by the Governing Body. Already that was having an effect on high-level discussions with the G20, the World Bank and the International Monetary Fund. The Office would consult with constituents and present a paper at the March Governing Body session which reflected the views and addressed the concerns of Governing Body members, equipping the Organization with a strategic plan and the programme and budget needed to confront the challenges ahead.

Outcome

51. *The Governing Body provided guidance to the Office on the draft proposals and took note of the report.*

(GB.322/PFA/1.)

Second item on the agenda

After-service health insurance: Review (GB.322/PFA/2)

52. *The Employer coordinator* said that his group strongly supported the approach in paragraph 53 to ensure that the costs of entitlements after retirement were accumulated during the period of active service. The wider application of a payroll charge on non-regular budget-related projects and programmes was a reasonable way forward and he encouraged more detailed planning in that direction. However, the transfer of underspending of the approved budget to a reserve for the after-service health insurance (ASHI) was more problematic because it could only be a complementary measure.
53. *The Worker spokesperson* said that his group supported the proposals in paragraph 55 and encouraged the Office to continue exploring ways to fund the ASHI liability, including a possible contribution from the Office. Furthermore, it supported adopting preventive measures to mitigate future health costs.
54. *Speaking on behalf of GRULAC*, a Government representative of Cuba suggested waiting for the outcome of the negotiations in the UN General Assembly and, in the meantime, continuing with the original plan. In addition, the Office should explore options for containing costs, such as adopting preventive health measures and adjusting co-payments to encourage beneficiaries to use a network of providers. It could also look into alternatives to ensure a broader use of the mechanism to levy a payroll charge on personnel costs of non-regular budget-related projects and programmes. The regular budget should not fund the ASHI liability for such staff. Lastly, an investment policy should be considered; the UN multi-agency working group discussions could provide guidance.
55. *Speaking on behalf of IMEC*, a Government representative of Spain said that the paper only partially covered the key ASHI elements, focusing on its funding rather than reducing the liability. There was a lack of detailed information on costs, benefits covered, eligibility conditions, comparisons with other organizations, the legal framework for changes, management models and potential savings in different scenarios. The paper failed to address how the fund to cover the liability would be regulated, or to provide forecasts on the ILO's future finances and the impact of the proposed model on the budget and the ILO's activities. IMEC supported the provisional earmarking of future underspending of the approved budget for transfer to an ASHI reserve. The group suggested that the paper should have included proposals for measures to reduce the ASHI liability in terms of the benefit coverage, such as: amending the subsidy; changing the eligibility criteria, including for dependants; ensuring that coverage was complementary to national health-care systems; determining the level of coverage based on total income from all sources; re-examining levels of coverage; reviewing pre-approval policies; and providing incentives for employee well-being. Consideration should be given to funding through the regular budget as a staff cost, without involving an increase in member States' contributions or undermining the ILO's regular activities, together with a comprehensive financial plan, including ILO financial projections for the coming years. IMEC therefore proposed a draft decision requesting the Office to submit a broader analysis to include the information it felt was lacking.
56. *A Government representative of Mexico* stressed the need for further information on the long-term implications of the proposed schemes, including up-to-date actuarial information following the impact assessment of the decision to raise the retirement age to 65. She requested that a future Governing Body report should address such concerns as the fact that the recent short-term rise in interest rates had been taken into consideration in long-

term projections, and that the proposed funding required a close link between contributions, costs and actuarial yields, meaning that the investment strategy should be closely linked to the medium- and long-term actuarial requirements. Moreover, it would be useful if table 3 included data over a longer period and projected figures for different scenarios. She encouraged the Organization to broaden its analysis but to await decisions from the UN General Assembly.

57. *Speaking on behalf of the Africa group*, a Government representative of Chad noted that the ILO ensured access to health care to former staff irrespective of where they lived, which had meant higher costs due to an increase in retirees and the special health-care needs of an ageing staff. The group encouraged the establishment of a reserve to fund the liability. It fully supported the proposals in the paper.
58. *A representative of the Director-General* (Treasurer and Financial Comptroller) said that the terms of reference of the UN inter-agency working group on ASHI, established in response to a General Assembly resolution, addressed almost all of the points raised. The ILO was an active participant in the working group and would share the views expressed by the Governing Body with the working group. The results of the working group's review were to form a substantial part of the Secretary-General's report to the General Assembly in 2015. With regard to the matter of subsidy rates raised by IMEC, the ILO applied the rates recommended to the UN system as a whole. The ICSC had reviewed those rates in 2014 and recommended to the General Assembly that the status quo be maintained. On the proposed draft decision requesting a paper with further information, he suggested waiting for the outcome of the UN General Assembly's consideration of the matter at its 70th Session in order to ensure a harmonized approach to what was a system-wide issue.
59. *The Chairperson* asked whether, in the light of that suggestion, IMEC could consider withdrawing its proposed decision, and whether the Governing Body could take note of the comments and guidance provided and continue on that basis, pending a report to the Governing Body based on the broader analysis from the UN system.
60. *Speaking on behalf of IMEC*, a Government representative of Canada, after further deliberations, said that his group noted the ILO's commitment to submit further information to the Governing Body following consideration of the matter by the UN General Assembly. However, the group understood that the ILO's ASHI liability was among the most significant in the UN system and he underscored the need for the ILO to pursue work on ASHI-related issues that did not require common system input. With the assurance that the matter would be addressed again by the Governing Body in March 2016, IMEC withdrew its proposed decision.

Outcome

61. ***The Governing Body provided observations and guidance to the Office and took note of the agreement of the Office to prepare a further document incorporating the results of the UN General Assembly's consideration of this matter at its 70th Session.***

(GB.322/PFA/2.)

