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Programme, Financial and Administrative Section

PFA

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DRAFT MINUTES

Programme, Financial and Administrative Section

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1. The Programme, Financial and Administrative Section of the Governing Body met on 16, 17, 18 and 25 March 2015. It was chaired by the Chairperson of the Governing Body, Mr Correia. Mr Mdwaba and Mr Woolford were the Employer coordinators and Mr Gurney was the Worker spokesperson.
2. *The Chairperson* announced that, since the preparation of document GB.323/PFA/INF/1/2 at the end of February 2015, contributions amounting to 3,123,752 Swiss francs (CHF) had been received from 11 member States as shown in Appendix IV.

Programme, Financial and Administrative Segment

First item on the agenda

The Director-General's Programme and Budget proposals for 2016–17 (GB.323/PFA/1, GB.323/PFA/1/D1 and GB.323/PFA/1/1)

3. *The Director-General* presented his Programme and Budget proposals for 2016–17 (his statement is reproduced in Appendix I).
4. *The Chairperson*, upon agreement of the structure of the discussion proposed in document GB.323/PFA/1/D1, opened the general discussion covering in particular the Executive overview (paragraphs 1–37).
5. *The Worker spokesperson* welcomed the continued commitment in the proposals to the goal of Decent Work for all, based on the ILO Declaration on Social Justice for a Fair Globalization. He supported the objective of strengthening the ILO's technical capacity, which should be aimed at improving services to constituents and enhancing ILO advocacy, and the proposed creation of new positions at headquarters and in the field, which should be allocated to priority areas that were currently under-resourced with regular budget funding (for instance, wage specialists, particularly in Africa; industrial relations specialists, particularly in Latin America; and labour standards specialists, particularly in Asia, where there were currently only three). Headquarters needed more staff dedicated to collective bargaining, labour law and labour inspection, and strengthened capacity for work on international labour standards and the fundamental principles and rights at work. Enhanced field-based capacity in macroeconomics was also needed.
6. He warmly welcomed the clear format of the proposals and supported the framework of ten policy outcomes with three enabling outcomes and three cross-cutting policy drivers. The four dimensions of the Decent Work Agenda must be addressed by each outcome. Care must be taken to avoid creating new silos in the allocation of work. His group accepted, under the current circumstances, the zero real growth of the budget, and noted that a nominal reduction of the budget had been possible.
7. Noting that the increased contribution to the United Nations (UN) Resident Coordinator system should lead to better country-level engagement with unions and respect for ILO values, including tripartism, he underscored the need to ensure that all external partnerships understood and respected the benefits that came from tripartism.

8. Technical cooperation resources should indeed be aligned with the Organization's strategic outcomes, and it was vital that constituents should exercise governance concerning their use and distribution. In that regard, while fully supporting the rationale behind the creation of the five flagship programmes that had been announced in February 2015, the Workers' group regretted that constituents had not been given the opportunity to express their views on the programmes' themes. He recalled that a decision had been taken by the Governing Body to hold informal tripartite consultations on matters of strategic importance in the area of development cooperation.
9. The Office should clarify whether the low level of extra-budgetary resourcing for outcome 3 was due to the fact that social protection floors would form part of one of the flagship programmes, and why outcome 10's extra-budgetary resources represented only 4 per cent of the total. More resources should be allocated to outcome 10 in future to reflect the importance of strengthening constituents' – and particularly workers' organizations' – capacity to implement ILO priorities at the national level.
10. The technical cooperation strategy required all major technical cooperation projects to include capacity-building components for all constituents; the Workers would, therefore, like to know how resources would be allocated, and proposed that part of the extra-budgetary resources and allocations under the Regular Budget Supplementary Account (RBSA) under each of the nine outcomes should be earmarked for assistance and activities for the social partners, including through the Bureau for Workers' Activities (ACTRAV) and the Bureau for Employers' Activities (ACT/EMP). That would strengthen synergies between the work of the bureaux and that of the technical departments, in line with the cross-cutting policy driver on social dialogue.
11. The Office should explain the rationale underlying regular budget resource allocation across outcomes: outcome 1 had double the resources of outcome 2, for example, and the budget for outcome 7 was significantly reduced compared with the previous biennium.
12. The new Decent Work Country Programmes would have to draw on the ten policy outcomes and better cover all four strategic areas of the Decent Work Agenda; work in the regions often took a piecemeal approach and neglected standards. Although the proposals had been improved since November 2014, the fact that regional priorities did not always reflect the four strategic areas or the guidance provided by Conference discussions remained a concern.
13. *The Employer coordinator* expressed frustration that the document did not reflect the priorities and concerns that his group had raised in November 2014. He felt that they had been systematically ignored on issues which were real priorities or serious concerns for employers. The group had agreed that it would try again to have its views heard, by highlighting four specific concerns (red lines) and making four associated proposals.
14. First, the description of outcome 8 was unclear because there was no consensus on the definition of "unacceptable forms of work". The fundamental principles and rights at work provided a consensual starting point, but the upcoming Governing Body discussion on area of critical importance (ACI) 8 would be critical in defining the concept, and its result must be taken into consideration before the approval of the programme and budget.
15. Second, outcome 4 did not adequately reflect businesses' key role in job creation. More attention and resources should be given to the enabling environment (indicator 4.1), the most important area under that outcome. Based on the positive results of relevant ILO activities, the target for indicator 4.1 should be increased to 24 countries, not eight, and the other targets reduced accordingly. The ILO's Enabling Environment for Sustainable Enterprises tool had been successful, and should be mentioned. References to supply

chains were confusing, did not add value and should be removed so as not to pre-empt the discussion to be held at the International Labour Conference in 2016.

16. Third, ACT/EMP remained insufficiently resourced to fully participate in the Organization's activities; it urgently required more financial and human resources.
17. Fourth, on outcome 1, the ILO should focus on skills development and apprenticeships, using a labour market needs' approach. The rationale behind the cuts to outcome 1, and to outcome 4, was unclear. Given that enterprises were the job creators, more resources should be allocated to outcome 1.
18. The Employers' group could not support the programme and budget proposals unless the aforementioned issues were addressed positively.
19. *Speaking on behalf of the Government group*, a Government representative of Italy thanked the Office for having issued the document well in advance of the session. She noted with satisfaction that the proposed programme and budget reflected a coherent framework that was firmly rooted in the ILO Declaration on Social Justice for a Fair Globalization. The progress made in terms of internal ILO reform was welcome; it had increased value for money and ensured that resources went to more critical and technical areas. The focus on lessons learned was also welcome. While integrated approaches to the outcomes were valuable, new silos should not be created. The strategies accompanying each policy outcome provided important focus; however, the performance indicators could be transformed into outcomes that would be more readily comprehensible to constituents. Further consultations on developing baselines to measure progress were needed.
20. *Speaking on behalf of the Asia and Pacific group (ASPAG)*, a Government representative of India welcomed the proposed ten policy outcomes and the focused indicators, which took regional and national contexts into consideration. She noted that most of the outcomes would remain relevant beyond 2018 and highlighted the importance of partnerships among multilateral institutions with regard to the post-2015 development agenda. With regard to outcome 1, her group welcomed the focus on wage growth and rising inequality and, given that underemployment posed a major challenge, on youth employment and small and medium-sized enterprise (SME) interventions in the region. The focus on expanding local supply chains, under outcome 4, was appreciated, although it was necessary to ensure that interventions at the global level would not lead to non-tariff trade barriers. The partnership for transitioning to a green economy should be based on the principle of common but differentiated responsibilities. The ILO should work with national constituents to develop country-owned tools to improve the productivity and working conditions of SMEs.
21. Baseline data, including on numbers of workers and their access to social security, was needed in order to create decent work for vulnerable rural populations. The ILO should intervene at the country level to alleviate rural poverty. The ILO's advice and technical assistance on the ratification and application of international labour standards to the member States which had requested it would be welcome. The increase in the level of resources allocated to the region was appreciated, although the level of resources allocated to outcome 6 seemed low relative to the needs in the region and should be reviewed. The Office should recruit experts from under-represented countries for the 39 new technical positions and provide a roadmap for the recruitment process. The ILO should fully harness the potential of information technology, including by developing its public website in the remaining three UN working languages, to make it more widely accessible.
22. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe appreciated that the budget proposals were not only anchored on the reform agenda and the lessons learned so far, but also set the stage for innovation. He welcomed the proposal to

redeploy US\$25 million to strengthen the technical capacity of the Organization and to maintain a zero growth budget. He also welcomed the clear structure of the proposals and agreed that baselines for the indicators were needed. The mainstreaming of the three cross-cutting policy drivers was welcome, particularly given the centrality of social dialogue to tripartism. However, his group had concerns about the prioritization of the regular budget proposals and extra-budgetary proposals, and the few country targets under outcome 5. The rural economy was a priority for the Africa region, and during the budget preview discussions, the group had called on the Office to focus on sectors such as agriculture, which had the potential to create more jobs. Clear workplans and coordination mechanisms should be developed to implement the budget proposals to avoid overlaps or duplication.

23. *Speaking on behalf of the group of Latin American and Caribbean Countries (GRULAC)*, a Government representative of Cuba supported the proposal to cap the 2016–17 budget at just over \$797 million, and welcomed efforts to present a zero real growth budget, establishing a balance between the resources needed by the Organization to carry out its mandate and building on the achievements of the reform to date, while taking into account the ongoing financial difficulties faced by some countries. GRULAC urged the Office to continue making progress on the reform and adopting innovative working methods to achieve greater savings and efficiencies, to be used for substantive activities, in areas such as travel and subsistence allowances. It welcomed the strong emphasis placed on knowledge management and capacity building in collaboration with the Inter-American Centre for Knowledge Development in Vocational Training (CINTERFOR), and trusted that the ILO would continue to streamline and work with existing tools for technical assistance to ensure that the region benefited from more and better jobs for inclusive growth, improved youth employment prospects, the promotion of sustainable enterprises, and the formalization of the informal economy. It welcomed the \$25 million redeployment from administration and support functions to technical work, and supported the results framework for 2016–17. Noting with satisfaction the references in the document to South–South cooperation, GRULAC saw such cooperation as a specific demonstration of solidarity between the people and countries of the South and as a complement to North–South cooperation.
24. *Speaking on behalf of the group of industrialized market economy countries (IMEC)*, a Government representative of the United Kingdom welcomed the document as a positive step forward, firmly framed in the context of the ILO Declaration on Social Justice for a Fair Globalization. To ensure coherence, there should be greater clarification of the relationship between the proposed programme and budget and the centenary initiatives. Applauding the ILO for the progress made in terms of internal reform, he urged the Office to maintain the pace and focus of that reform. He noted with satisfaction that the reforms had resulted in a budget that was identical in constant US dollars to the 2014–15 budget and respected the principle of zero growth. He sought clarification on how the efficiencies had led to savings. The ILO’s deepening engagement with the One UN initiative was an important step in ensuring that the UN system worked as efficiently and effectively as possible. In that regard, IMEC appreciated the increase in the contribution towards the financing of the UN Resident Coordinator system. The focus on lessons learned and integrated approaches was welcome, but they needed to be common practices rather than approaches to be highlighted in the programme. Care should be taken to ensure that breaking down pre-existing silos did not lead to the creation of new ones. The results framework, the outcome strategies accompanying each policy outcome, and the strong emphasis on impact and effectiveness and the strengthening of the evaluation function were also welcome. The Office could go further in translating the performance indicators into outcomes that constituents could understand and identify with more easily. Furthermore, it was unclear why typically only one of the results criteria needed to be met. It would be useful if partial baselines could be provided in the interim and if the results criteria could better reflect the role of the ILO in achieving the desired outcomes.

25. *Speaking on behalf of the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) and the Netherlands*, a Government representative of Norway expressed support for the programme and budget proposals, which maintained the principle of a zero real growth budget, while striving to advance the ILO's ability to deliver. He welcomed the greater emphasis on technical work and presence in the regions, the increase in Regular Budget for Technical Cooperation (RBTC) funding, and the continued focus on results and effectiveness and on working with the rest of the United Nations, other international organizations and the private sector. The increased contribution towards the financing of the UN Resident Coordinator system was welcome and should be reflected in the budget breakdown. Gender equality could be better reflected and more systematically integrated, especially in the results framework. Similarly, combating all forms of discrimination could be reflected more explicitly under the different outcomes and integrated into the results framework. More should be done to address discrimination against marginalized and vulnerable groups. He supported the smaller and more focused set of policy outcomes, with the emphasis on collaborative and interdisciplinary delivery to ensure impact, and the strong emphasis on job creation and on promoting and protecting fundamental rights. More details should be provided on: how the total of estimated resources in the strategic budget related to the operational budget; estimated income, including how the Office had arrived at a 52 per cent expected increase in RBTA contributions; and the methodology planned for setting the baselines, including examples. Cost recovery should be reflected in the budget.
26. *A Government representative of France* said that the budget proposals should enable the ILO to maintain its level of commitment in carrying out its mandate, while giving priority to field activities by optimizing available resources. He noted with satisfaction that the reform was bearing fruit in budgetary terms and encouraged further efforts in that direction. The overall satisfaction with the zero nominal growth budget should not detract from the need to address the issues raised by IMEC. Moreover, with regard to expected budget savings, he was surprised that the travel policy reform had only had a slight impact on the draft budget, and that staff costs had failed to produce the level of savings usually generated from a reform process. He would therefore encourage continued efforts, along the lines of the changes made in the UN system. He expressed concern over after-service health insurance, and asked what steps would be taken to absorb that large liability and provide a solution that would not affect member State contributions.
27. *A Government representative of Mexico* noting that the programme and budget proposals were in keeping with the ILO reform process, expressed support for the transitional strategic plan and new results framework. The issues covered in the ten policy outcomes were of particular interest to Mexico. He commended the ILO on being one of the first specialized agencies in the UN system to ensure that its results framework was in line with the sustainable development goals. Its focus in that respect would assist member States in making, with ILO support, the changes needed in the areas of decent work, social protection and poverty eradication. Mexico endorsed the budget of just over \$797 million and welcomed the redeployment of \$25 million from administration and support services to technical work, and hence from headquarters to the regions. He called on the Director-General to continue his efforts to achieve efficiencies and savings.
28. *A Government representative of Canada* supported the proposed Programme and Budget for 2016–17. Underscoring the importance of the cross-cutting policy driver on gender equality and non-discrimination, he requested additional information on its linkages with the women at work and the future of work centenary initiatives. Canada had noted its national position in favour of zero nominal growth budgets and thus welcomed the proposal to maintain the identical US dollar level as for 2014–15, while absorbing new costs.