Third item on the agenda

Update on the headquarters building renovation project (GB.322/PFA/3)

62. *The Employer coordinator* welcomed the news regarding the approval of the building permit. The building should comply with Swiss law not only for the security of its staff but also to lead by example. Rather than being additional, the requirements mentioned in paragraph 6 were in fact existing standards that the Office had not previously taken into account that the permit request procedure had brought to light. His group sought clarification regarding the provisions described in paragraph 7, which it believed had been required since 2008. It also requested more details regarding how much of the cost increase was due to new regulations and how much was due to pre-existing regulations that had been ignored, along with more information regarding what fractions of the remainder were due to architectural requirements and cost adjustments. The Employers' group endorsed the draft decision.
63. *The Worker spokesperson* stressed the importance of compliance with health and safety standards for ILO staff and for contractors and workers working on the renovation project. Regarding paragraph 21(g), it was important to make sure that the car park was safe. As stated in previous sessions, the key element to raising the funds necessary for the renovation was the land plot sales. He requested that the Office provide a further update on the review of the Appia plot along with further clarification on the estimated time frames for the two plots and whether or not they could be sold. It was important that the Office should continue to explore other possibilities for additional funding, and it should inform the Governing Body regularly on all developments. The Workers' group supported the draft decision.
64. *Speaking on behalf of the Africa group*, a Government representative of Algeria requested information on what impact the renovations would have on the functioning of the Governing Body and the ILC, and how inconveniences could be avoided. He stressed the importance of continuing to look for other sources of funding. More information was requested on the total cost of the project. The unforeseen additional costs went against the recommendations of previous Governing Body sessions.
65. *Speaking on behalf of GRULAC*, a Government representative of Cuba voiced his regret that the Office had again to reduce the scope of the renovation project. He thanked the Office for being transparent and urged it to do everything possible to comply with the original objectives of the project and avoid further reductions. GRULAC supported the Director-General's approach of proceeding with caution and in stages. It asked the Office to identify savings that allowed cost control and guaranteed resources to finance elements not currently included in the renovation plan. It urged the Office to collaborate with other renovation projects in Geneva. Contact should be made with those responsible for the renovation of the *Palais des Nations*, which would enable good practices to be shared and costs to be reduced through joint bidding procedures. Access for persons with disabilities should be a top priority. Being transparent with Office staff would have a positive impact on the transparency of the project for the constituents. Decisions relating to the building renovation must always be submitted to the Governing Body. For the 323rd Session of the Governing Body, the group requested further information on: the follow-up on the improvements necessary for providing access to persons with disabilities; the request for funding, including from public-private associations; and the widening of the interpreters' booths. The group supported the draft decision.

66. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom noted with satisfaction the progress made and the Office's transparency. The group requested clarification on the requirements necessary to obtain the building permit in relation to fire safety and the requirements arising from the new local norms, and further information on how the architectural requests related to the cost increase, as well as on the exact nature of the cost adjustments. It expressed concern that continuous cost adjustments could have an impact on the current budget and asked for more information on savings that could offset some of the cost increase. It also asked whether the withdrawal of certain proposed modifications detailed in paragraph 5 would result in further cost savings. It looked forward to being provided with more information on the development of the land plots and the associated potential monetary value, and suggested approaching the tripartite membership for possible sponsorship for the renovation of the Governing Body Room and Room II. It urged the Office to continue exploring innovative financing options. IMEC approved the decision.
67. *A Government representative of Mexico* said that the Office should continue looking for savings to at least partially compensate for the cost increase. She expressed support for the gradual renovation of the lower floors as funding became available and the financing of urgent works from the maintenance provisions. She supported the draft decision, requesting that the Director-General continue to look for additional funds that would enable the entire project to be completed and that a report be presented at the next Governing Body session.
68. *A Government representative of Switzerland* said that the 2010 budget for the renovation project had not taken into account existing fire safety regulations, which explained subsequent changes to estimates, but that the 2015 Swiss fire regulations could not solely account for the additional CHF24.5 million in costs. He requested further information on the factors behind that increase.
69. *A representative of the Director-General* (Deputy Director-General for Management and Reform (DDG/MR)) said that the major cost increases were due to requirements in two areas of fire safety. First, separate lifts from the ground floor to the 11th floor were needed to accommodate the fire service and, therefore, goods lifts would have to be completely renovated and the lift shafts and the roof would have to be fireproofed. Second, an overpressure system was required in all the lift wells and stairwells, which would lead to a large number of installations on the roof of the building and screening to surround them. Other costs related to, inter alia, problems with electrical ducting, waste management issues and site access issues. Reducing the scope of the renovation would not have an impact on the additional costs, as such costs were associated with the core elements of the building. However, more cost-effective methods in various areas were being examined, and incentives for contractors to identify other opportunities to cut costs were also in place.
70. As to the land, some discretion would have to be exercised in the discussion of its value, as potential purchasers might be present. An interim report on the review of the Avenue Appia plot had generally confirmed the previous valuation. The actual value of the land would depend on the stage of development at which the ILO disposed of it, but informal expressions of interest in the land were in the range of previous valuations. The sale of the Route de Ferney plot was more complicated, as the land was a leasehold from the Canton of Geneva, and an agreement would have to be reached with the Swiss authorities on the final value of the land to be assigned to the ILO. Negotiations would continue in the following months.

71. He strongly endorsed the IMEC comment that tripartite Members of the Organization might consider sponsorship of the renovations and said that the ILO was open to other sources of funding. Finally, he expressed his appreciation to the City of Geneva, the Canton of Geneva and the Confederation for their collaboration.

Decision

72. The Governing Body:

- (a) *took note of the proposed additional requirements and costs associated with the granting of the building permit and the resulting reduced scope of the project required to retain the total cost approved in the 2010 plan while implementing necessary safety and environmental measures; and*
- (b) *requested the Director-General to continue to explore options for additional financing beyond that approved in the comprehensive plan to enable the full scope of the project to be realized.*

(GB.322/PFA/3, paragraph 28.)

Fourth item on the agenda

Other financial questions

Appointments to the Investments Committee of the International Labour Organization (GB.322/PFA/4/1)

73. *The Worker spokesperson* said that the gender balance of the Investments Committee was not ideal, but supported the draft decision.
74. *The Employer coordinator* said that he agreed with the content of the document and the statement made by the Workers' group.
75. *Speaking on behalf of the Africa group*, a Government representative of Algeria welcomed the document, supported the draft decision and recommended that the Office should ensure a balanced representation of men and women in all ILO committees.