29. A Government representative of Indonesia said that his country continued to support the reform efforts. He noted that the policy outcomes reflected important aspects of the world of work, and that some resources would be allocated to strengthen ILO technical capacity. He hoped that the increased RBTC funding for the regions would be translated into strengthening the ILO's presence in the regions. Indonesia appreciated the proposed continued efforts to provide high-level policy advice and technical cooperation support to Asia and the Pacific countries and interventions for countries affected by natural disasters, and to maintain close collaboration with regional and subregional bodies, including the Association of Southeast Asian Nations (ASEAN).
30. A Government representative of the Republic of Korea welcomed the efforts to enhance the Organization's efficiency and effectiveness and its programmes. It supported the proposed policy outcomes and enabling outcomes, which would lead to greater promotion of decent work. Outcome 1 would require governments, employers and workers to cooperate closely with one another to improve economic growth through job creation. However, the indicators for assessing the results of policy outcomes and baselines for each target should be clearer, and there should be a more thorough approach in setting targets and assessing progress.
31. A Government representative of Turkey noted the coherence with the Declaration on Social Justice for a Fair Globalization, endorsed the transfer of resources from administration and support functions to technical work and the increase in RBTC funding for the regions. He also welcomed the inclusion of promoting fair and effective labour migration policies as a policy outcome, and urged the ILO to cooperate further with its constituents and other international organizations to that end.
32. A Government representative of Trinidad and Tobago appreciated that the ten policy outcomes responded to many of the issues faced by Caribbean countries. Ministers of labour in the region had met recently and reiterated their commitment to the decent work goals of the ILO. She underscored the need to address youth employment in particular and welcomed the effort to streamline and focus ILO activities.
33. A Government representative of Japan supported the Programme and Budget proposals for 2016–17, acknowledging that the zero growth budget had been built on the achievements of the internal reforms. While recognizing that the proposals responded to new ILO challenges, Japan noted that the proposed budget was transitional, pending its alignment with the United Nations medium-term strategic planning framework in 2018, and should therefore ensure consistency and continuity with the previous biennium. The budget for 2018–19, on the other hand, should be subject to a more drastic review, as it would not be transitional.
34. A Government representative of the Islamic Republic of Iran conveyed his country's endorsement of the ILO's holistic approach and commitment to reform. The ten policy outcomes captured the major challenges in the world of work and the focus of the document on strengthening the technical capacity of the Organization to provide high-value services to the constituents was praiseworthy, as was the initiative to improve the quality and relevance of the research, analytical and statistical capacities of the Office and to strengthen the strategic partnership between the ILO and the International Training Centre of the ILO (Turin Centre). The proposed programme and budget should ensure that the ILO had a proactive role in helping rebalance the global economy to promote strong and sustained growth alongside social justice, and lead to a deliverable, specific, measurable and time-bound plan of action for the next biennium.
35. A Government representative of China said that the economic and social challenges faced by member States should be taken into consideration in the programme and budget, by

ensuring it was more prioritized, effective and targeted. ILO support services to its member States should be further improved to enhance its response capacity in the world of work and its authority. China welcomed the results achieved through reform measures to date, and encouraged continued efforts. It called for more budget allocations to employment and social protection, for more technical cooperation in the regions, and for the establishment of an emergency response fund. It urged the ILO to strengthen its efforts to raise extra-budgetary funding and to draw on lessons learned when implementing the programme and budget. More attention should be paid to partnerships with stakeholders and to the economic, social and cultural diversity of member States.

36. *A Government representative of the Russian Federation* supported the draft strategic plan with ten policy outcomes and three enabling outcomes, the format and structure of the results-oriented budget, and the redeployment of resources from administrative and support functions to technical activities. In difficult budget planning circumstances, it was important to target resources at a few key areas where their effect could be more easily monitored. She endorsed the allocation of increased funding to outcomes 3, 5, 6, 8 and 9.
37. *A Government representative of Spain* drew attention to the situation of after-service health insurance. The proposed exercise exemplified the need to move gradually towards greater transparency and stronger governance of activities. While he could support the budget proposals, clarification was required, since the budget should faithfully reflect expenditure commitments and revenue forecasts. It was not sufficient for each period to reflect after-service health insurance payments arising from past commitments; the accrual principle required a commitment to be reflected in the biennium in which it was generated, and it was to be hoped that subsequent budgets would reflect commitments for future payments. The situation was not currently problematic, but might become so in the future.
38. *A Government representative of the United States* endorsed the objective of strengthening the ILO's technical capacity and expanding its authority, which were essential in advancing the goal of decent work. She welcomed the emphasis in the proposed results framework on addressing key world-of-work challenges, for which the ongoing commitments to strengthening the knowledge base and impact assessments and applying the lessons learned would be critical. She applauded the internal reforms achieved to date and the continued commitment to reform and was pleased to see that the proposed zero growth budget would result in a decrease of 0.5 per cent over the current biennium without sacrificing programmatic capacity. She supported the ILO's deepened engagement within the One UN system and sought clarification on the relationship between the centenary initiatives and the programme and budget.
39. *The Employer coordinator* stated that the programme and budget failed to make a sufficiently clear link between the main challenges in the world of work and the ten outcomes. As the areas of critical importance (ACIs) were the basis for the outcomes, the lessons learned from them should have been mentioned in the executive overview and preface, as well as under the outcomes. He sought information on a number of points. First, he asked what new technical positions had been created within the Policy Portfolio and in the regions; which positions had been converted from managerial to technical positions; which positions had been re-profiled; which outcomes and regions were affected; how the Office had decided where to redeploy the funds; and how that related to achieving strategic priorities. Second, he asked why there were substantially fewer country targets for 2016–17, despite plans for a more ambitious strategy and 39 new technical positions. Third, he inquired which policy areas would be discontinued as a result of the focus on the ten outcomes and how their budget would be reallocated. Fourth, he requested the Office to provide more information on what reforms would be achieved in 2016–17, as well as on how successful the existing reforms had been and the relevant benchmarks. Fifth, three of the centenary initiatives (the enterprise, women at work, and future of work initiatives)

warranted greater coverage in the proposed programme and budget, and he asked how the enterprise initiative in particular could be placed at the heart of ILO strategy. Sixth, the document did not mention flagship programmes or fragile and conflict-affected States, although they might account for substantial extra-budgetary technical cooperation expenditure in 2016–17. He called for an in-depth discussion on the flagship programmes and how they were determined.

40. On the matter of costs, it was unclear how the Office was considering certain costs, as management and reform costs had been included under policy outcomes, not management services. The Employers could not support the significant shifts in budget between different outcomes, as the rationale was incomprehensible. The coordinator asked on what grounds the units had made the decisions, and how that was cleared. The Office should explain the substantial cuts in the budget for outcomes 1, 4 and 7, and why the budget for outcome 5 was almost \$50 million for only 12 target countries. He wished to know how the RBSA, set to increase by \$12 million, would be allocated. He also inquired why outcome 10 on employers' and workers' organizations received the lowest allocation per target. He called on the Office to explain how the strategic resources were calculated. It should be made clear that the resource allocations per outcome in table 2 did not give a real picture of the level of resources directly available to constituents. Regarding outcome 10, the Employers' group requested separate figures for the amounts allocated to employers' and workers' organizations, with a detailed breakdown for the budget for employers' organizations.
41. *The Chairperson* opened the discussion on Policy outcomes (paragraphs 38–179), Regional contexts (paragraphs 180–203), and Research, knowledge, labour statistics and capacity development (paragraphs 204–223).
42. *The Employer coordinator* noted that relationships between the various policy outcomes had not been made clear. His group did not support the emphasis on supply chains that appeared under many outcomes, despite its repeated requests not to pre-empt the relevant Conference discussion in 2016. The group welcomed the reduction in the number of cross-cutting policy drivers, but considered that they could have been clearer. To serve any real purpose, the section on regional contexts would have to contain substantive information and be better integrated into the ten outcome strategies. With regard to external partnerships, collaboration with other organizations in promoting the principles of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) was still missing. On indicators, many of the means of verification related to reports or official documents, which seemed to be weak. It was not clear how targets had been arrived at. He wondered whether a workplan would be developed for each outcome at the start of the biennium. The Employers' group proposed an increase in the budget of outcomes 1, 4, 7 and 10, and a corresponding reduction in outcomes 5 and 8, with the total budget remaining at the same level. The number of targets should be increased or decreased accordingly.
43. On outcome 1, the Employers' group was pleased with the inclusion of the link to an enabling environment for sustainable enterprises given its importance for employment creation. However, the Office should have recognized it as a cross-cutting feature of any ILO work in that area and the starting point for job creation, alongside better reflection of business needs in order to encourage investment in productive activity. The text was overly focused on macroeconomic policy. It lacked an understanding of what job creation consisted of, and the indicators did not appear to measure it. Regarding youth unemployment, the focus needed to be on skills development and apprenticeships, not the rights-based approach proposed, as well as on youth entrepreneurship. More clarity was needed on the role of green policies in supporting youth employment, and why green policies were only mentioned in relation to that issue. The Office should include the Global

Apprenticeships Network among its partner organizations. Indicator 1.1 did not help to assess ILO action and it was also a matter of concern that no indicators measured the expansion of employment. Concerning indicator 1.2, many countries had no apprenticeships and advocacy was needed. Outcome 1 had the largest budget reduction of all outcomes, despite the importance of tackling unemployment. The Employers' group therefore proposed that an additional \$13 million of regular budget be allocated for that outcome.

44. On outcome 2, baseline figures should be provided, pending confirmation at the end of 2014–15. Text on regulatory impact assessments should be added to the legal gap analyses in paragraphs 60 and 63, with a view to looking more systematically at the possible impact of new regulations. Also in paragraph 60, the linkages with outcomes 7 and 8 should be clarified. In paragraph 61, cooperation with ACTRAV and ACT/EMP should be included alongside collaboration with the Turin Centre. Regarding indicator 2.1, it was unclear if the current target of 60 per cent related only to government responses – in which case, that should be clearly stated – or if it also included responses by employers' and workers' organizations – in which case, separate targets for governments, employers and workers should be specified. For indicator 2.2, the first results criterion should read "International labour standards are ratified and the necessary steps for effective application are taken". Regarding indicator 2.3, the third results criterion should be made more specific in order to reflect increased capacity.
45. On outcome 3, the Employers' group welcomed the broadened scope to include countries facing challenges in expanding social protection systems and making them more sustainable. However, it should be made clear that that extension included qualitative and quantitative extensions of coverage and of benefits. Sound costing and fiscal space analysis had been correctly identified as a success factor, but the ILO had to be careful both in terms of implementation and conclusions, as they should be undertaken with ministries of finance, and the ILO did not decide national budgetary priorities. In the fifth bullet of paragraph 71, an analysis of current schemes in terms of fund collection and management should be included.
46. On outcome 4, the Employer coordinator stressed that without private enterprises there could be no economic growth. He asked why the Employers had not been consulted in order that they could provide content relevant to the objectives of the outcome. The latter was a mix of different lines of action which did not mutually reinforce each other, whereas it could have formed the pillar of technical work on an enabling environment. There should be a direct reference in the outcome statement to the 17 pillars of the 2007 resolution concerning the promotion of sustainable enterprises. The outcome contained a wide array of work areas and provided no indications as to how the ILO intended to achieve its objectives in key areas. Paragraph 79 should recognize the work already done as part of the Enabling Environment for Sustainable Enterprise (ESEE) process. It was surprising that no mention had been made of the growing demand for support for monitoring and evaluation, or of the activities of ACT/EMP in that respect.
47. The ILO should devote greater attention to the link between job creation and environments conducive to sustainable enterprises, which should serve as a central focus of the work under the outcome. However, the proposed approach lacked focus. On improving working conditions and productivity in small and medium-sized enterprises, no details were given about how that would be achieved or whether the social actors would have a role in it. Although a concerted effort had been made to have green jobs featured in the outcome, the relationship to the other areas of work was not always clear. It was unclear how the framework of policies and regulations for promoting sustainable enterprises could be aligned with sustainable development objectives while the post-2015 sustainable development agenda was still under discussion. He reiterated that the target of eight

countries for indicator 4.1 was low and should be increased to 24 countries; the targets for indicators 4.2 and 4.3 could be reduced to eight and 16 countries, respectively, so that the overall number of target countries would stay the same. The regular budget for the outcome should be increased by \$10 million.

48. Outcome 5 was more an issue for the Sectoral Policies programme and should focus more on skills development. To unleash the potential of rural areas, the approaches recommended by the 2008 International Labour Conference conclusions on rural employment (strengthening entrepreneurship; building leadership capacity; and promoting rural sustainable enterprises) should be adopted. Outcome 5 was the most “inefficient” outcome with the lowest productivity (attaining the 12 targets would cost more than \$4 million each); the budget for the outcome should therefore be reduced by \$10 million.
49. The link between outcomes 5 and 6 should be clearly stated. In the formulation of the problem to be addressed under outcome 6, reference to the “workforce worldwide” failed to cover the vast number of children and elderly people living in informality. It was doubtful that the informal economy had a negative impact on fair competition, since informal firms operated in distinct markets. A central goal should be to formalize not only employment but also enterprises, and hence employees. Efforts to extend social protection to informal workers must be designed in such a way as to avoid creating incentives to remain in the informal economy. Informality created barriers to the effective national implementation of international labour standards. It was important that member States had reliable data on the size and scope of informality in their countries.
50. The proposal in outcome 7 did not seem to contain a clear strategy. The key expected changes concerning strengthened capacity of labour inspectorates, employers’ and workers’ organizations, and of improved national institutional, legal and policy frameworks for workplace compliance, were not reflected in the indicators or results criteria. It was unclear why or how partnerships with the World Bank would be strengthened in order to improve workplace compliance. With regard to the second results criterion under indicator 7.2, strengthened collaboration could also take place with social partners individually and did not necessarily require bipartite or tripartite social dialogue mechanisms. It was not clear how cooperation with private or non-profit compliance initiatives could be taken into account at the institutional level within the ILO. Because the lack of workplace compliance was a major problem, an increase of \$2 million in the budget for the outcome would be expected.
51. There was an ongoing lack of clarity regarding the meaning and added value of the concept of unacceptable forms of work. When considering outcome 8, it would be useful to take account of the debate at the current Governing Body session on the paper concerning the corresponding ACI.¹ The scope of unacceptable forms of work should be limited to fundamental principles and rights at work, until the unacceptable dimensions of other working conditions, in particular wages, had been satisfactorily defined. The regular budget for the outcome should be reduced accordingly.
52. Concerning outcome 9, labour migration policies should not focus only on a rights-based approach, but also address skills shortages and take account of the needs of enterprises. A balanced approach would be required to promote social dialogue, help build the capacity of social partners and ministries of labour, and address the lack of data on migration among other things.

¹ GB.323/POL/1.