Decision

76. *The Governing Body renewed the appointment of Mr René Zagolin, Mr Xavier Guillon and Mr Max Bärtsch as members of the Investments Committee for a further period of three years, expiring on 31 December 2017.*

(GB.322/PFA/4/1, paragraph 3.)

Audit and Oversight Segment

Fifth item on the agenda

Matters relating to the Joint Inspection Unit (JIU): Reports of the JIU (GB.322/PFA/5)

77. *The Worker spokesperson* supported the responses outlined by the Office on the three JIU reports on staff recruitment in the UN system, on the review of enterprise resource planning and on the review of long-term agreements in procurement in the UN system. He requested further explanation of the four recommendations that were either not accepted or considered not applicable to the ILO in the review of individual consultancies in the UN system. In particular, on the recommendation on remuneration, he sought information on what served as a benchmark for remuneration for individual consultancies. With regard to the report on lump-sum payments in lieu of entitlements, he asked whether the JIU would consider taking into account the overall review of compensation packages which was being carried out by the ICSC. Concerning the report on staff–management relations in the UN specialized agencies and common system, he inquired why the recommendations on the reporting of non-staff contractual arrangements and the funding of training activities on staff–management issues were not acceptable to the ILO. His group asked to be kept informed about the amount of ILO staff time devoted to JIU activities.
78. *The Employer coordinator* commended the Office on implementing 18 of the 23 accepted recommendations and urged it to decide on the recommendations “under consideration” in the paper. He asked what steps would be taken to implement recommendations more quickly and reduce the time lapse between publication of the reports and the ILO’s reporting to the Governing Body on their follow-up. He repeated the Employers’ request for a rolling reference document covering the previous three years of JIU reports.
79. *Speaking on behalf of the Africa group*, a Government representative of Ethiopia urged the Office to accelerate the implementation of the recommendations in progress. Measures to address geographical diversity and gender policy in the Organization’s consultancy policy would ensure that the ILO obtained consultants from a wider range of countries and regions and would remedy the disadvantages faced by some consultancies owing to their location.
80. *Speaking on behalf of IMEC*, a Government representative of the Netherlands looked forward to discussing the JIU’s forthcoming study of the system-wide implementation of the initiative for full and productive employment and decent work for all. On the subject of individual consultancies, although in many instances and notwithstanding certain risks, it might well be more cost efficient to use individual consultancies rather than to hire new staff, it would be unwise to adopt geographical diversity and gender balance as criteria when procuring consultancy services. He asked why the ILO had rejected the recommendation on limiting the duration of consultancy contracts; whether there were any examples of consultancy agreements whose duration should not be limited; and whether the ILO had considered the potential savings on administrative costs that might be achieved by implementing the recommendation concerning lump-sum payments.
81. *A Government representative of India* asked the Office to provide details of any cost–benefit analysis carried out in respect of the recommendation to offer a lump sum to cover all travel-related expenses, as well as details of the proposed review of the system-wide implementation of full and productive employment and decent work for all.

82. *A representative of the JIU* noted that all JIU reports for the previous six years could be accessed on the Unit's website. The report on the use of individual consultancies was based on ILO standards. The UN system's employment of many consultants for extended periods without social benefits or pension rights was inconsistent with international labour standards and with UN values and principles. The ILO should facilitate the use of good labour practices in the UN system in line with its standards. The ILO should likewise support the recommendations on staff-management relations in order to promote a better working environment within the various organizations in the UN system. The recommendations concerning long-term agreements on procurement could generate substantial savings through collaborative procurement, heighten efficiency and reduce risks. The review of mainstreaming the Decent Work Agenda throughout the UN system would be finalized by the end of 2014. There was room to improve the ILO's acceptance rate of the JIU's recommendations as it ranked only 16th among 26 UN organizations and entities. With regard to issues raised by Governing Body members, it was unacceptable not to apply the criteria of geographical diversity and gender balance to consultancy agreements when they were extensively used by an organization. Limiting the duration of such contracts was aimed at preventing the overuse of non-staff contracts.
83. *A representative of the Director-General* (Director, Strategic Programming and Management Department) said that the ILO did not have any benchmarks for the remuneration of individual consultants; it followed market rates in most of the areas where it was working. However, different procedures applied to different contract value thresholds. Lump-sum payments were made for some travel-related expenses, such as home leave. A careful review had been made of the administrative costs entailed in managing such arrangements. The ILO did not have the IT capacity to keep a central register of non-staff consultants, nor was that currently deemed a priority. The ILO provided compensation for the time spent on training by staff representatives, provided premises and communication facilities, but did not fund the training. His unit, which was responsible for the overall coordination of relations with the JIU, had one half-time staff member whose work was dedicated to the follow-up to JIU recommendations, but many other staff members were also involved in that task. On the rolling reference document requested, footnote 3 of the report provided a link to such a document covering a five-year period. ILO non-staff contracts took many forms and shapes and were therefore of different lengths. Staff contracts complied with the JIU recommendations.

Outcome

84. *The Governing Body took note of the report and invited the Office to take into consideration the views expressed during its discussion.*

(GB.322/PFA/5.)

Sixth item on the agenda

Annual evaluation report 2013–14

(GB.322/PFA/6)

85. *The Employer coordinator* congratulated the Evaluation Office for its impressive JIU ranking in the UN family's top three as well as the external auditors' highlighting of the Evaluation Advisory Committee (EAC) as an example of good practice. He wished to know why progress had been slow on follow-up to the evaluation to promote sustainable enterprises. With reference to table 2, he asked why no action had been taken on 17 recommendations in the Arab States and what the Office was planning to do to rectify

that situation. In reference to figure 2, he queried how the Office intended to improve the quality of independent project evaluations and whether the job descriptions of departmental evaluation focal points would be developed and standardized. The issues outlined in paragraphs 53, 56 and 63 clearly required follow-up. It would have been preferable if the Office's response and follow-up had been more clearly described in table 5. The Employers endorsed conclusions 4 and 5 and supported recommendation 4 on impact evaluation. Some of the actions itemized in Appendix I did have cost implications over and above staff time; therefore, he wondered how the Office could be certain that recommendations could be implemented if no provision was made for those costs.

- 86.** *The Worker spokesperson* noted progress on the evaluation strategy and supported recommendation 1 regarding its extension. Gaps in implementing the recommendations concerning research and statistics on OSH needed to be filled swiftly. He therefore requested more information about the new research functions in the knowledge-gathering system. He asked why follow-up on the evaluation of the ILO strategy to promote sustainable enterprises and decent work had been slow.
- 87.** Regarding the workplan for future evaluations, rather than evaluating jobs and skills for growth in 2016, it would be more advisable to look at more and better jobs for inclusive growth. It might also be wise to conduct fewer evaluations, but to devote more time to their follow-up. Referring to paragraph 36, he wished to know at which constituents the 33 per cent of project report recommendations were targeted. He invited the Office to better engage workers' organizations in the design and implementation of DWCPs. Some of the threats and weaknesses identified in Part II on assessing the ILO's effectiveness and results obviously still needed to be addressed. The Office also plainly required clearer guidelines on the implementation of its activities in relation to DWCPs and country programme outcomes in order to work as one ILO. The Workers endorsed all the recommendations contained in the report and supported the draft decision.
- 88.** *Speaking on behalf of IMEC*, a Government representative of Norway noted good progress on the Evaluation Office's strategy and stressed that evaluations were an important means of providing evidence of what worked and ensuring transparency and accountability. IMEC therefore appreciated that the report highlighted the importance of impact evaluations and the need for robust logical frameworks and monitoring mechanisms. Independent, external evaluators had to receive direct, unfiltered input from stakeholders. IMEC supported all the recommendations in the report.
- 89.** *Speaking on behalf of the Africa group*, a Government representative of Chad said that, since the implementation of an evaluation strategy would boost the Office's performance, his group supported the draft decision.
- 90.** *A Government representative of China* welcomed the results achieved by the Office in implementing the evaluation strategy in the period 2011–15 and drew attention to the need to adopt a scientific evaluation method and indicators appropriate to the ILO.
- 91.** *A representative of the Director-General* (Director, Evaluation Office) welcomed the continued support of the constituents for substantial effective and independent evaluation in the ILO and acknowledged the need to strengthen impact evaluation. The delay in the approval of the workplan for the follow-up to the independent evaluation on sustainable enterprises was due to scheduling cycles of the EAC. Only two evaluations in the Arab States were included in the review and delays in follow-up to one had resulted in the postponement of action for the 17 related recommendations. The workplan for the next biennium would define the responsibilities of departmental evaluation focal points more clearly. Regarding the Evaluation Office's assessment of the ILO's overall effectiveness in implementing the Strategic Policy Framework, he stressed that table 5 showed that there

had been considerable management take-up on many of the evaluation recommendations and that only highlighting the ones for which action was still required was not productive. On resource requirements, he confirmed that recommendations in the annual evaluation report 2011–12 could largely be implemented through deployment of existing staff and small financial contributions. Dealing with quality issues in evaluation reports while numbers were increasing could be addressed through more capacity or raising the financial threshold for independent evaluations, thereby reducing the numbers of evaluations.

Decision

92. *The Governing Body took note of the report and endorsed the recommendations (paragraphs 7, 50, 71 and 72) to be included in the ILO’s rolling plan for the implementation of recommendations and suggestions to be reported on in the annual evaluation report 2014–15. It also confirmed the priorities identified in the report on the programme of work for 2016–17.*

(GB.322/PFA/6, paragraph 73.)

Seventh item on the agenda

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

(GB.322/PFA/7)

93. *The Worker spokesperson* expressed serious concern at some of the findings of the independent evaluation of the ILO’s strategies on fundamental principles and rights at work (FPRW), in particular: the fact that not all outcome strategies addressed the needs identified by constituents or the gaps identified by the ILO supervisory machinery; the lack of a strategy to mainstream FPRW in the Office’s activities; the varied treatment of FPRW in DWCPs; the unequal distribution of extra-budgetary resources among the different categories of fundamental principles; and the fact that not all DWCPs promoted the right to freedom of association and collective bargaining. He asked how the Office intended to address those shortcomings. His group welcomed the fact that the recommendation contained in paragraph 41 had been reflected in the Programme and Budget for 2016–17.

94. The independent evaluation of the ILO’s strategy on policy coherence for decent work had shown that much remained to be done to mainstream decent work in policy-making at the national level and in the policies of key international agencies and multilateral institutions. In particular, he mentioned the national-level indicators of the four pillars. The post-2015 development agenda should also include decent work as one of its key goals. He asked why paragraph 101 did not include guaranteeing rights at work as a decent work priority. His group supported the creation of tripartite coordination platforms and replicating them in all projects. The Office should also assess the sustainability of its interventions in crisis-affected countries.

95. *The Employer coordinator* said that it was regrettable that the paper did not cover the implementation of the plan to follow up on the resolution on FPRW adopted at the 2012 ILC. Such omission called into question the relevance of the Governing Body’s decision on the action plan and the recurrent discussion itself. Any ad hoc action plans must be compatible with the Strategic Policy Framework. His group supported the recommendations but found that two important points were missing: the need to build the capacity of the social partners, and the need for the FPRW Branch to work not only with

the Strategic Programming and Management Department (PROGRAM) but also ACT/EMP and ACTRAV. His group welcomed the fact that the second generation of DWCPs had been developed on the basis of broader consultations and supported building local analytical and institutional capacities to measure progress.