53. While outcome 10 stressed the importance of tripartism and social dialogue, that was not reflected in the proposed regular budget allocation, which would experience the second largest reduction. On the basis that there should be an equal budget for work of equal value, the resources available to ACT/EMP should be increased by at least \$4 million to allow it to participate fully in the activities of the Organization.
54. While he welcomed the reduction from five to three cross-cutting policy drivers, it was not clear how they fitted into the results-based framework or how they would be monitored. Moreover, there was the potential for overlap between the cross-cutting policy drivers and the outcomes. With regard to social dialogue, employers' and workers' organizations needed to be consulted on a regular basis at the beginning of processes.
55. The purpose of the overview of regional priorities was not clear. The section of the document should contain substantive information about how many resources each region would contribute to each outcome. In the priorities defined for Africa, mention should be made of the need for sustainable enterprises and the region's engagement to their promotion, especially SMEs. Youth and women entrepreneurship should also be included, in particular given the important role of women in conflict and post-conflict situations. For the Asia and the Pacific region, the distinction between middle-income and least developed countries should be graduated so that they were not provided only with high-level policy advice or technical cooperation. There were still high levels of informality in Latin America and, despite significant reductions in poverty and inequality, the region again faced a scenario of uncertainty. The Employers' group had not been consulted about the areas on which attention would be focused in that region (rural areas, labour migration and unacceptable forms of work). For the Europe–Central Asia region, the Employers expected that ILO cooperation with European social partners would be channelled through ACTRAV and ACT/EMP. The text for the Arab States was generic, making it difficult to comment.
56. *An Employer representative* said that the group recognized that research did not play a strategic role for the ILO and did not need the guidance or input of the Governing Body.
57. *The Employer coordinator* noted that one of the “red threads” running through each of the outcomes in the programme and budget proposals was the need to develop the capacity of constituents. However, it seemed that the Office's overall strategy was linked only to collaboration with the Turin Centre. The current approach seemed to be fragmented and lacked clear accountability and measurement mechanisms. The reference to the Turin Centre as a “global knowledge hub” was unclear: the Centre was a training facility and did not generate research and knowledge.
58. *The Worker spokesperson* said that the cross-cutting issues should be better reflected in the indicators for some policy outcomes. The reference to “governments, in consultation with social partners” should be standard language and practice in all relevant indicators. The phrase “in line with international labour standards” could also be taken as a model and used consistently throughout the document. The varying levels of ambition in some of the results criteria and disparities in the number of target countries (under outcomes 3 and 5, for instance) were causes for concern.
59. He supported the strategy for outcome 1 but called for indicator 1.4 to include a reference to structural transformation as an objective of various policy measures. The proposed work on youth was overly biased towards supply-side measures: more emphasis should be placed on the rights of young workers and the promotion of related tools. Indicator 1.2 and the corresponding results criteria should refer to “decent” employment, jobs and skills.

60. Under outcome 2, it was regrettable that the regions with the lowest ratification rates were also those with the lowest targets; his group expected to see higher targets for ratification across all regions. In view of the number of Decent Work Country Programmes being developed, a specific result criterion should be added under indicator 2.2: “percentage or number of Decent Work Country Programmes to be developed in the biennium that include targets for ratification of international labour standards”. Creation of a standards-review mechanism would make it possible to identify areas where there was a need for new standards. The ways in which the ILO would help promote the ratification and implementation of standards together with other organizations should be made clearer. The existing reference to national needs assessments made it superfluous to add a separate point on regulatory assessments.
61. The Office could increase the level of ambition of outcome 3 by setting higher targets. A third results criterion could be added under indicator 3.3 in respect of ratification of the Social Security (Minimum Standards) Convention, 1952 (No. 102). With regard to outcome 4, a reference to the Promotion of Cooperatives Recommendation, 2002 (No. 193), should be added in the paragraph on international labour standards. The focus of the outcome should be on small and medium-sized and multinational enterprises. Cooperatives and the social economy should be key priorities. A balance should be struck, in indicator 4.2, between work on enterprises and cooperatives; targets under indicator 4.1 could be increased but the other targets should not be reduced. The ILO’s approach to the rural economy in outcome 5 should be focused and not duplicate the work of organizations such as the Food and Agriculture Organization of the United Nations (FAO); it should therefore concentrate on the rural wage economy, especially plantations. Greater ILO engagement with the Committee on World Food Security was necessary. The very low targets should be clarified.
62. Under outcome 6, clear reference would need to be made to the proposed instrument concerning transition from the informal to the formal economy. National employment policy frameworks should give priority to job-centred macroeconomic policies and industrial policies that encouraged expansion of formal and higher added value jobs. Mention should be made of the benefits of formalization, and the targets for Africa should be strengthened. Conventions Nos 81 and 129 were particularly important with regard to outcome 7. Private compliance initiatives often operated in countries with weak public labour inspection, so the Office needed to ensure that unions and employers were involved in such initiatives. Reinforcing public inspections based on the relevant ILO standards should be a priority of ILO work.
63. Under outcome 8, particular attention should be paid to child and forced labour in agriculture, and to the reduction of anti-union discrimination. Limiting the definition of such discrimination to fundamental principles and rights at work would not be acceptable to his group. The ratification of Conventions Nos 87 and 98 was an important issue. The Office should collect statistics on freedom of association and collective bargaining, and the third results criterion under indicator 8.2 should refer to gender-disaggregated statistical data.
64. In the context of outcome 9, the Office should make better use of Decent Work Country Programmes to promote the relevant standards. An additional output should be included on the tripartite development of guidelines on recruitment. External partnerships needed to focus on joint efforts to enhance protection of the rights of migrant workers, and specifically migrant domestic workers. The surprisingly low number of countries listed as targets on a regional basis needed to be increased.
65. Under outcome 10, it was essential to develop the capacity and organizational base of unions at national level. Concerning the difference in funding for workers and employers,

there were considerably more workers than employers in the world, and the central mandate of the ILO focused on the protection of workers; the concept of an equal budget for work of equal value did not therefore quite stand up.

66. The Office should give serious consideration to how the cross-cutting issues would be drawn out in all the outcomes in ways that delivered visible results. In the section on regional contexts, there was a lack of focus on international labour standards, particularly freedom of association and collective bargaining: none of the regions had highlighted outcomes 2, 5 or 10. In Africa, a broader strategy for industrial development was needed in order to obtain sustainable results, and the focus in fragile States should be on decent work, not just on productive employment. In the Americas, work on sustainable enterprises should include improving working conditions and promoting freedom of association and collective bargaining. The commitment to address the low rates of ratification of standards in the Asia and the Pacific region was welcome. In the section on Arab States, the promotion of freedom of association, trade union rights, social dialogue mechanisms and respect for the fundamental principles and rights at work of migrant workers should be reflected as main priorities. In Europe, the Office needed to offer stronger guidance on implementing ratified ILO standards and maintaining meaningful social dialogue.
67. ILO research should place more emphasis on the quality of employment and the key role of international labour standards in contributing to sustainable development, and on addressing income inequalities globally. The research opportunities set out in the centenary initiative were welcome. The socio-economic impact of the increase in non-standard forms of work should be included in the Office's major research programmes. Research into macroeconomic, green and trade policies should include a focus on industrial policies.
68. The launch of the *World Employment and Social Outlook* report was welcome, as was a single database of all the main indicators of decent work. Greater emphasis should be placed on international labour standards and tripartism in the Turin Centre's courses, and a critical mass of policy and research staff should be maintained at headquarters and in the field.
69. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe noted with appreciation the indicators and the considerable number of targeted member States, particularly from his region, under outcome 1. On outcome 2, there was certainly a need to review international labour standards. Support for building the capacity of stakeholders other than ministries of labour was welcome. On outcome 3, the proposal to provide support on social protection floors through Decent Work Country Programmes would enable constituents to benefit directly at country level. Synergies needed to be developed between the means of action to be taken under outcomes 4 and 6. In view of the fact that eight out of ten of the world's poor lived in rural areas, a fair number of country targets and more resources should be allocated to outcome 5. Strengthening labour inspectorates was another means of protecting workers from unacceptable forms of work, so the Office should ensure synergy between outcomes 7 and 8. Regarding outcome 9, there was a need for strong advocacy for a rights-based approach to achieve increased recognition and implementation of ILO instruments. The issue of social protection for migrant workers should also be addressed under outcome 3 on social protection floors. The objective of building the capacity of employers' and workers' representatives to participate in developing informed policies, as set out in outcome 10, was welcome. The Africa group was ready to support the budget proposal, on the condition that its views on specific items were given due consideration.
70. *Speaking on behalf of GRULAC*, a Government representative of Cuba welcomed the fact that the conclusions of the Lima Declaration had been considered in the preparation of the programme and budget proposals, and agreed that the ILO should take into account

elements including different models, focuses, stages of development and priorities in order to achieve the objective of decent work for all workers. To ensure that developing countries could attain that objective, the Office needed to support and cooperate with middle-income countries in a way that was adapted to their needs and role in the development cooperation system. He asked whether it would not be more appropriate to distribute indicator 10.6 equally among all the regions.

71. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom noted that the policy outcomes should be more clearly defined, and requested more information on how implementation was to be carried out through workplans. Although she supported the focus of outcome 8, it appeared redundant in some respects, as various other outcomes would contribute to the same objective. In many outcomes, greater coherence was needed between expected changes and indicators. The programme and budget should recognize work involving the post-2015 development agenda and its implementation, particularly, but not limited to, sustainable development goal 8. It should include cooperation with the UN system to make the United Nations fit for purpose. The Standards Initiative should be reflected in outcome 2, and further information was required on how it would impact the overall budget. The strategies of many policy outcomes should be developed further to include meaningful baselines. Some outcomes were formulated as targets and others as processes, and some referred to actions to be taken by States, which might make it more complicated to assess the impact of ILO activities. The three cross-cutting policy drivers should be more visible in the outcome indicators, and gender equality should be given greater prominence. On the plans to develop policy tools and materials, she asked whether the Office had an inventory of its existing tools and how much it would spend on developing new ones. It should avoid developing numerous materials that would not be widely used.
72. *A Government representative of the United States* indicated that a clearer distinction should be made among the individual policy outcomes, and that the accomplishments expected under each one and the links existing among them should be clarified. She asked how and where the five global flagship programmes under the ILO Development Cooperation Strategy 2015–17 would fit in with the ten outcomes, and how their implementation would be reflected in the outcomes, targets and indicators for 2016–17. Information should be provided on how the proposed targets had been set, given that in the majority of cases baselines would not be available until the end of 2015. Recent developments relating to the effective functioning of the ILO supervisory system and the Standards Initiative should be reflected in the indicators and targets. She asked for information as to how that would be reflected in the budget. The proposed indicators and targets did not mention the standards relating to occupational safety and health, labour inspection and equality of opportunity and treatment. Additional indicators related to the Office's production of working documents to support the work of the supervisory bodies, and the proposed training academy on international labour standards would be useful. The language of outcome 3 could be amended to "Establishing and maintaining social protection floors", in order to be consistent with the ILO Social Protection Floors Recommendation, 2012 (No. 202). Environmental sustainability and industrial relations were not reflected in the results criteria for indicator 4.2 despite being included in the indicator itself. The results criteria for indicator 6.1 appeared too broad in some respects and too narrow in others. It was unclear whether unilateral actions by the government to develop or revise policies and laws would qualify as reportable. The means of action in outcome 7 should include working with constituents on their allocation of sufficient resources for effective labour inspection systems. On outcome 8, further thought was needed regarding the focus on particular populations, such as migrant workers, and its impact on other outcomes. The indicators and targets for outcome 9 required some refinement. Examples of the "enhanced international cooperation" in the results criteria for indicator 9.3 should be provided. She asked how members of the Research Review Group

would be chosen and how its work would relate to research done in field offices. Information would be welcome on the decrease in funding for outcomes 2 and 7, and on where to find in the programme and budget proposals the funding allocated to gender equality and non-discrimination.

73. *A Government representative of Brazil* commended the budget allocation for South–South and triangular cooperation and the balance between voluntary contributions and regular budget allocations. It was important for voluntary contributions not to outstrip the regular budget allocations. She observed that the ILO should not lose sight of the fact that most working poverty was in middle-income countries, and similarly, that the targets in outcome 5 seemed less ambitious than for other outcomes. Noting that in 2014 a number of documents had been published to coincide with the opening of the International Labour Conference, she indicated that a more opportune moment for the publication of the *World Employment and Social Outlook* report should be identified in 2015 so as to maximize its impact.
74. *A Government representative of the United Kingdom* welcomed the emphasis in the report on evidence and evaluation, as well as on collaboration with other international agencies and partners. The programme did, however, imply an over-reliance on subsidization for job creation, in spite of evidence showing that subsidies helped short-term job creation but had mixed success in the longer term. The programme also generally focused too much on job creation rather than raising incomes: in low-income countries, it was primarily the raising of incomes through inclusive growth that was needed.
75. *A Government representative of Japan* noted that, although the budget proposals had a simpler structure and clearer objectives than in 2014–15, the rationale behind the ten outcomes and the relationship with the four strategic objectives was unclear. While it was difficult to review the proposed budget at such a late stage, the policy outcomes should be reconsidered in the Strategic Policy Framework for 2018–21 and in the cycle of the United Nations Quadrennial Comprehensive Policy Review. In that context the linkages between the policy outcomes and the strategic objectives should be strengthened and made clearer, in line with the ILO Declaration on Social Justice for a Fair Globalization. Concerning resources for the regions, additional resources should be allocated to Asia and the Pacific, since 60 per cent of the global labour force lived there, many of whom worked in the informal sector and suffered from poverty and inequality. Also, the region was particularly susceptible to natural disasters.
76. *A Government representative of China* said that outcome 1 was crucial, yet the regular budget in that area had been reduced by several million US dollars in comparison with the previous budget period. To boost employment, he encouraged the ILO to step up external partnerships; carry out further research analysis on industry investment; and prioritize the role of technical matching of skills. He outlined the importance of policies taken by his Government in respect of outcomes 3 and 4, and advocated more sharing of experiences on labour policies regarding outcome 7 on labour inspection. When collecting and processing data on best practices as part of its research agenda, the ILO should place greater emphasis on the role of local experts.
77. *The Chairperson* opened the discussion on Enabling outcomes (paragraphs 224–254).
78. *The Worker spokesperson* supported the general scope of the three enabling outcomes. Nevertheless, outcome A could be made more ambitious in view of the global importance of the Decent Work Agenda. As an example, indicator A.1 should state that United Nations Development Assistance Frameworks could incorporate all four pillars of the Decent Work Agenda rather than only two. In outcome B, follow-up to the evaluation of the impact of the ILO Declaration on Social Justice for a Fair Globalization should not be considered

merely as a governance issue, since its results would also have to be integrated into the Organization's policy work. The Workers appreciated the emphasis on risk management, including the establishment of a risk register, and the detailed information provided by the Office in that regard.

79. *The Employer coordinator* noted that in the previous programme and budget period, targets and indicators for outcomes B and C had been contained in the overarching management strategies on technical cooperation, evaluation, human resources, information technology and knowledge. He asked whether new strategies focusing on those areas would be developed for 2016–17. Referring specifically to outcome A, he called for stronger involvement of constituents. For the ILO to influence the G20, it should involve the B20 and the L20; and to influence governments, it should fully inform and involve the respective social partners. The means of verification needed to be further elaborated, since it was insufficient to rely on the reports of ministries of labour and *Official Gazettes*. Referring to outcome B, he asked the Office to: include more information on constituents' involvement in the outcome; establish governance structures and control mechanisms to ensure that all communications and publications from the Office reflected the ten outcomes; clarify the distinction between the ILO as an Organization and the ILO as an Office; assess the success of reform efforts to improve governance since the beginning of the new Director-General's mandate; and explain why the risk "exchange rate fluctuations" from the previous period no longer applied. Referring to outcome C, he suggested incorporating measures of the delivery rate of aspects of the budget such as the RBSA and the RBTC at different stages during the biennium so as to help resource management. In reference to the proposed operational budget in the annex, he welcomed the reduction of the budgets for the Director-General and the Deputy Directors-General offices but requested further details on "grants". He asked why programmes for major regional meetings had received an extraordinary increase in the budget of 26.6 per cent.
80. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe urged the Office to ensure that decent work was a key component in all its external partnerships. His group also encouraged the Organization to continue its reforms and to strengthen governance in order to improve its capacity to deliver on the ten outcomes.
81. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom praised the attention paid to the ILO's risk management capability and to external partnerships. He requested the Office to provide updates of the latest strategies and efforts at engagement with external partners so that constituents could support those efforts, and to revise the targets and indicators to reflect the importance of multilateral engagement. IMEC was pleased with the approach taken to ensure that voluntary contributions, such as those to the RBSA, aligned with strategic and country priorities, but requested more information on how that unearmarked fund would be used to support the outcomes. Outcomes B and C were high priorities for IMEC. In outcome B, the targets should be described in a more strategic way, while two targets should be added to outcome C: one relating to efficient support services and the second to monitoring the process of resource redeployment to technical and field roles, which was currently overly dependent on increases in voluntary contributions.
82. *A Government representative of the United States* observed that some targets, such as the follow-up to project evaluation recommendations and the percentage of Decent Work Country Programmes that met quality criteria, could be higher. She welcomed the increase in resource allocation to oversight and evaluation and the emphasis on impact assessment and looked forward to the independent external evaluation of the evaluation function. She proposed adding a further target to indicator B.4 to ensure that issues identified during the independent evaluation would subsequently be addressed.

83. *A Government representative of the United Arab Emirates* speaking in his capacity as the Government Vice-Chairperson of the Board of the International Training Centre of the ILO, Turin, welcomed the importance attached to capacity development through cooperation with the Turin Centre in a majority of policy outcomes. The consideration given to the Centre in the programme and budget proposals indicated the Director-General's commitment to its role and to further strengthening collaboration and coordination of resource mobilization; such a commitment was essential to ensure the smooth running of the Centre and would be important for the development of its new strategic plan.
84. *The Director-General* thanked the members of the Governing Body for their input and informed them that the Office would respond to points of technical information at the conclusion of the discussion of the PFA Section the following day; he would provide a more political response, as foreseen, on Wednesday of the following week.
85. *A representative of the Director-General* (Director, Strategic Programming and Management Department) recalled that, since 2000–01, budget proposals had been based on a strategic approach that derived from a results-based methodology. The strategic budget for each policy outcome as presented in table 2 included all costs, excluding the costs related to policy-making organs and management services. The strategic budget for each policy outcome was thus higher than the individual operational budgets for the corresponding administrative units. Preparation of the strategic budget was based on the priorities set by constituents and the capacities available to the Office. Using preliminary information on targets and available resources, technical units at headquarters and in the regions, provided a plan indicating resources linked to the different outcomes. The programme proposals and “resource linking” were then submitted to internal peer review, and adjustments were made accordingly. Care should be taken when comparing the strategic budgets for 2014–15 and for 2016–17 because they referred to two different frameworks. The changes resulting from the shift to ten outcomes, down from 19 outcomes, should therefore be analysed in relative rather than absolute terms.
86. With regard to the relationship between the strategic budget and targets, the latter were grounded in specific capacity and plans, as well as in experience regarding the results that could be achieved with currently available resources. Accordingly, the levels of targets under different outcomes were not comparable. Some criteria were relatively easy to meet, while others were not, and so required relatively more investment and resources. In consequence, some results were more resource-intensive than others.
87. With regard to the budget for gender equality, that was included in the operational budget of the Conditions of Work and Equality Department and of the regions where gender specialists were located. A number of technical cooperation projects specifically addressed the issue, and dedicated products and services were factored into several outcomes. It was important to remember that the ten strategic outcomes were interdependent and mutually reinforcing, and they should always be considered as integrated responses to the needs expressed by member States and in relation to the ILO's role in the multilateral system. Resource allocation continued to be a key concern. A more balanced distribution of resources from the regular budget and the RBSA had helped to offset the imbalance in the distribution of extra-budgetary resources.
88. The proposed formulation of indicator B.1 under the enabling outcome on governance reflected efforts to set more precise targets that would take account of the results achievable under the governance reform up to 2017. Regarding the absence of a target on improving the efficiency of support services under indicator C.3, the upcoming review of administrative, business and processing functions would provide further opportunities to determine the most efficient and effective service delivery models and identification of

appropriate targets. Some existing management strategies (such as that on evaluation) had been extended to the end of 2017; a new technical cooperation strategy was being proposed, and human resources and information technology strategies had been developed as part of the reform process.

89. With regard to the process and methodology for establishing targets and baselines, he recalled that some outcomes were clearly linked to the current Strategic Policy Framework, while others were derived from ACIs for which a clearly defined results framework did not exist in 2014–15. Targets had been formulated on the basis of country and constituent needs and of Office capacities. Baselines would be determined through a collaborative process involving headquarters and field offices on the basis of the ILO's performance at the end of 2015 and taking into account the Governing Body's guidance on the ACIs. With regard to the overview of regional contexts, the document emphasized outcomes for priority action in each region, but that did not mean that work would not be undertaken in relation to other outcomes.
90. Regarding the increase in the RBSA, estimates were based on known approvals and estimated delivery as per data available in November 2014. RBSA contributions approved by eight donors had amounted to \$31.5 million in 2014. The Office expected total RBSA approvals to reach \$42 million for the biennium 2014–15. While it was difficult to anticipate the level of RBSA that would be allocated to employers' activities in 2016–17, an amount of \$1.9 million had been allocated since the beginning of 2014.
91. *A representative of the Director-General* (Treasurer and Financial Comptroller) responding to the financial questions raised, said that the operational budget for 2016–17 reported the number of work-years, divided into "Professional" and "general service" categories, for each organizational unit. A direct comparison with the corresponding table for 2014–15 would clearly identify the areas of increase. He identified, by way of example, the increase in professional work-years for the Policy Portfolio, from 495 to 540 work-years. With the exception of the Deputy Director-General's Office and the Sectoral Policies Department, all departments in the Portfolio had budgeted for an increase in Professional staff. A comparison of the Field Operations and Partnerships Portfolio with the previous biennium showed an overall increase of 35 professional work-years with the individual regional office budgets showing an increase of 38 work-years. The net increase of 17 positions in the Portfolio translated into 19 positions directly in the regions, owing to reductions elsewhere in the Portfolio. Of the 60 re-profiled positions, 18 were conversions of general service positions to Professional positions; 11 were managerial positions converted to technical specialists; and 31 positions were re-profiled or redeployed within existing units, namely shifts from administrative to technical positions and from senior to junior technical specialists, which had increased the overall number and mix of specialists. Four of the 19 re-profiled positions were distributed in Africa, two in Asia, seven in the Americas and two in Europe. The Policy and Support Services Portfolios had a total of 32 re-profiled positions. ACTRAV and ACT/EMP had four re-profiled positions, and in the management area there were five.
92. The redeployment of \$25 million for strengthening the technical and professional capacity of the Office came from re-profiling of positions, which accounted for \$16.4 million, and redeployment of non-staff resources towards priority areas, accounting for a further \$8.2 million. The \$25 million would be redeployed to fund ten new positions in the Policy Portfolio (\$4.6 million); 17 new positions in the regions (\$6.7 million); and increases in RBTC and in the Resident Coordinator system (\$2.5 million and \$2.7 million, respectively). There was also provision for an additional regional meeting at a cost of \$561,000, while the budget for Oversight and Evaluation had been increased by \$330,000. The balance of \$7 million would be redeployed to reinforce technical and professional capacity within existing departments.

93. The presentation of the risk register had changed, based on the advice of the newly appointed Senior Risk Officer. It contained more standardized definitions of risks, their root causes and remedial actions. In substance, however, it was consistent with the previous risk register. The risk related to foreign exchange was retained; it was described as one of the root causes of the economic risk in table 4, risk 6. The remedial actions remained valid and provided a good level of protection to the regular budget.
94. A \$1.5 million budget reduction due to the change in policy on travel on official business of ILO staff had been reflected in the Programme and Budget for 2012–13. Further savings resulting from the alignment of the travel rules for Governing Body members and meeting delegates with those for ILO staff, amounting to some \$500,000, had been taken into account in the proposals for 2016–17. When considering staff costs, it was necessary to look not only at the dollar amount but also at the volume of staff inputs. The availability of expertise would be increased by 100 professional work-years in 2016–17 compared with 2014–15. After-service health insurance (ASHI) was an increasing expense, but one that was due to demographic factors and the Organization's current policy on meeting that cost. No decision had been taken by the Governing Body at its 322nd Session on a change of policy on ASHI, pending the United Nations General Assembly's consideration of the system-wide review and as such the pay-as-you-go methodology had been retained. Following the removal of one regional meeting from the budgetary provisions for 2014–15, the proposals for 2016–17 included resources for two regional meetings, since there was no indication of a change to the practice of holding two regional meetings each biennium. He advised that grants included direct contributions to the Turin Centre (\$8.2 million), the Inter-American Centre for Knowledge Development in Vocational Training (\$2.3 million), the long-term building renovation fund (\$3.8 million), staff development and training (\$12.1 million) and the core structure of the Administrative Tribunal (\$600,000).
95. *The Worker spokesperson* recognized that a fuller draft of the programme and budget proposals had been provided than in the past. However, it would be useful to have had some of the additional information available beforehand, and to have the figures that had just been presented made available in a document. The Governing Body was not the appropriate place to demand substantial budget reallocations. Nonetheless, he wished to emphasize the importance of allocating adequate resources to deliver on all four pillars of the Decent Work Agenda.
96. *The Employer coordinator* agreed that having the figures presented in a document would facilitate consultation within the Employers' group.
97. *The Chairperson* suspended the discussion on the programme and budget proposals and recalled that the Director-General would provide his detailed response on Wednesday of the following week.
98. The Governing Body reconvened on 25 March. The Director-General introduced his proposals for adjustments to the Programme and Budget proposals for 2016–17.² The Director-General's statement is reproduced in Appendix II.
99. *The Employer coordinator* said that, for the sake of making progress, his group had proposed to the Strategic Programming and Management Department that discussions regarding remaining concerns should be continued with the Employers' Secretariat. Regarding outcome 4, the proposed adjustments were encouraging, although the group had requested that the number of target member States under indicator 4.1 be increased to 24, and still expected that adequate modifications could be made to that effect. Regarding

² GB.323/PFA/1/1.

outcome 1, he noted and accepted the points raised by the Director-General with regard to youth and skills. However, the group regretted that the focus had been on the size of the allocation, which remained the highest, not on the fact that it had been reduced the most. Regarding outcome 8, the Employers noted the Director-General's intention to direct resources to the most deserving and worst situations and to continue with a consensual approach to addressing unacceptable forms of work. It was regrettable that resources for ACT/EMP had not been increased, as the group remained convinced that the Bureau was not adequately resourced. However, the Director-General's intention to keep the situation under review was noted. Because the Governing Body would no longer be playing as strategic a role as previously envisaged, the Research Department should fall under the auspices of the Deputy Director-General for Policy. The group supported the Programme and Budget proposals for 2016–17.

100. *The Worker spokesperson* welcomed the Director-General's commitment to consult further on the indicators and targets under some of the outcomes and to look at how best the cross-cutting drivers could be reflected in all ten policy outcomes. He underscored the importance of including cooperatives and social enterprises in the work on sustainable enterprises and the enabling environment, and also welcomed the increase in the strategic budget for labour inspection. Work on the transition from the informal to the formal economy should remain fully covered by other relevant outcomes, and work on skills and quality employment for young people needed to include a rights dimension and be reflected in the indicators for outcome 1. There should be an open and transparent focus on where the RBSA, and especially extra-budgetary support, was being received and allocated. Concerning the redeployment of resources, his group expected that the number of technical specialists working on areas such as standards and industrial relations would be increased. The group supported the draft decision.
101. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe welcomed the reallocation of resources to both outcome 4 and outcome 7. A fair share of resources from outcome 6 could also have been redeployed to outcome 3. Nonetheless, taking note of the Director-General's submission that all the outcomes were mutually supportive, the group supported the draft decision.
102. *Speaking on behalf of GRULAC*, a Government representative of Cuba noted the Director-General's proposal to strengthen extra-budgetary resource mobilization, particularly through South–South cooperation and public–private partnerships, but emphasized that South–South cooperation was complementary and did not replace official development assistance resources. His group would participate constructively in the consultations on strengthening the strategic framework announced by the Director-General. Taking into account the latest modifications, the group supported the draft decision.
103. *Speaking on behalf of ASPAG*, a Government representative of China expressed appreciation for the increase in the allocation for youth employment. The 39 new posts should be allocated to the underrepresented and non-represented countries. He reiterated that the ILO website should be developed in the remaining UN languages, namely Arabic, Chinese and Russian. The group supported the draft decision.
104. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom appreciated the Director-General's reassurance about avoiding complacency and the creation of new silos, and the offer of further consultations on baselines, targets and outcomes. The group supported the draft decision.
105. *A Government representative of Panama* said that the Programme and Budget proposals for 2016–17 reflected the ILO's promise to continue its work based on the revised strategic framework in order to achieve all ten outcomes. She supported the draft decision.

- 106.** *A Government representative of the Bolivarian Republic of Venezuela* welcomed the fact that a zero real growth budget had been maintained in the proposals. While his country was facing financial constraints owing to the fall in oil prices, it was committed to paying its assessed contributions to the Organization. The cost of the budget proposals would continue to fluctuate through June 2015 when the budget would be adopted; any further savings would lessen the impact of that fluctuation. He supported the draft decision.
- 107.** *A representative of the Director-General (Treasurer and Financial Comptroller)* announced that in the English version of the draft decision, the word “passes” would be amended to the correct term, “adopts”.

Decision

108. The Governing Body:

- (a) recommended to the International Labour Conference at its 104th Session (June 2015) a provisional programme level of US\$797,388,828 estimated at the 2014–15 budget exchange rate of 0.95 Swiss francs to the US dollar, the final exchange rate and the corresponding US dollar level of the budget and Swiss franc assessment to be determined by the Conference;*
- (b) proposed to the Conference at the same session a resolution for the adoption of the programme and budget for the 75th financial period (2016–17) and for the allocation of expenses among member States in that period in the following terms:*

The General Conference of the International Labour Organization, in virtue of the Financial Regulations, adopts for the 75th financial period, ending 31 December 2017, the budget of expenditure for the International Labour Organization amounting to \$..... and the budget of income amounting to \$....., which, at the budget rate of exchange of Swiss francs to the US dollar amounts to Swiss francs, and resolves that the budget of income, denominated in Swiss francs, shall be allocated among member States in accordance with the scale of contributions recommended by the Finance Committee of Government Representatives.

(GB.323/PFA/1/1, paragraph 5.)

Second item on the agenda

Delegation of authority under article 18 of the Standing Orders of the International Labour Conference (GB.323/PFA/2)

109. *The Worker spokesperson and the Employer coordinator* endorsed the draft decision.