96. Regarding the independent evaluation of the ILO's strategy on policy coherence, the group did not agree with the recommendations contained in paragraphs 87 and 88. Decent work was not a quantifiable and objective universal standard that could be applied to all workers and jobs worldwide. Furthermore, countries should not be compared on the basis of a limited number of decent work indicators when there were a host of factors distinguishing them. The ILO should focus on collecting fact-based statistics that helped countries achieve national priorities for economic development and employment creation. There was no need to include an indicator for decent work in the next Strategic Policy Framework, as it would be measured under the different outcomes. Nor did his group agree with the recommendation contained in paragraph 89. It was not necessary to choose between assistance related to resolving structural issues and capacity building, as the two went hand in hand. The Office must focus on work with its constituents and therefore should assess the advantages and risks of working more closely with non-governmental organizations (NGOs), which were not constituents.
97. In North Africa, the ILO had been operating in an unstable environment following the Arab Spring. The Office should consider whether a DWCP was the right option for those countries or whether a more flexible approach was required. Noting that the country offices in Algiers and Cairo had lacked the human resources necessary to deal with the frequently changing circumstances, he asked why decent work specialists in social protection and social security had not been appointed. He also queried why it had taken so long to address the structural shortcomings of the Algiers and Cairo offices. His group endorsed the remainder of the recommendations.
98. *Speaking on behalf of the Africa group*, a Government representative of Ethiopia asked how the Office planned to take the relevant aspects of the 2008 Declaration on Social Justice for a Fair Globalization into account when evaluating the strategies and action for the realization of FPRW. The Office should also continue its efforts to carry out activities addressing the four principles of the 1998 Declaration, and to raise awareness of the Declaration among the staff of other UN agencies. While emphasizing that constituent demand should be the main driver of strategies and DWCPs, the group endorsed the recommendations and the draft decision.
99. *Speaking on behalf of IMEC*, a Government representative of Italy said that the recommendation that the Strategic Policy Framework should include specific indicators for the realization of FPRW and measurable results on mainstreaming decent work should be reflected in the subsequent paper submitted to the Governing Body. The group endorsed the recommendation contained in paragraph 42. The recommendation contained in paragraph 131 was relevant to the Office as a whole. The group would appreciate more information on the action taken by the Office to give effect to the recommendations contained in the paper.
100. *A Government representative of China* said that China endorsed all the recommendations in the paper and encouraged the Office to continue its efforts to implement them. The Office should consider strengthening its cooperation with other international organizations with a view to coordinating efforts to promote decent work policies. Decent work indicators should take into account countries' different levels of development.

- 101.** *A Government representative of Zimbabwe* asked whether the Office concurred with the finding that the 1998 Declaration was generally not well understood, even among partners, and, if so, what solutions it envisaged.
- 102.** *A representative of the Director-General* (Director, Governance and Tripartism Department) said that the Office would reflect the recommendations of the high-level evaluation and the Governing Body's comments in the action plan for 2012–16. The FPRW Branch would work with ACT/EMP, ACTRAV and other relevant departments to include FPRW in DWCPs and in the ACIs; to develop an operational strategy addressing the four categories of FPRW, which would be piloted in a limited number of countries in 2015; and to include FPRW in training for new ILO officials and UN staff.
- 103.** *A representative of the Director-General* (Director, Multilateral Cooperation Department) said that mainstreaming decent work in the Office's activities would continue to grow in importance but was more easily said than done. While recognizing that decent work remained difficult to capture using indicators, the Office would take into account the importance of collecting basic data on which it could draw. The Office recognized the need to select a smaller number of indicators that covered all relevant areas and that catered to the needs of particular countries. Discussions on policy coherence could be wide-ranging and it was important for the Office to be able to draw upon the knowledge and information provided by think tanks and NGOs in addition to constituents, while still exercising judgement.
- 104.** *A representative of the Director-General* (Regional Director of the ILO Regional Office for Africa) agreed that DWCPs needed to be tailored to the needs of individual countries and actively involve the tripartite constituents in their development and implementation. However, it had been necessary to develop further strategies to address the priorities of the countries in North Africa. The Office had taken note of the concerns raised about the Algiers and Cairo offices and had taken steps to remedy the situation: a director had been appointed to the Algiers office and efforts were under way to rebuild its capacity. Moreover, the process of transferring responsibilities back to the Algiers office had begun. The Office had already started giving effect to the recommendations arising from the independent evaluations.

Decision

- 105.** *The Governing Body requested the Director-General to take into consideration the findings, lessons learned and recommendations (paragraphs 37–43, 84–90 and 126–133) of the three high-level independent evaluations presented in the report and to ensure their appropriate implementation.*

(GB.322/PFA/7, paragraph 140.)

Personnel Segment

Eighth item on the agenda

Statement by the staff representative

- 106.** The statement by the Staff Union representative is reproduced in the appendix.

Ninth item on the agenda

Reform plan of action in the area of human resources management: Update

(GB.322/PFA/9)

- 107.** *The Employer coordinator* expressed his group's appreciation of the briefing it had been given, in advance of the session, by the ILO's Human Resources Development Department (HRD). It welcomed the progress made on the human resources reform, as a core element of the agenda of the Director-General. In particular, the group hoped that the mobility policy would be finalized soon and agreed that the Organization needed a robust policy on the prevention and resolution of harassment grievances. The group supported the draft decision.
- 108.** *The Worker spokesperson* commended the positive climate of social dialogue between the Administration and the Staff Union, which provided a key element in the human resources reform process. The group hoped that the mobility policy would be finalized in time for the launch of the new recruitment and selection procedures. It welcomed the proposed amendments to the Staff Regulations related to harassment procedures but specified that the protection they provided should apply to all employees regardless of status. It should be noted that the language of the Staff Regulations was still not gender neutral. The Office's contracts policy should provide attractive conditions of service within the ILO. His group welcomed the increased cooperation between HRD and the Turin Centre, which played an important role in strengthening capacity building for both ILO staff and constituents. Staff of the Turin Centre should be covered by the same mobility policies as other ILO personnel and enjoy the same positive climate of social dialogue as at headquarters. The group supported the draft decision.
- 109.** *Speaking on behalf of the Africa group*, a Government representative of Ghana said that her group welcomed progress made by the Office in various human resources areas. She reiterated its hope that the ILO would continue to consider an expansion of language requirements, in order to improve geographical representation through recruitment of candidates from areas where English, French or Spanish were rarely used. The group looked forward to full implementation of the revised human resources procedures in 2015 and endorsed the draft decision.
- 110.** *Speaking on behalf of GRULAC*, a Government representative of Cuba said that his group welcomed the progress made on the human resources reform and appreciated the positive relations being maintained between staff and management. The reform should ensure the uniform application of criteria and procedures, transparency and fair recruitment; it should furthermore provide for career development and mobility, and promote diversity in the staffing structure. Regarding the proposed amendments to the Staff Regulations, he requested further information regarding the motives for the amendment to Chapter IX, Annex III, on travel and removal expenses. The definition of harassment provided in Chapter XIII, article 13.4, paragraph 1, should be more specific, given the absence of any commonly accepted term covering all forms of workplace harassment. Furthermore, the definition of sexual harassment in paragraph 2 of that article should be more flexible and take account of regional differences. Lastly, provisions should be included to protect officials against unfounded claims.
- 111.** *Speaking on behalf of ASPAG*, a Government representative of Japan said that his group supported the amendments to the Staff Regulations. It welcomed the launch of ILO People and called on the Office to continue defining the system, in view of the assistance it could afford in increasing staff mobility to the field. ASPAG continued to be conscious of a