Decision

110. *The Governing Body delegated to its Officers, for the period of the 104th Session (June 2015) of the Conference, the authority to carry out its responsibilities under article 18 of the Conference Standing Orders in relation to proposals involving expenditure in the 74th financial period ending 31 December 2015.*

(GB.323/PFA/2, paragraph 3.)

Third item on the agenda

Update on the headquarters building renovation project (GB.323/PFA/3 and GB.323/PFA/3(Add.))

111. *A representative of the Director-General (Deputy Director-General for Management and Reform (DDG/MR))* informing the Governing Body of developments since the preparation of document GB.323/PFA/3, said that discussions with the Swiss authorities on the financing of the project were ongoing and continued to be constructive. He recalled that the scope of the renovation project had been significantly reduced to stay within the budget of some CHF205 million that had been approved by the Governing Body in 2010, which was to be financed from reserves in the Building and Accommodation Fund, approved transfers from the long-term reserve for future building renovations, income generated from the sale and disposal of two plots of land, and CHF50 million from a loan.

112. The freehold plot of land for sale on avenue Appia was expected to achieve a result within the range of valuations previously made. The second plot, on route de Ferney, was held under a leasehold from the Canton of Geneva, with some 60 years remaining. The 2010 financial plan anticipated the ILO returning the leasehold to the Canton in return for some form of consideration. Although there had been no formal agreement at the time, expectations in 2009 and 2010 had been that approximately 75 per cent of the value of the land would be attributed to the ILO, estimated at some CHF50 million. Current negotiations with the authorities indicated that a future proposal might include 50 per cent of the value of the land being attributed to the ILO, leaving a shortfall of around CHF20 million. There was very strong interest in the land, and different proposals were under consideration.

113. While the original plan included an ongoing loan of CHF50 million, to be financed by renting office space, the current proposal was to seek a loan facility of up to CHF130 million (including CHF80 million for bridging finance purposes pending the sale and disposal of the land). However, in view of current negotiations, it was likely that there

would be a need for an ongoing loan of approximately CHF70 million, instead of the CHF50 million foreseen in the original financial plan. Such an outcome had been envisaged as part of the risks registered in the 2010 financial plan, with potential action identified as either reducing the scope of the project, or considering further financing. A significant reduction in the scope of the building works had already been undertaken, to deflect a cost increase from CHF205 million to CHF299 million.

114. The loan proposal currently under consideration was through the Swiss Government, which offered loans for renovation works, for a term of 30 years at an attractive interest rate, currently 0.8 per cent per annum, fixed for the term of the loan, with interest and repayments suspended until completion of the renovation project. Partial reimbursements would be possible from the proceeds of the sale and disposal of the land.
115. In the event of having to maintain an ongoing loan facility of up to CHF70 million, repayments could be serviced from the rental of excess space in the building. It was anticipated that a minimum of two floors would be available to rent, which would generate annual rental income of some CHF3 million. That figure would cover the annual cost of a CHF70 million loan (CHF2.6 million per annum at 0.8 per cent interest, or CHF2.9 million if the interest rate increased to 1.4 per cent), or a CHF50 million loan (CHF1.9 million per annum at 0.8 per cent interest, or CHF2.1 million at 1.4 per cent interest).
116. *The Employer coordinator* sought further clarification on the precise loan amounts.
117. *The representative of the Director-General (DDG/MR)* said that the total amount of the loan facility sought would be CHF130 million, approximately CHF60 million of which should be reimbursed on the sale of the land, leaving an ongoing facility of up to CHF70 million.
118. *The Employer coordinator* asked what the expected completion date was for the renovations, which renovations would be covered by the CHF205 million and which would be included in the additional scope, requiring a further CHF94 million, and when the sale of the two plots of land was expected to be completed.
119. *The Worker spokesperson* expressed concern about the possible shortfall in income anticipated from the second plot of land, and would welcome further discussions on the suggested route forward. Referring to the options in paragraph 20 of the document for finding the extra CHF94 million required to finance the additional scope, with regard to option A, the Workers' group looked forward to receiving information on the level of potential voluntary contributions and on who the contributors might be. He asked how option B, which would allow the Office to take advantage of lower interest rates, might be affected by changes brought about as a result of having to extend the loan periods for the main building work. As for option C, the Workers' group reiterated its position that surpluses should mainly be used to fund constituent activities, rather than internal development work. With respect to option D, in the same way that member States had agreed to a special allocation for the renovation of the main UN building in New York, a similar approach might be possible for the renovation of the ILO headquarters building in Geneva.
120. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe supported the draft decision and encouraged the Office to obtain the best possible price for the sale and disposal of the two plots of land. The terms of the proposed loan were favourable, and it would be prudent to take advantage of the opportunity to avoid the financial costs associated with a break in the project. He regretted the reduced project scope for the initial phase of the works and strongly urged the Office to find innovative

ways to contain costs on the remaining works. However, any solution for financing the additional scope should not have financial implications for member States.

- 121.** *Speaking on behalf of GRULAC*, a Government representative of Cuba welcomed the progress made and encouraged continued efforts to ensure that the Organization received the full amounts expected from the sale of the non-strategic plots of land, in line with the estimates in the original financial plan. Given that a formal application for a loan had been submitted to the Swiss Government, meaning that the proposed financing of the project had changed significantly from the plan presented in 2010, which had envisaged entering into a commercial loan, a detailed financial plan should be presented of the generous loan offer from the host country. The plan should include details of the loan terms for the two amounts referred to in paragraph 14 of document GB.323/PFA/3 and of the interest rate to be applied, indicating whether the rate would be fixed or variable. More importantly, there should be clear information with regard to the financing method, specifying the amount of income expected from renting out headquarters office space and from the sale of the plots of land, and whether that would be sufficient to cover the loan repayments under the terms to be agreed with the host country. The constituents needed clarity on those points before making a decision. GRULAC therefore proposed that the draft decision should be amended to read:

The Governing Body:

- (a) requests the Office, according to the guidance provided, to present to the Finance Committee of the International Labour Conference, at its 104th Session (June 2015), a new financial plan for the renovation project; and
 - (b) recommends that, taking into account the new financial plan, the International Labour Conference authorizes the Director-General to contract a loan with the Foundation for Buildings for International Organizations (FIPOI), amounting to no more than 130 million Swiss francs for the partial financing of the renovation work on the headquarters building.
- 122.** *Speaking on behalf of IMEC*, a Government representative of the United Kingdom noted with satisfaction the progress made since the previous session. She requested more information on the timing of the land sale, on possible solutions should the sale not bridge the full gap of CHF80 million, on how the Office intended to fund the interest payments on the proposed loan, and on how the loan fitted in with the other proposed funding mechanisms. IMEC welcomed the Office's commitment to stay within the original project cost, noted the options currently being considered for financing the additional scope and welcomed, in particular, the suggestion concerning sponsorship and voluntary contributions from tripartite constituents. The use of future surpluses should only be considered under exceptional circumstances, as using possible net premiums for the project might erode the basis of what was a successful incentive scheme for the timely payment of member States' contributions to the regular budget. IMEC urged the Office to continue exploring innovative financing options, and approved the draft decision as proposed in the document.
- 123.** *A Government representative of Mexico* agreed on the need for a detailed report containing the terms on which the loan would be granted, including whether current or moratorium interest rates would apply, whether there would be penalties for early payment, and financing and repayment methods. It would have been useful to have received the information provided by the representative of the Director-General in writing.
- 124.** *The representative of the Director-General (DDG/MR)* confirmed that the project's expected completion date was 2019. The first stage of the work had already been undertaken and, although it had taken longer than expected, valuable lessons had been learned. So far, the project was under budget and every effort was being made to contain

costs. Work to be undertaken on the lower floors would include addressing the urgent safety issues with regard to the conference rooms, but most of the CHF205 million budget would be spent on refurbishing the office space on floors 1–11. The Office had noted the comments made in relation to the possibilities for financing the additional scope. It was open to any offers of additional contributions, and noted IMEC's approval of that approach. While he agreed with the intent of the amendment proposed by GRULAC, the Finance Committee of the Conference was perhaps not a suitable body to make a decision in that regard, as it was not tripartite. He proposed that the Office could provide a financing plan in writing, containing as much information as possible on the loan arrangements, for consideration by the Governing Body the following week, noting that the interest rate would depend on when the loan was taken out.

125. *The Employer coordinator and the Worker spokesperson* accepted the Office's proposal.
126. At the resumed session of the Governing Body on 25 March, the Chairperson reopened the discussion on the third agenda item in the light of the Addendum issued by the Office, document GB.323/PFA/3(Add.), which provided supplementary information on the revised financial plan. He asked the representative of GRULAC whether the proposed amendment to the point for decision would remain or could be withdrawn.
127. *Speaking on behalf of GRULAC*, a Government representative of Cuba thanked the Director-General for the Addendum to the paper. His group took note of the fact that the key variables in the financial plan greatly depended on the results of the sale or disposal of the two plots of land, the date of the sale or disposal and the timing of receipt of the sale proceeds. The Director-General was urged to continue consultations with the Swiss authorities and with potential purchasers in order to ensure, to the extent possible, that the estimated proceeds from the sale would be obtained. The alternative financial plan in the Addendum reflected a scenario with estimated sale proceeds CHF20 million lower than the 2010 plan. If that was the case, the Office would have to adopt the alternative financial plan and secure a long-term loan of CHF70 million. He requested further details of the "other clauses" mentioned in paragraph 10 of the Addendum, and welcomed the fact that the rental of two floors, once renovated, would yield sufficient income to meet the annual repayments on a long-term loan of CHF70 million at a higher interest rate. Since the Addendum provided the information that the group had previously called for, it withdrew the amendment that it had proposed to the draft decision. It supported the draft decision on the understanding that the long-term loan would not exceed CHF70 million. His group was concerned with the significant financial implications of the renovation project. A loan that required member State contributions in order to be repaid would not be acceptable. The Governing Body would need to be informed of any change in the land sale conditions or increase in the long-term loan.
128. *The Worker spokesperson* requested confirmation that market valuation was still taking place and requested clarification as to why, if a public process for the sale of the plots was launched, it would take three to four years. Information was also requested on the investigations taking place into the likelihood of renting the additional tenantable office space.
129. *The representative of the Director-General* (DDG/MR) said that the ILO already had the long-term building reserve mentioned in paragraph 10, in compliance with the loan requirements. The Office was closely monitoring the market value of the plots of land. The three- to four-year settlement period was the worst-case scenario. He added that a more typical sale through a public tendering process would entail conditions related to zoning restrictions and building permits. Such conditions would entail lengthy processes and would delay the receipt of sale proceeds. Regarding rental accommodation, other organizations periodically expressed interest. Despite the fact that the market was so

volatile, the Office had flexibility assuming that interest rates on the loan were obtained at the current rate of around 0.8 per cent. Furthermore, loan repayments would not begin until the renovation was completed.

Decision

- 130. *The Governing Body took note of the revisions to the financial plan and recommended that the International Labour Conference adopt the following resolution at its 104th Session (June 2015):***

The General Conference of the International Labour Organization decides that the Director-General be authorized to contract a loan with the Foundation for Buildings for International Organisations (FIPOI) amounting to not more than 130 million Swiss francs for the partial financing of the renovation of the ILO headquarters building.

(GB.323/PFA/3, paragraph 22.)

Fourth item on the agenda

Information and communications technology questions: Progress report on the ILO Information Technology Strategy 2010–15 (GB.323/PFA/4)

- 131. *The Worker spokesperson*** noted with satisfaction that the Integrated Resource Information System (IRIS) had been fully rolled out to regional offices and that training had been provided to staff. He welcomed the development of the Central Information Services Gateway and highlighted the importance of clearly signposting the pilot project on the ILO website. He supported the idea of creating a single repository of reference materials for technical cooperation proposals. He stated that information should be provided on the cost of implementing the various outcomes, and on whether they had been delivered in accordance with the budget. He urged caution in using an external service provider to host the ILO's information technology (IT) infrastructure and data and in selecting a "cloud" service provider.
- 132. *The Employer coordinator*** wished to know when the electronic document management system would be developed and implemented and whether a new IT strategy covering the 2016–17 transitional period would be produced. It would be important to receive such a strategy in tandem with the final report for 2010–15. The final report should cover the reorganization of IT, the extent to which the IT function had been fully centralized, and challenges encountered and lessons learned in implementing the 2010–15 strategy.
- 133. *Speaking on behalf of the Africa group***, a representative of the Government of Zimbabwe welcomed the roll-out of IRIS to the field, including to the Regional Office for Africa. Further roll-out in 2015 should include training of local staff in how to use IRIS. He also welcomed the implementation of joint IT initiatives with other UN agencies, especially those aimed at mitigating the risks associated with external cyber threats, and the implementation of the Central Information Services Gateway. The Office should follow guidance from the Information Technology Governance Committee and implement the remaining five IT infrastructure transformation projects under outcome 3. He welcomed the pilot project with the ILO Administrative Tribunal using digital signatures and data

encryption, and looked forward to further discussion on the wider use of those technologies. The Office should consider developing a new IT strategy for beyond 2015.

134. *Speaking on behalf of IMEC*, a Government representative of Canada expressed the hope that the ILO would make sure that security risks related to IT systems were properly managed. He asked whether the goals of handling official correspondence only electronically, of reducing the environmental footprint by 40 per cent, and of cutting energy consumption by 20 per cent would be achieved. IMEC would welcome a more structured overview of the completed and ongoing parts of the project as well as estimates of savings.
135. *A representative of the Director-General (DDG/MR)* said that, with regard to a future IT strategic plan, the Office was looking at the best way to align expiring strategies with the overall Strategic Policy Framework. One option would be to update existing strategies and then develop comprehensive new strategies from 2018.
136. *A representative of the Director-General (Director, Information and Technology Management Department (INFOTEC))* stated that the delivery of outcomes within the IT strategy had been in line with budget allocations and in some cases ahead of schedule. INFOTEC was currently evaluating lessons learned from the five UN agencies that had moved their services to the cloud. Given the strategic importance of improving communications and processes between headquarters and the field, the migration of Microsoft Outlook, Exchange, File and Print Services and Windows 7 to the field had been accelerated, and had been completed at 38 field offices and their associated project locations. Migration of the 18 remaining offices and project locations would be completed in 2015. All data located in the field would subsequently be backed up centrally at headquarters and replicated to an external disaster recovery site. The Electronic Document Management System (EDMS) had not been fully delivered as the Office was analysing the implications of migrating applications to Microsoft SharePoint, with a final decision to be taken in 2015. The first phase of the IRIS roll-out, composed mainly of human resources and payroll functions, was on target to be delivered to each field office by the end of the biennium. The IT Governance Committee was fully engaged and had met six times. The five remaining IT transformation subprojects were on schedule. Audits had been very effective in identifying security risks, and the recommendations were implemented diligently to mitigate any risks. The energy consumption of the data centre had been reduced by 40 per cent, compared to the target of 20 per cent, through the modernization, consolidation and virtualization of hardware, and by using water from Lake Geneva to reduce the load on the data centre's air conditioning system.

Outcome

137. *The Office took note of the comments and guidance provided by the Governing Body.*

(GB.323/PFA/4.)

Fifth item on the agenda

Other financial questions: Report of the Government members of the Governing Body for allocation of expenses (GB.323/PFA/5)

138. *The Employer coordinator, the Worker spokesperson and, speaking on behalf of the Africa group, a Government representative of Zimbabwe, supported the draft decision.*

Decision

139. *The Governing Body decided, in accordance with the established practice of harmonizing the rates of assessment of ILO member States with their rates of assessment in the United Nations, to base the ILO scale of assessment for 2016 on the UN scale for 2013–15, and accordingly proposed to the Conference the adoption of the draft scale of assessment for 2016 as set out in the appendix to GB.323/PFA/5, subject to such adjustments as might be necessary following any further change in the membership of the Organization before the Conference is called upon to adopt the recommended scale.*

(GB.323/PFA/5, paragraph 3.)

Audit and Oversight Segment

Sixth item on the agenda

Appointment of the External Auditor (2016–19) (GB.323/PFA/6)

140. *The Chairperson of the Selection Panel presented the report of the Selection Panel on the appointment of the External Auditor. The Panel had been impressed by the quality of all three candidates. However, with a view to improving geographic and gender diversity it had decided to recommend the appointment of the Commissioner of the Commission on Audit of the Philippines.*
141. *The Employer coordinator, the Worker spokesperson and, speaking on behalf of IMEC, a Government representative of Canada said that their groups supported the recommendation.*
142. *A Government representative of the Philippines thanked the Governing Body on behalf of the Commissioner for the honour of the appointment. The Philippines Commission on Audit reaffirmed its commitment to upholding the standards of quality and competence befitting the ILO and promoting the further development of a strong and mutually beneficial partnership with the Organization.*

Decision

143. *Taking into account the selection process followed and the unanimous recommendation of the Selection Panel, the Governing Body appointed the Commissioner of the Commission on Audit, Republic of the Philippines, as the External Auditor of the ILO for the 75th and 76th financial periods, with the appointment to commence on 1 April 2016 for a period of four years.*

(GB.323/PFA/6, paragraph 5.)

Seventh item on the agenda

Independent Oversight Advisory Committee (IOAC): Selection process (GB.323/PFA/7/1)

144. *The Employer coordinator* endorsed the draft decision.
145. *The Worker spokesperson* endorsed the draft decision. He emphasized the importance of ensuring that the membership of the IOAC reflected the ILO's tripartite and international nature, and of considering the United Nations experience of potential new members.
146. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe supported the draft decision.
147. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom noted that the proposed temporary change in the 2015 selection process was to reduce expenditure and introduce administrative efficiency, and that a full process of selection would be conducted in 2018 to identify three further members for the period 2019–21. Her group therefore supported the draft decision.

Decision

148. *The Governing Body decided to suspend paragraphs 19 and 20 of the terms of reference of the Independent Oversight Advisory Committee (IOAC) and instructed the selection panel, provided for in paragraph 21 of the terms of reference, to review the shortlisted candidates from the 2012 selection process in order to propose two new members of the IOAC and a reserve list at the November 2015 session of the Governing Body, to serve for a three-year mandate starting on 1 January 2016.*

(GB.323/PFA/7/1, paragraph 7.)

Independent Oversight Advisory Committee (IOAC): Annual report (GB.323/PFA/7/2)

149. *The Chairperson of the IOAC* introduced the comprehensive report which covered the Committee's work in 2014, including all the elements in its terms of reference. She was pleased to note the headway made by the Office in implementing IOAC recommendations.

She was also greatly encouraged by the very significant progress in establishing a sound risk-management framework, and by the considerable improvement in the general area of IT. In particular, the Information Technology Governance Committee was fulfilling a useful function. An opportunity for the future would be to use the Oracle software to ensure that the internal control framework should remain strong throughout the implementation of results of the Field Operations Review.

150. *The Worker spokesperson* thanked the IOAC for developing criteria for the technical review and scoring of proposals for the selection of the External Auditor. With reference to recommendation 1, he reiterated the Workers' previous proposal that when options for financing the ASHI liability were explored, the Office should consider the possibility of adding a contribution funded by a payroll charge. The Workers agreed with recommendation 2 and were pleased with the way in which the risk-management framework was being developed. They noted with satisfaction that the Office had already taken action on recommendation 3 within the proposed Programme and Budget for 2016–17. Likewise, they were pleased with the governance of IT matters. With regard to the Administrative Services Review process, staff members and the Staff Union must be fully engaged from the start.
151. *The Employer coordinator* thanked the IOAC for its valuable work and noted its report on progress of risk management and IT. Improvements in the use of the Oracle software for internal control were of particular interest to his group. The Employers supported the recommendations contained in the report, despite the fact that they were couched in rather vague wording. In future reports, the language should be more directive and outline specific actions that the Office should undertake. He wished to know if the 3.5 per cent increase in funding for the Office of Internal Audit and Oversight (IAO) in the proposed budget for 2016–17 was in response to the IOAC recommendation and would be sufficient to address the concerns about under-resourcing raised in the report. He also sought clarification on whether the number of allegations of fraud had increased or decreased in comparison to the findings in the Chief Internal Auditor's report for 2014, and on what was meant by the statement in paragraph 21 that the recommendations stemming from the External Quality Assurance Review were "not sufficiently nuanced to reflect the governance relationships in the ILO".
152. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe welcomed the recommendation that the presentation of audited financial statements should be improved in order to make them more accessible to people without financial expertise. On the ASHI liability, his group supported the recommendation, but asked the Office to prepare proposals for a more permanent solution. Furthermore, the group supported the recommendations concerning measures to ensure that risk management was to be embedded in the Organization's management practices, the need to provide adequate resources for the IAO, the review of the capacities of Oracle software and the strengthening of the effectiveness of administrative services, and urged the Office to implement the outstanding recommendations.
153. *Speaking on behalf of IMEC*, a Government representative of Canada expressed support for all the recommendations made in the report, and welcomed the fact that the group's previous comments on implementation time frames had been heeded. In respect of recommendation 1, which was of particular importance to her group, she urged the Office to undertake all possible means to fully fund the ASHI liability, and welcomed the useful steps already taken for extra-budgetary funded staff, while underscoring her group's expectations that the resolution of the ASHI liability question would include cost containment measures. She looked forward to hearing what improvements could be made in the presentation of financial statements in accordance with International Public Sector Accounting Standards (IPSAS). Her group welcomed the Committee's assessment that

IPSAS standards were being appropriately implemented and that the scope of and plan for internal audit were based on thorough risk management. The group looked forward to further reports on progress in developing and implementing the risk-management framework, on the multiple IT initiatives and on the administrative services review.

154. *The Chairperson of the IOAC* replying to Members' comments, explained that, as the Committee was advisory in nature, it could not make directive recommendations. Concerning the recommendations made under the External Quality Assurance Review of the IAO, she explained that the spirit of those recommendations was to strengthen the working relationship between the IAO and the IOAC, an advisory body, but they were not appropriately nuanced for the IOAC to have a supervisory role over the IAO. As for the question of resources for that unit, the purpose of the Committee's recommendation was to ensure that the IAO had sufficient resources to implement an approved plan based on risk analysis, that any decision to reduce the scope of the plan had been reached with the management and that management understood the consequences and took responsibility for them. The aim was to put in place a process where the consequences of the financial capacity to deliver a plan were fully understood.
155. *A representative of the Director-General* (Chief Internal Auditor, IAO) clarified that, looking at the trend over past years, the number of allegations of fraud or misconduct had steadily increased, but with a dip in 2014. It was difficult to predict the number of allegations which were "demand-led".
156. *A representative of the Director-General* (Treasurer and Financial Comptroller) said that the proposal to increase funding for internal audit had not been made in response to the IOAC recommendation, but had been decided much earlier. Supplementary allocations had been issued to the IAO over successive biennia through redeployment of funds within the budget to meet ad hoc needs and the Director-General's proposal in the programme and budget was to provide stability to that important function. Regarding the ASHI, a report on the United Nations General Assembly's consideration and its impact on the ILO's health insurance would be presented to the Governing Body in March 2016.

Outcome

157. *The Office took note of the observations and guidance provided by the Governing Body on the report of the IOAC and its recommendations.*

(GB.323/PFA/7/2.)

Eighth item on the agenda

Report of the Chief Internal Auditor for the year ended 31 December 2014

Report of the Chief Internal Auditor on significant findings resulting from internal audit and investigation assignments undertaken in 2014 (GB.323/PFA/8)

- 158.** *The Worker spokesperson* noted with satisfaction that no major weaknesses were identified in the ILO's system of internal control except for one instance, which the Office had immediately corrected. The Office had acted upon many other recommendations. With regard to field audits, the concerned regional offices should enhance their oversight efforts to detect irregularities and to adopt early corrective action. He asked the Office to continue work on improving business continuity planning. The Workers concurred with the IAO's conclusion regarding a need to improve the procurement process in order to guarantee transparency in the selection of vendors and they supported the recommendation to expand targeted training for officers working on projects with a high volume of procurement activities.
- 159.** *The Employer coordinator* encouraged the Office to follow up on all internal audit recommendations, particularly those regarding publications, field audits and local value added tax (VAT) and asked what action the Office had taken on the 2014 recommendation on VAT. The Employers looked forward to receiving further information on progress on the issues of performance appraisal and information technology and they wished to know what steps were being taken to strengthen business continuity planning. The coordinator asked when the remaining nine out of 25 recommendations stemming from the 2012 audit of the ILO Country Office for Nepal, as noted during the 2014 follow-up audit, would be fully implemented and what the reasons were for the delay.
- 160.** *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe attached great importance to the report, which enabled the Governing Body to assess the ILO's strengths and weaknesses. His group noted that the IAO had issued nine assurance audits and completed the field work of seven further audit assignments in 2014, and hoped that the assurance audits would be extended to other regions. He commended the IAO on its investigations into allegations and urged it to expedite the conclusion of investigations into the allegations which remained open. He applauded the collaboration between the IAO and the Office, the revision of the Office procedure on the follow-up to the internal audit recommendations, the recruitment of a full-time senior risk officer and the corrective action taken to address the risks identified in the IRIS application. He encouraged the Office to consider the recommendations arising from the six audits of field offices and those regarding the publications process. The remaining recommendations from the 2012 audit of the ILO Country Office for Nepal should all be implemented, and effect should be given to the lessons learned from investigation reports submitted in 2014, namely that improvements should be made in control over local procurement and that staff should be reminded of the importance of preventing conflicts of interest.
- 161.** *Speaking on behalf of IMEC*, a Government representative of the Netherlands expressed appreciation of the constructive approach taken by the Office towards the recommendations of the IAO, making reference to the information paper on the follow-up to internal audit recommendations made in 2013. The recommendations should be

implemented fully as soon as practically feasible. It was positive that only one major weakness in the internal control system had been identified, for which immediate and appropriate corrective action was taken. He welcomed the establishment of a full-time position of risk officer, and the enhancement of anti-fraud awareness. Internal controls appeared to be less well developed in field offices than at headquarters, and he welcomed the emphasis on strengthening those at field offices and on building awareness of common internal controls. Lessons learned from testing preparedness measures during 2015 should be used to improve business continuity planning in the ILO. He drew particular attention to the recommendations on procurement, and inquired as to any additional measures by the Office to prevent conflicts of interest.

- 162.** *A representative of the Director-General* (Chief Internal Auditor) welcomed the positive comments on the report of the IAO. On the question of field audit coverage raised by the Africa group, he stated that internal audits issued by the IAO in 2014 had been focused on Latin America, Africa and Asia, but audit work had also been conducted in the Arab States and Europe. Based on its risk assessment, the IAO ensured coverage of all regions. In spite of the zero growth budget, the resources needed for the risk-based audit plan had to date been received when requested by the IAO. Concerning the allegations that were currently open, four were being actively investigated; reports would be issued shortly in some cases; and the remaining open allegations did not require full investigation because they related to management or audit issues rather than to fraud or misconduct.
- 163.** *A representative of the Director-General* (Treasurer and Financial Comptroller) responding to the query raised by the Employers' group on the issue of VAT, said that the Office regularly communicated with regional and country offices to remind them that requesting VAT refunds should be a routine task. The same point was made at meetings of regional directors, to which the Chief Internal Auditor was invited. The question of the internal audit for the Country Office for Nepal would be followed up with the Regional Director.
- 164.** *The Chairperson* said that the Governing Body would receive an information paper at its March 2016 session on the steps taken by the Office to follow up on the recommendations in the report of the Chief Internal Auditor for 2014. The follow-up to the report of the Chief Internal Auditor for 2013 was recorded in document GB.323/PFA/INF/3.

Outcome

- 165.** *The Office took note of the observations and guidance provided by the Governing Body on the report of the Chief Internal Auditor and its recommendations.*

(GB.323/PFA/8.)

Personnel Segment

Ninth item on the agenda

Statement by the staff representative

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

Tenth item on the agenda

Amendments to the Staff Regulations (GB.323/PFA/10)

- 167.** *The Worker spokesperson* welcomed the new collective agreement on maternity protection and supported the draft decision. He noted with appreciation that the proposal took into account relevant standards such as the Maternity Protection Convention, 2000 (No. 183), the Maternity Protection Recommendation, 2000 (No. 191), as well as the Workers with Family Responsibilities Convention, 1981 (No. 156).
- 168.** *The Employer coordinator* supported the draft decision.
- 169.** *Speaking on behalf of the Africa group*, a Government representative of Ghana said that the new collective agreement would provide better support for officials with family responsibilities, in particular in the area of maternity protection, and thus further promote their rights at work. She acknowledged the role of the ILO in establishing the relevance of maternity protection at work to the attainment of Millennium Development Goals (MDGs) 3, 4 and 5. The Africa group supported the work of the ILO in the promotion and protection of rights of workers at work, including maternal health as a fundamental human right. The group supported the draft decision.
- 170.** *Speaking on behalf of ASPAG*, a Government representative of Japan regarded the amendments to the Staff Regulations regarding maternity leave as reasonable and, in addition, such amendments would help the Office to retain its excellent staff. ASPAG supported the draft decision. In relation to the composition and structure of the staff (GB.323/PFA/INF/4(Rev.)), ASPAG was disappointed that in 2014 progress had not been made to improve the regional imbalance within the Office. ASPAG noted that the numbers of staff from Asia and the Americas remained the same and that Africa's representation had decreased while Europe's representation had increased. It hoped that the Office would become truly international by diversifying staff composition from all over the world. ASPAG expected the Director-General to take the results detailed in the document seriously and to exercise leadership to solve that issue.
- 171.** *Speaking on behalf of IMEC*, a Government representative of the United States noted that the proposed amendments not only aligned the ILO with the practices of other UN organizations system-wide, but also took into account the various relevant ILO Conventions. IMEC supported the proposed amendments, as well as other measures to enable women to balance work and family. However, IMEC suggested that the phrase "probable date of confinement" be made more specific and modernized to "estimated date of delivery" or "due date". It requested clarity on the circumstances under which an official would need to be reimbursed by the organization for the cost of a doctor or midwife, point 1(b), since it thought that all costs were covered by health insurance. It also requested information on whether the Staff Regulations made any provision to enable mothers to work part time at the end of their maternity leave at full salary and allowances and encouraged a review of paternity leave to ensure that it was equally up to date and equitable.
- 172.** *A representative of the Director-General* (Director, Human Resources Development Department) had no objection to changing the term "confinement". One possibility would be to use the phrase contained in Convention No. 183, "presumed/actual date of childbirth". Regarding the question on reimbursement, he believed that it was a throwback to a time when the staff health insurance did not cover all maternity costs; he could not identify circumstances in which all costs would not be covered under the existing health

insurance. One of the key changes resulting from the collective agreement was the transformation of leave without pay, part-time work and flexible working arrangements for a defined period after maternity leave from a discretionary matter decided by the Office to a right, for which the relevant administrative instructions needed to be issued. Paternity leave provisions were in line with the UN common system in that they provided for up to four weeks in normal circumstances or eight weeks in non-family duty stations and other exceptional circumstances. Under the collective agreement the Office would be required to give favourable consideration to men who wished to go on leave without pay, work part time or under flexible working arrangements after paternity leave.