geographical imbalance in senior and junior staff and it again requested the Office to submit information regarding the number of staff at Director level and above by country at the next Governing Body session. ASPAG supported the draft decision.

112. *Speaking on behalf of IMEC*, a Government representative of the United States commended the work done by the Office on giving effect to the human resources reform. Her group approved the amendments to Chapter XIII of the Staff Regulations and appreciated the clear definition of the receivability of harassment grievances. In order to ensure the integrity of the process, the group urged the Office to pay close attention to verifying the merits of each case sent for investigation. The Office should maintain the highest level of claimant and respondent privacy to ensure due process and it should ensure that claimants were adequately protected from retaliation. The group also approved the amendments to Chapters VII and IX, noting that the expansion of the period for the payment of removal expenses should be applied strictly and without exception. IMEC welcomed the progress made on the mobility and contracts policies and requested the Office to provide a time line on both. The group hoped that the Office would leverage its human resources achievements in meaningful ways. In particular, staff performance evaluations should create a collaborative and iterative dialogue, and the ILO should continue to embed the cultural changes needed in that regard. IMEC approved the draft decision.
113. *A Government representative of the Republic of Korea* said that the Korean Government supported the Office's human resources reform plan to introduce a more transparent merit-based selection procedure and set up selection panels. She welcomed the launch of ILO People. As many countries from the Asia and Pacific region were under-represented at the ILO, her Government strongly supported the plan to increase staff diversity and hold workshops with the countries concerned. She expressed support for the draft decision.
114. *A Government representative of China* expressed support for the human resources reform. The ILO had made efforts to ensure transparency in selection procedures and to tackle the under-representation of some countries by providing technical support. The Office was encouraged to continue that work and to set targets and goals. He expressed support for the draft decision.
115. *A Government representative of the Islamic Republic of Iran* said that the comprehensive human resources reform initiatives were welcome, as were the new procedures aimed at ensuring transparent and merit-based recruitment. The launch of ILO People and the Employee Profile tool would play a central role in supporting effective workforce planning. The Field Operations and Structure and Technical Cooperation Review would have significant implications for implementation of the ILO Human Resources Strategy, and it was essential to set up a sustainable staffing model for ILO field operations. The increased cooperation between the Turin Centre and HRD had been noted. Asian and Pacific countries were under-represented, and the persistent imbalance at headquarters and in regional offices needed to be corrected through the careful recruitment of qualified staff from all countries that were not adequately represented. The Office was encouraged to step up its efforts in the area. He expressed support for the draft decision.
116. *A representative of the Director-General* (Director, Human Resources Development Department) thanked the members of the Governing Body for their support for the proposed changes to the Staff Regulations. In response to the question concerning travel and removal expenses, he said that the existing rule had proved to be impractical and the number of exceptions had grown. It was necessary to be able to apply the rule consistently, and it was preferable to bring the duration for submitting a claim into line with other repatriation benefits. The definitions of harassment and sexual harassment had been the subject of considerable discussion in the Joint Negotiating Committee, which had preferred

to have more general definitions that would encompass both the types of harassment under consideration, as well as any types of behaviour that might arise in the future. With regard to a time line for the mobility policy, he expressed the hope that the policy would be finalized after the Governing Body session and would be ready for publication at the same time as the new recruitment and selection procedures were implemented. The time line for finalizing the contracts policy was a more complex matter, as it would be necessary to hold internal consultations and obtain legal and financial advice. In addition, changes to the contract policy would require some extensive redrafting of the Staff Regulations. Regarding geographical balance and mobility, it was hoped that the new recruitment and selection procedures would redress the situation.

Decision

117. The Governing Body:

- (a) noted the progress made in implementing the Director-General's human resources reform; and*
- (b) approved the amendments to the Staff Regulations contained in the appendix to document GB.322/PFA/9.*

(GB.322/PFA/9, paragraph 22.)

Tenth item on the agenda

ILO staff costs in the context of the review by the ICSC (GB.322/PFA/10(&Corr.))

- 118.** *The Worker spokesperson* said that his group had taken note of the information provided and had no specific comments to make.
- 119.** *The Employer coordinator* noted that staff costs in constant US dollar terms had remained flat over the previous three biennia, while exchange rates had fluctuated and had had a significant impact on those costs. The Office had continued to perform its activities while keeping costs down, which was commendable. He supported the draft decision.
- 120.** *Speaking on behalf of the Africa group*, a Government representative of Ghana commended the work of the three working groups established to facilitate the work of the ICSC. The cost increases for non-staff items due to local inflation and the effects on both staff and non-staff costs of trends in the Swiss franc/US dollar exchange rate were causes for concern. She commended the Office's efforts to extend its outreach and programmes while keeping cost increases to a minimum. The group looked forward to the holistic appraisal of the revised compensation package, which was expected to be submitted to the UN General Assembly by the close of 2015.
- 121.** *Speaking on behalf of IMEC*, a Government representative of Spain said that the document only referred to trends in a general manner and suggested that it would have been a good opportunity to provide a detailed analysis of staff costs. While staff compensation was determined by the ICSC, the ILO nevertheless had some influence on staff costs, including staff welfare policies and management of ASHI. Only two variables had been taken into account in the analysis: cost increases and the impact of exchange rate adjustments.