173. *The Worker spokesperson* supported the draft decision with the amendment suggested by IMEC to the term “confinement”, favouring the formulation contained in Convention No. 183.

174. *The Employer coordinator* supported the draft decision with the proposed amendment.

Decision

175. *The Governing Body approved the proposed amendments to the Staff Regulations contained in paragraph 3 of document GB.323/PFA/10, taking into consideration the suggestion made by IMEC to replace the term “confinement”, as used in the English version of the Regulations.*

(GB.323/PFA/10, paragraph 5.)

Eleventh item on the agenda

Matters relating to the Administrative Tribunal of the ILO

Composition of the Tribunal (GB.323/PFA/11/1)

176. *The Employer coordinator* supported the draft decision.

177. *The Worker spokesperson* supported the draft decision.

178. *Speaking on behalf of the Africa group*, a Government representative of Ghana supported the renewal of the terms of office of four judges for another three years. He appreciated the services of the retiring judge, Mr Seydou Ba, and welcomed the appointment of Ms Fatoumata Diakité. Noting the consideration given to an overall equilibrium at the linguistic level, and in terms of different systems of law, geographical representation and gender balance, he supported the proposed draft Conference resolution.

179. *Speaking on behalf of IMEC*, a Government representative of the United States appreciated the services of Mr Ba and welcomed the appointment of Ms Diakité. IMEC supported the draft decision.

Decision**180. The Governing Body:**

- (a) *recommended to the Conference that it convey its deep appreciation to Mr Seydou Ba for the valuable services he has rendered to the work of the Administrative Tribunal of the International Labour Organization over the past 18 years as judge, Vice-President and President of the Tribunal;*
- (b) *proposed to the Conference:*
 - (i) *the renewal of the terms of office of Mr Giuseppe Barbagallo (Italy), Ms Dolores Hansen (Canada), Mr Michael Moore (Australia) and Sir Hugh Rawlins (Saint Kitts and Nevis) for three years each;*
 - (ii) *the appointment of Ms Fatoumata Diakité (Côte d'Ivoire) for a term of office of three years;*
- (c) *thus decided to propose the following draft resolution for possible adoption by the Conference:*

The General Conference of the International Labour Organization,

Decides, in accordance with article III of the Statute of the Administrative Tribunal of the International Labour Organization,

- (a) to convey its deep appreciation to Mr Seydou Ba (Senegal) for the valuable services he has rendered to the work of the Administrative Tribunal of the International Labour Organization over the past 18 years as judge, Vice-President and President of the Tribunal;
- (b) to renew the appointments of Mr Giuseppe Barbagallo (Italy), Ms Dolores Hansen (Canada), Mr Michael Moore (Australia) and Sir Hugh Rawlins (Saint Kitts and Nevis) for a term of three years; and
- (c) to appoint Ms Fatoumata Diakité (Côte d'Ivoire) for a term of three years.

(GB.323/PFA/11/1, paragraph 6.)

Recognition of the Tribunal's jurisdiction by two international organizations

(GB.323/PFA/11/2)

181. *The Employer coordinator* said that his group supported the draft decision.

182. *The Worker spokesperson* supported the draft decision. The Tribunal's increased membership along with indications about a potential growing backlog could have an impact on its proper functioning that should be examined at a future Governing Body session to ensure that it continued to be able to perform its work in a timely and efficient manner.

183. *Speaking on behalf of the Africa group*, a Government representative of Ghana noted that the acceptance of two additional organizations entailed no additional cost to the Organization and agreed on the need for the Office to submit a document to the Governing Body with information on the impact of the increased membership of the Tribunal on its functioning. He supported the draft decision.

- 184.** *Speaking on behalf of IMEC*, a Government representative of the United States welcomed the recognition of the ILO Administrative Tribunal by two international organizations, which was cost neutral. He also took note of the concerns referred to in the paper regarding the effect that the Tribunal's growing workload might have on its effective and efficient operation. He suggested that the Office present to the Governing Body at its 325th Session (November 2015) an information paper detailing the specific concerns in order for it to decide whether to place an item on the matter on the agenda of a future Governing Body session. IMEC supported the draft decision.
- 185.** *The Director-General* said that the Office would submit an information paper to the 325th Session of the Governing Body on the basis of which the Governing Body could decide whether any further steps would be required.

Decision

- 186.** *The Governing Body approved the recognition of the Tribunal's jurisdiction by the Global Crop Diversity Trust (Crop Trust) and the Consortium of International Agricultural Research Centers (CGIAR Consortium), with effect from 18 March 2015.*

(GB.323/PFA/11/2, paragraph 24.)

Appendix I

Statement by the Director-General to the Programme, Financial and Administrative Section of the Governing Body (323rd Session – 16 March 2015)

I am pleased to have this opportunity to present to you my programme and budget proposals for the coming biennium, 2016–17, as a basis for the Governing Body to determine the recommendations that it will forward to the International Labour Conference for final adoption in June.

This is the second set of such proposals that I have presented, the first occasion having come very soon after my election. It is with this perspective in mind that I have felt it particularly important to ensure that the document and proposals now before you embody the key propositions and orientations of the vision statement upon which I was elected by you, and particularly that they provide a basis for the continuation and the deepening of the reform process that has been the driver of change and improvement in the ILO over the past two-and-a-half years.

I believe that these proposals do that; I believe also that they benefit significantly from the guidance that you have provided over that period and most particularly in the debate on the preview document that took place here last November. We have carefully considered in the secretariat everything that we heard then, and it has undoubtedly served to enrich the proposals that I now present. And, of course, we continue to listen.

It is a logical consequence of what I have just said that there must be a combination of continuity and of innovation in these proposals. Continuity, because moving the ILO forward towards the ambitions that together we have set for it, is not the business of a single biennium and so, in many respects, we must hold the course that has been set rather than be distracted from it. But innovation too, because both our circumstances and our efforts present new opportunities to do better than before, and we must take those opportunities.

At the outset let me recall that, within the established framework of the Decent Work Agenda and the ILO Declaration on Social Justice for a Fair Globalization, the overarching goal of the programme and budget proposals is to advance the task of making the ILO more influential and hence more capable of advancing its mandate for social justice. To do so, the proposals seek to enhance the ILO's technical and analytical capacities, to organize its substantive work around a limited number of key policy outcomes, to provide high-quality and relevant services to our constituents, to make the ILO a committed and valued part of the United Nations (UN) delivering as one, to increase the effectiveness and efficiency of our work and to be held accountable to the highest standards of performance through a reinforced results-based system of management.

At the heart of the proposals, you will find the ten policy outcomes. They are, I think, a good example of the mix of continuity and innovation of which I have spoken. Substantively, many of them build upon work in the current biennium, specifically under the eight areas of critical importance (ACIs), but now with modifications, some of which stem from your comments last November. Moreover, fair and effective migration policies have been added in the light of last year's Conference debate. Policy outcomes on strong and representative employers' and workers' organizations and on international labour standards are also proposed as a proper and required response to the imperatives of truly operational tripartism and the crucial nature of the ILO's normative function on which I

sincerely trust we will be able to make significant advances during this Governing Body session.

Getting the choice of these ten policy outcomes right is obviously of essential importance to the job that we have before us. These outcomes must be relevant to member States in all regions and must address priority challenges where the ILO can and must make a very substantial difference. Our consultations to date allow me to say to you today that I think that what is proposed meets those requirements. But it is equally important that the results-based management methodology underpinning these outcomes is robust and credible.

We are helped in this by the fact that it is now possible to align fully our policy priorities with our programme outcomes, something which circumstances prevented in the course of the current biennium. As you will see, we have a concise, strategic outcome statement for each outcome, an identification of the issues to be addressed and of lessons already learned and a presentation of means of action. That is followed by a series of indicators with results criteria and a total of 560 expected country targets.

In all of this, we have worked to ensure that the targets reflect properly the regional priorities outlined in the proposals, which have been substantially reworked because they were an identified point of weakness in the preview discussion that took place last November.

We believe that, taken together, this represents a significant strengthening in the “science” of results-based management; but we have no illusions – we need to keep working at this. But these proposals do, I think, take us forward.

Let me highlight three further points in respect of these ten proposed policy outcomes.

First, the fact that they are relatively few in number and do not generally correspond to individual technical or administrative units in the Office means that they become potentially much more effective vehicles for the ILO to bring a critical mass of resources and needed multidisciplinary approaches to the task of addressing the challenges that they embody. That provides real opportunity to improve the quality of ILO work, but we can realize it only if we succeed in overcoming the compartmentalized practices of the past. We have worked hard to bring down our own silos and I think that we are managing to do so.

Second, each policy outcome will be implemented with full regard to what are now three cross-cutting policy drivers, relating to international labour standards, relating to social dialogue and relating to gender equality and non-discrimination, which are relevant to them all. In addition, they will be supported by three enabling outcomes addressing effective advocacy, governance and support services.

In preparing these proposals, the need to subject these three “enabling” factors to the same disciplines of results-based management as the policy outcomes seemed increasingly persuasive. But our previous conversations did reveal some concern among you that the accumulation of policy outcomes, enabling outcomes and cross-cutting drivers (10 + 3 + 3) meant that the claimed focus of efforts in the proposals might be more apparent than real. However, I hope that the full presentation of the proposals now before you will allay any worries in that regard and show that what are dealt with here are quite distinct and complementary dimensions of the programming process.

Third, the proposals for each policy outcome explain how partnership with other institutions active in the area concerned can contribute to the achievement of ILO objectives – and I do want to underline the importance of this proposition. This is very much in line with the Organization’s determination to work more closely with others in the UN system – and to invest in that – and with actors beyond the system too.

The Governing Body will recall that the seven centenary initiatives which I first suggested to the International Labour Conference in 2013, and which have since received its approval, will need to be operational in the period covered by these programme and budget proposals and in the biennium after it as well. They cover a variety of types of activity, all of which – albeit in quite different ways – are woven into these programme and budget proposals. Three contrasting examples can be taken to illustrate the point: the future of work initiative figures prominently under the research proposals; the governance initiative is taken up most specifically in enabling outcome B; and the women at work initiative is central to the gender equality and non-discrimination cross-cutting driver. These examples illustrate a basic point that the initiatives are integral to the activities proposed, rather than being additional to them.

There are, however, two other areas in which it is proposed to invest specifically, with a view to adding real value to the programme and budget as a whole.

The decision taken by the Governing Body a year ago to adopt simultaneously a programme and budget and a transitional strategic plan for 2016–17 so as to allow a full alignment of the medium-term planning cycles of the ILO and the UN as of 2018 was, I believe, a clear statement of interest – a clear choice – for the enhancement of the ILO’s role in the wider UN system. We are doing this and we are doing two further things in these proposals to advance us in this direction.

The first thing that we are doing is to increase to \$4 million the ILO’s financial contribution to the UN Resident Coordinator system, an investment which is matched, and I think to some extent justified, by the fact that the ILO now participates in 133 UN country teams around the world and that funding from the UN made up 12.6 per cent of the ILO’s extra-budgetary allocations in 2013, the last year for which we have such figures.

The second is the manner in which the proposals anticipate a strong ILO contribution to the UN’s post-2015 development agenda to be adopted next September. We will be hearing more about this later in this Governing Body session, but the point I want to make for now is that, in the event that decent work and social protection, inter alia, do find their place in the UN post-2015 development agenda, and with the vehicle of the end to poverty centenary initiative to hand, the ILO will be well placed to take up its important responsibilities in this context.

The inclusion in my proposals of a specific section on “Research, knowledge, labour statistics and capacity development” is both a response to a specific instruction of the Governing Body and the reflection of the major effort undertaken by the ILO to upgrade its research, analytical and statistical work, to which I referred at the outset. We need significantly improved capacity in these areas in order to be effective evidence-based policy advocates and the providers of the quality services that you, our constituents, demand. It is from this, and this alone, that increased influence will come.

Efforts in this regard have centred on the new Research Department, but they are not limited to it. Other parts of the Office – in Geneva and in the regions – are also involved. In any case, when the decision was taken by the Governing Body in October 2013 to discontinue the International Institute for Labour Studies, it was agreed that governance functions previously performed by the Board of the Institute would, in future, be exercised by the Governing Body in the context of the programme and budget discussion. In pursuit of that Governing Body instruction, proposals in this area provide for two major strands of work – one on major trends in the world of work in the context of the future of work initiative and the other focused on “what works” – evidence-based policy analysis – in connection in particular with the ten proposed policy outcomes. This is to be backed up by a proposed reinforcement of our statistical work – more and more widely recognized as a precondition of our effectiveness – and the launching of a new major flagship publication, as well as the work of the Research Review Group whose eminent members will help provide important guarantees concerning the quality, rigour and objectivity of the work undertaken. I am pleased as well to inform you that we have advanced significantly in our

efforts to establish a joint research agenda with the World Bank, and have attracted significant funding for that.

I will conclude my presentation with some comments on the level of the budget, centred on the basic point that these proposals represent a continuation of the zero real growth trajectory of the ILO, which we have been on since the 2000–01 biennium. That means, by the way, that in real terms the budget as proposed stands 14 per cent below its real level of 1978–79, the peak years.

Before I get to that, I want to insist on the significance of the internal redeployment of resources within this constant real resource base, which is contained in the proposals before the Governing Body.

If the reform commitment with which I was elected is to be taken seriously, I believe that it is incumbent on the ILO to demonstrate that it is shifting resources to front line technical analytical work and direct service provision through concerted and persistent efforts to economize on administrative and support functions and through overall improvements in efficiency.

Our response during the current biennium is the ongoing redeployment – of which you are aware – of \$18 million to strengthen ILO technical work. It is now proposed to redeploy a further \$25 million to the same effect – that is 3.3 per cent of the proposed regular budget. Concretely, this would mean not only that 22 new technical positions are provided for in the Policy Portfolio, but also that an additional 17 such positions are provided for in the regions, together with an extra \$2.5 million in regular budget technical cooperation resources for the regions. This means a net increase of \$6 million for the regions. This has been made possible by the systematic re-profiling of staff positions involving shifts from General Service to Professional posts and from managerial to technical ones, together with reductions in non-staff expenditure. It has been a lot of hard work but, in short, we are trying to put our money where your needs are.