Further information concerning, for example, medical expenses and staff numbers, could have been included. He asked if a new document could be drawn up which included trends in staffing costs, broken down by item – for example wages, medical expenses and grants – and grouped by professional category and geographical area, bearing in mind the impact on the budget and staff numbers.

- 122.** *A representative of the Director-General (Treasurer and Financial Comptroller) said that an objective of the paper, as requested by the Governing Body Screening Group, had been to look at cost trends at an aggregate level and their impact on the delivery of programmes. He was pleased to note from the interventions that this had largely been achieved. He had taken note of the request for further detailed information by IMEC and would review how that could best be provided.*

Outcome

- 123.** *The Governing Body took note of the report.*

(GB.322/PFA/10(&Corr.).)

Appendix

Statement by the Chairperson of the Staff Union Committee

Mr Chairperson,
Director-General,
Members of the Governing Body,
Colleagues and all present today,

I have the honour to address you as Chairperson of the Staff Union, speaking on behalf of all my colleagues who work at headquarters or in the field, and who belong to a union body comprising almost two-thirds of all the staff.

Whenever the Governing Body meets, the staff representative has an opportunity to make a statement to the ILO constituents concerning the position of the Union Committee on the decisions or recommendations adopted by the administration. From one administration to the next, there will sometimes be intensive debates and consultations before this statement is made. Today I can tell you that this consultation process has in fact taken place and that we can be happy to be working in an organization such as ours, in which there is now, and I hope will long be, a climate which lends itself to dialogue and to healthy working relationships. This favourable climate is due largely to the unique institutional structure of our Organization, but also to the ability of our chief to listen and consult with us.

Unfortunately, this is not always the case in other organizations in the United Nations common system. The dismissal of the staff representative at WIPO in the course of his duties last September came like a thunderbolt. It has had a negative impact on public opinion, and has indelibly tarnished the reputation of the entire United Nations family. This regrettable incident is unworthy of the spirit and the underlying mission of the United Nations, and it is a matter of urgency for the ILO, as the leading agency in the area of employment and freedom of association, to ensure that this climate of social dialogue prevails throughout the United Nations system.

Having said that, I will now make use of the short time I have to explain to you the challenges for the staff inherent in the decisions or positions which have been or will be adopted.

Yesterday you began discussing our future agenda, and you have already touched upon topics relevant to our social protection or our conditions of employment and work.

So let us turn straight away to the reform plan of action and update in the area of human resources management (GB.322/PFA/9).

Since March this year, staff representatives and the administration have been discussing the various subjects covered by the reform of human resources management.

As the staff representative, I must begin by conveying to you the concern of the staff in the field and in the technical cooperation projects about the most recent communications from the administration on the review of the external structure. This concern stems from the fact that specific decisions are pending but are not being communicated to, or discussed with, the union representatives in the regions. The other major concern has to do with the following paradox. Although in theory, all the proposals and intentions of the administration seem to be headed in the direction of "one ILO", each day, in practice, an ever-deeper wedge is being driven between those staff who are performing tasks supposedly essential to the Organization and those who, because of an often artificial

difference in sources of funding, are working under quite different terms of employment and recruitment. I also wish to mention all those colleagues who are recruited for short-term employment, under contracts subject to haphazard renewal and without any social security. They continually add to the numbers of those in precarious employment situations, who have sometimes worked for the Organization for over five years, and who are increasingly turning to the Staff Union for help.

It is a praiseworthy aim for the Office to have at its disposal the amount of talent and expertise it needs at the time and in the places it needs them, but they must be recruited in a decent manner, to use a term familiar to you. This talent and expertise must not be exploitable at will, depending on the funds forthcoming from sponsors. It would be even more decent, given that the projects in question are often planned for execution over five-year periods, if contracts for some of these people were not subject each month to renewal in a manner unworthy of the international labour Conventions and Recommendations; if they did not depend on the goodwill of managers anxious to meet their goals but who are little concerned, and above all rarely penalized, for unacceptable terms of recruitment. It is beyond question that my colleagues in technical cooperation, just like those whom we also call the long-term insecure staff members, and the interns, offer added value to the range of activities and programmes put in place by the Organization. They must be given due recognition, and not be treated as second-class citizens as regards career prospects, social security and security of employment.

That brings me to the most important aspect of the ongoing negotiations, the **reform of contracts policy**.

The policy on contracts is the key to the entire ILO policy on the employment of staff and their working conditions. From the start of our consultations with the staff, it has been clear that if there was to be a reform of the policy on contracts, it must be based in every instance on two fundamental conditions. The first of these conditions is that when the administration makes its proposals, it must also supply all the information needed to judge what impact the proposals will have on the staff as a whole. The second condition is that these negotiations must be aimed at an improvement, not a deterioration, in the terms of employment of the staff.

For the staff representatives, reform does not mean dismantling existing arrangements for the sake of streamlining the common system, or downgrading terms of employment, or tearing up all the existing rules. The staff representatives see reform as an endeavour to ensure that the best terms of employment and good practice prevail, for example by retaining contracts of indefinite duration.

Bringing into question this ultimate, indispensable employment guarantee would be like asking you, the delegates, for the sake of streamlining the United Nations system, to abolish the tripartite structure in this Governing Body. That would certainly provoke a lively and long drawn-out debate. And fortunately for the staff of the ILO, the present challenge can be met head-on in discussions with the administration about contracts policy.

I will say it again: the best guarantee of independence in the international civil service, so that it can meet the needs of its constituents in an objective way, is permanent security of employment.

As you see, in the context of the reform this topic is by far the most complex one and is crucial for the future of the Organization, but the staff representatives have committed themselves to discuss it frankly and without any taboos, and they will continue negotiating in good faith so that an outcome satisfactory to all can be achieved in the shortest possible time.

As for the introduction of a new mobility policy, the last missing element in the collective agreement on recruitment and appointment, this too has been the subject of many consultations and discussions between the administration and the staff. The staff is of course convinced, like the Director-General, that for the Organization to discharge its

responsibilities to the constituents in full, alongside an appropriate recruitment policy it needs to have an effective mobility policy. But if the staff is to have confidence in this policy, it must also be seen to be transparent, based on merit, and be applied to all categories of staff, including our colleagues at the Turin International Training Centre, and be an integral part of the process already negotiated in the collective agreement on recruitment and appointment. It must refer to specific criteria for the duration of employment, be exempt from patronage and offer a natural means of career progression. In addition, to encourage the staff to be mobile, the policy should offer specific incentives and take account of the present diversity and complexity of family circumstances. Discussions on this question have been constructive, and we are hoping to bring them to a conclusion very shortly. But here too, the ILO must acquire the means to meet its goals.

In document PFA/9, you are also invited to give your views on a number of amendments to the Staff Regulations concerning allegations of **sexual harassment and harassment in general**.

On this matter, the staff representatives share, almost entirely, the administration's satisfaction that an agreement to combat all forms of harassment within the Organization has almost been concluded. This agreement aims to provide the Organization with appropriate tools to, on the one hand, clearly define what constitutes harassment, and, on the other, independently investigate any allegations relating to such a breach. However, the Union regrets that the collective agreement on this issue was not signed before the Governing Body convened. If it had been signed it would have complemented the provisions that were submitted for the Governing Body's approval aimed at guaranteeing protection against harassment and against all forms of retaliation – not only for staff with regular contracts but also for so-called “precarious” staff and interns, who are clearly much more vulnerable than fixed staff. Moreover, it would have resulted in the establishment and implementation of prevention measures, which are critical to effectively combating this scourge.

Other agreements, notably those relating to gender equality and work–life balance, have yet to materialize, for reasons the staff find difficult to comprehend.

With regard to maternity protection, progress, again much to the staff's regret, is still to be made, although the Organization has been a prominent advocate on the global stage for best practices in this area more than once this year. It would be regrettable if “shoemakers' children were once more the worst-shod”, and if the Organization failed to apply internally what international Conventions preach to the world.

Ironically, the first topic on the agenda for your adjudication this morning was the **future of our health insurance and the health insurance coverage of our retired colleagues** – one of the only topics on which there has been no consultation whatsoever with the staff representatives: yet the proposals implicit in document GB.322/PFA/2 would inevitably have significant repercussions on the terms of staff employment.

As regards social security and health insurance, international civil servants are in a category of their own; they are stateless in a sense, being allowed neither to contribute to their national social security systems while performing their duties within the United Nations system, nor as retirees, after their years of service. This is why the staff representatives are always very attentive to any discussion or decision relating to their health insurance fund. They certainly welcomed, with pleasure, the recent appointment of the new secretary of the fund, but will not be any less vigilant with regard to the measures put in place drastically and quickly to improve the governance of this body, as well as the quality of services and the services provided.

After years of inaction and lack of transparency, after years of chronic delays in the payment of medical bills (which can result in field staff living through veritable financial ordeals), after years of non-approval of services, the patience and indulgence of the staff

have been worn down so much that they will not consent to make any further financial efforts which may be requested of them.

In the light of the above and this morning's discussions on this matter, I request that any future proposal made by the administration on this topic should be the subject of a prior consultation with the staff representatives, and that their point of view should be reflected, if it is not incorporated in such new proposals.

I should also inform you that the issue of **physical safety** in the field continues to raise serious concerns among my colleagues. The **Ebola epidemic** has led the Staff Union to request the Director-General's assurance that precautionary measures have indeed been taken for all eventualities, in consultation with the staff representatives and the Committee on Occupational Safety and Health (COSH), in order to guarantee the protection of staff at headquarters and in the field against this horrific disease. The Staff Union has also drawn attention to the proliferation of regional tensions and armed groups in the field – constituting formidable challenges for which the ILO should be actively prepared.

I will finish my statement by once again sharing with you the ILO staff's impression of the document which has been presented to you on **ILO staff costs in the context of the review by the International Civil Service Commission (ICSC)**. Firstly, with regard to the revision of all the services provided within the common system currently sought by the ICSC, I wish to thank the Director-General, on behalf of the staff of the ILO, for having taken a stance which does justice to the specialized agency that he represents. It is necessary simply to make the United Nations system a competitive employer that attracts qualified staff. Streamlining and rationalization should aim to promote fairness and justice, and not only to reduce costs. Staff remain very motivated to perform at a high level and even to risk their lives, while respecting the noble aims of this Organization. However, there is a limit to the amount of work that can be done with only meagre resources, and this was reached long ago.

In view of the figures presented in document GB.322/PFA/10, the staff representatives note that staff have honourably discharged the duties under their mandates despite the continuous attacks on the international civil service, and without breaking the – already very restrictive – budget ceilings. The staff representatives draw attention to the potential dangers, however, of budgeting for staff expenses exclusively on the basis of rationalization and profitability. The inevitable consequences of trying to limit staff expenses too severely are an increase in staff workload, stress and demotivation.

In spite of numerous requests along these lines by the Union, no evaluation has been conducted, to date, of the cost to the Organization of the almost exponential increase in cases of burnout and musculoskeletal disease recorded over recent years as a consequence of budgetary reductions and increases in work intensity. However, the Union welcomes the recent creation of a joint working group on this issue.

The women and men who work for organizations like the ILO love their work deeply and sincerely abide by the principles and values that they promote throughout the world. But to continue to attract new talent, to match the sacrifices that staff – and their families – are prepared to make, wherever in the world they are called upon to fulfil their missions, sometimes in conditions so extreme that they lose their lives, it is absolutely essential that remuneration continues to be based on the Noblemaire and Flemming principles, and that it be accompanied by an appropriate set of services, with due regard for both the growing risk factors and the diverse cultural, linguistic and familial composition of the staff.

The excellence of its staff and, ultimately, the effectiveness of this Organization, depend upon this condition being met.

Thank you for your attention.

Geneva, 4 November 2014

Catherine Comte-Tiberghien