Given that a current focus of the continuing reform process is the in-depth review of internal administrative and business procedures, I am hopeful that more can be done in the future.

What has been achieved so far – and what we hope to continue to do, I want to underline – has been done through constructive cooperation with our own staff and their representatives, and I want to express my appreciation for that. You will be hearing from the staff representative later in the session.

These are important developments. We think that they represent significant enhancements of ILO technical capacities and we think that we are honouring the commitments that we made two-and-a-half years ago. But my colleagues and I are constantly aware as well that they would count for little if they came at the price of undermining the Office's responsibilities to you for sound administration and financial management of the resources you choose to place at our disposal. I want to reassure you that we will not allow that to happen, and indeed we propose as well to increase expenditure on oversight, audit and evaluation to help make sure that it does not.

Finally, the bottom line of these proposals is a regular budget of \$801.26 million in constant US dollars – that is to say identical to the real level of the current budget and, as I have indicated already, a continuation of the zero real growth trajectory. The peculiarity, if I may say so, of our current position is that because of the negative evolution of costs explained in detail in Information Annex 2 to my proposals, the nominal level of the budget is now \$797.39 million, that is to say some \$3.8 million or 0.5 per cent below the nominal dollar level for the current exercise, at the current budget rate of exchange.

I am conscious that exchange rate fluctuations can cause these figures to vary and that many governments are equally conscious of that reality, not least in the light of some recent variations. In that regard, there are a couple of simple points which might usefully

be borne in mind: that exchange rates, obviously, lie beyond the capacity of the ILO to influence and generally act to the advantage of some and the disadvantage of others, with today's winners often being tomorrow's losers. These issues were the object of prolonged discussions prior to the establishment in 1989 of the current dispensation of a budget set in US dollars and assessed in Swiss francs and there seems to me to be no reasonable way in which they can, or should be, accommodated further in my proposals or your discussions.

Governments, in particular, can be reassured by what I have said, and more importantly by what the Office has done over the last two-and-a-half years: that we understand the financial constraints acting on many of them, and that we assume for ourselves the financial and managerial disciplines faced by public administrations across our global ILO membership.

I trust that members of the Governing Body will find in the proposals before them a vision for the ILO worth investing in and engaging with and, with these remarks, I commend these Programme and Budget proposals for 2016–17 for your consideration and for your adoption.

DRAFT

Appendix II

The Director-General's response to the issues raised by Governing Body members during the discussion of the Programme and Budget proposals for 2016–17 (323rd Session – 25 March 2015)

I would like to begin my reply to last week's debate on my Programme and Budget proposals for 2016–17 with two general comments, before moving on to more specific issues and some ideas for modifications.

The first general comment has to do with process. The need for full and continuing consultations in the process of formulating, finalizing and then implementing the programme and budget has been emphasized by all and I have said, and I reiterate now, that my colleagues and I understand that need and are absolutely committed to meeting it.

Indeed, many in the Governing Body have welcomed the consultations that have taken place to date, but some have expressed concerns about their inadequacy. This is despite the fact that the Office is a vigorous "equal opportunities consultant" – we must, and we do, engage with all equally.

This situation may be the result of different expectations in our tripartite constituency. But it leads me to a somewhat different thought, which is that the responsibility of the Office to listen carefully and to respond to the views of the Governing Body is matched by the need for the different groups of the Governing Body also to listen to each other and to judge the proper outcome of our work, in the light of the totality of all of the ideas expressed. That is the road to consensus building, which is the way our Organization works, and can only work, and the basis upon which this reply is formulated.

That leads me to the second of these general considerations. It is that there was clearly wide and strong support for the fundamental rationale, structure, and intent of my programme and budget proposals.

All of those who addressed the issues – the great majority of you – welcomed the concentration of resources on ten policy outcomes backed by three enabling outcomes, and the use of multidisciplinary approaches for their realization. You equally welcomed the significant redeployment of resources from support and administrative functions to frontline technical work of direct benefit to constituents, and from Geneva to the Regions. And, for the most part, the continuing involvement in research and analytical work – the continuing improvement in research and analytical work – was recognized as strategically crucial to the overarching objective of establishing ILO leadership and influence.

In all of these areas, the proposals were recognized – and positively received – as being consistent with ongoing reform in the Organization and benefiting from the demonstrable results that the reform process was yielding within the unchanging guiding framework of the Decent Work Agenda and the 2008 Declaration on Social Justice for a Fair Globalization. All of this, nevertheless, came with a warning to the Office not to relax in its reform commitment or to become complacent – and we will not do that. An accompanying warning was for us to be alert to the danger that the changes we have introduced in the Office – designed, *inter alia*, to break down silos in our structures and working methods – might inadvertently give rise to new silos. I understand that point – and once again I say that we will not let that happen.

These two general reflections provide what I think is a very positive platform from which to address the more specific matters of concern. Because not only is there general support for the choice of the ten policy outcomes which are at the heart of the programme proposals, and its reform-driven rationale, but also for the proposed level of the budget.

Partly, no doubt, because of the positive (perhaps I should say negative) evolution of our costs, but also, I believe, in recognition of the real efforts made by my colleagues to render better value for money to our member States, nobody has asked for the proposed budget to be cut below its proposed zero real growth trajectory. That is exceptional and means that our current debate does not have to address how much money you entrust to us, but can focus instead on how we use it.

And that leads me to the more specific matters.

The first of those concerns the complex nexus of issues surrounding our attempts to reinforce the results-based management framework of the proposed programme and budget, and the setting of baselines, indicators, targets and outcome statements.

There were many inputs on this from all groups. And while you were generally supportive of the real intent of strengthening our results-based management systems, shortcomings and difficulties were also highlighted, and need to be acknowledged. Some of these relate to problems with specific indicators or targets, and others are of a more general nature – for example, on the extent to which we have been able to translate the real substance of our outcomes into appropriate, measurable instruments.

It is not possible for me to address all of the points raised this afternoon – but I do want to acknowledge the particular stress placed on the need to more fully reflect the key roles of international labour standards and of tripartite involvement in the work that we do, and to better align proposed targets with stated regional priorities.

But let me make a proposal of a procedural character which might help us to address the entirety of these issues. My feeling is that we need to work further to fine-tune our indicators and targets, and a number of you made explicit and generous offers to help us to do that. We want to take advantage of that possibility. So, I would propose that we undertake a process of consultations with all of the groups to rework some indicators and targets in the light of the comments that have been made here. To help the process, and to respond to requests that have come from many members of the Governing Body, we will share with you information – indicative and provisional as it has to be – on baselines (which can only be fixed definitively at the end of the year).

Following previous practice – because we have been in this situation in past biennia, refinements to targets and indicators resulting from consultations with you would be presented in an addendum to the proposals approved by this Governing Body for presentation to the Finance Committee of the Conference in June.

This process cannot, and should not, be a wholesale reopening of our results-based framework, but is a valuable opportunity for improvement – and we will also have to incorporate the consequences of a number of proposals for modification of programme outcomes, which I will come to in a moment. Please join us to extract the full potential of this process.

One purpose this exercise can serve is to provide greater assurance that the three cross-cutting drivers that are proposed to inform the implementation of all policy outcomes are more fully integrated into their implementation.

I say this because concerns were expressed that these drivers – standards, social dialogue, and gender equality and discrimination – needed to be real and not cosmetic. Let me be clear. They must be real drivers of everything we do. I must acknowledge that, in the current stage of evolution of development of our resource management processes, I am not in a position today to give a comprehensive quantification of how much we will devote to each one of them. But I can give you the undertaking that they will be integrated into our outcome strategies and that outcome coordinators will be accountable for performance in this regard, which will in turn be reported to the Governing Body.

The way in which the seven centenary initiatives fit into the proposed programme and budget was referred to in several interventions, and, indeed, in my introductory remarks of

last week. I made the basic point then that these initiatives were woven into the structure of the proposals, rather than added on top of them. The way this happens varies according to the initiative – which, as you know, are each of quite a different nature.

Some of them are already very firmly embedded in ongoing processes which have been advanced significantly at this Governing Body session. This has been the case for the governance initiative and the standards initiative, very encouragingly, and in each case I think that we understand where we want to go, and that we understand the challenges ahead. Equally, we have had detailed discussions in the past on precisely how we will implement and review progress on the enterprise initiative – and that falls into the same category. The end to poverty initiative is, I believe, extensively provided for in many of the policy outcomes – notably those on unacceptable forms of work, informality and the rural economy. But it will gain real impetus with the adoption of the United Nations post-2015 development agenda, and we are all conscious of the work the ILO has already done, and will continue to do, to take up its responsibilities in that regard.

The women at work initiative is reflected most notably in the gender equality and non-discrimination cross-cutting driver – but also extensively in our research agenda, where we have the important task of taking stock of the achievements recorded to date (they are significant and considerable), the realities of continuing inequality and the obstacles to progress. All of this is critical to the elaboration of new and innovative initiatives, on which I believe that future progress depends.

The future of work initiative will be the subject of my Report to the International Labour Conference this year, and I look forward to the opportunity to present more fully proposals for its implementation at that juncture.

That leaves the green jobs agenda. It is part of policy outcome 4, and finds expression elsewhere, too, in my proposals. But, having listened to you, having reviewed again my proposals, having in mind the guidance provided in past Conference discussions – as well as the crucial *rendez-vous* at COP-21 in Paris in December – I must acknowledge that we will need to do more in the future to shape proposed activities into a broader and more coherent initiative worthy of that name. I think we will need to return to this in the light of the decisions made in Paris, so that this initiative can gather momentum all the way up to our centenary in 2019.

Much of the initial discussion last week focused on the allocation of resources between the ten proposed policy outcomes. Questions were asked about the reasons for the significant differences between the levels of these allocations and suggestions were made for their modification.

Let me first address the underlying logic of the originally proposed allocations.

This begins with the proposition that if this Governing Body considers that the ten issues addressed by these outcomes are truly of key importance in the world of work, and that ILO activity should have a serious impact on them, then we cannot do otherwise than invest a given minimum critical mass in each of them. That minimum we have set in our proposals around the US\$34 million mark (what we have proposed to spend on policy outcomes 5 and 9 – these are the smallest of all the budgets, and refer to the rural economy and to fair migration, respectively). These allocations are relatively small not because these outcomes are any less important intrinsically, but because they are relatively new, or perhaps renewed, areas of priority, where, whether we like it or not, the ILO has to grow its capacities – and this is an organic and gradual process. But I do not believe we can invest less in these than what has been proposed and then still claim for them the status of a full policy outcome.

We have been challenged – justifiably, I think – to explain where we will be doing less as we seek to assemble critical resource mass around priorities in a zero real growth scenario. The answer is to be found in the reduced allocations to some other policy outcomes as compared to 2014–15: this is the case for five of the policy outcomes –

generally the largest. Such reductions, taking the whole situation into account, are more or less inevitable. But questions have been raised about whether each of them is appropriate in magnitude, or rather a departure from proper strategic priorities, and balance across the four pillars of the Decent Work Agenda.

I am mindful of the concerns expressed that the programme and budget should address each of these four strategic objectives in a properly proportionate way. With the modifications which I am about to propose I am confident that our proposals will go further in meeting your concerns. But let us not make the mistake of regarding each individual policy outcome as constituting a silo, each hermetically sealed off from the others. Rather, they are interrelated in multiple ways and most of them address more than one strategic objective; some, arguably, address all of them. We are asked by you simultaneously to exploit synergies between them and to avoid overlap. We will do our best to distinguish between the two and to ensure maximum coherence and complementarity.

Responding to specific remarks made in debate last week, I have the following modifications to present to my original proposals.

As regards outcome 4 (Promoting sustainable enterprises), I propose to add US\$7 million to the originally proposed allocation in order to maintain the Organization's commitment in this area: \$4 million of this would go to Indicator 4.1 on the enabling environment, with the remaining \$3 million equally shared between Indicators 4.2 and 4.3.

In addition, I propose to mitigate the reduction in the allocation to outcome 7 (Promoting workplace compliance through labour inspection) – and that reduction is considerable. This was commented on by many of you, and I proposed to restore US\$2 million in extra funding.

There were calls, as well, to redress the reduction in the allocation to outcome 1 (on more and better jobs), on the grounds that it is central to the task of tackling the global unemployment crisis. Nevertheless, I cannot find justification for doing so, particularly because, as now proposed, it remains far and away the biggest outcome allocation, and also because it is not the only one designed to help get the world back to work – I think I ought to say “back to decent work”.

This said, I believe that there is need and scope for an internal reallocation of resources within this outcome in order to bolster the focus on skills and youth. This was the objective comment from you, and can be achieved by a significant increase in the targets under Indicator 1.2 on jobs and skills for young people and a corresponding redeployment from each of the other indicators under the same outcome.

The question, obviously, then arises of where this US\$9 million of redeployment is to be found. My intention is that it be identified by a corresponding reduction in the allocation to outcome 6 (Formalization of the informal economy), which, nevertheless, would leave us with a very substantial increase by comparison with the current biennium, as is appropriate in the years that will follow immediately on the important discussion on this subject at this year's International Labour Conference.

I want to assure you that this does not detract from the importance that we attribute to this issue and we will make every effort to tap additional resources, whenever possible, for related work that cannot be accommodated under other outcomes.

I will now make some remarks on the relationship between what is proposed in respect of the regular budget funds and what is to be done with extra-budgetary resources.

As has been explained to you already, our estimates for extra-budgetary resources, and for RBSA, are based on past experience and the information currently available to us. But this is not an exact science. Moreover, as we do our best to ensure maximum complementarity of activities, regardless of the source of funding, we must recognize that what we can do, in reality, is based on a combination of the needs that we identify and the

possibilities that we have – this is to say, what our donor partners make available to us, and for what purposes. Of course, RBSA does allow us a degree of latitude to direct resources to otherwise under-funded activities and outcomes, and to also ensure more tripartite involvement in them, and we will take full advantage of that possibility.

I will also recall – but will not repeat – the terms of yesterday’s debate on flagship programmes. You made a strong call for continuing consultations on them, and, given their strategic significance to our overall future programme, I have high expectations of that process of future consultation.

The Office will also work hard at its resource mobilization efforts, including through innovative modalities, notably South–South cooperation and public–private partnerships. Given the existing ratio between our static real regular budget resources and our extra-budgetary resources, I believe we can and should seek to increase the latter, and can do so without incurring any risk of over-reliance on external funding which might eventually rebound to our disadvantage.

There was detailed and, I think, very helpful discussion last week on the proposed outcome on unacceptable forms of work. The fact that it mostly took place in the POL Section rather than in the PFA Section of our Governing Body reflects the fact that it focused more on substantive considerations – particularly issues of definition – than on budgetary ones.

I am persuaded that those debates have helped us to reach a common understanding on a way forward in the implementation of this objective, and to dispel certain understandable concerns. They made clear that while the term “unacceptable forms of work” may be of recent origin, what it actually refers to are situations which are at the heart of the ILO’s mandate of social justice as set out in our key constitutional texts of 1919 and 1944 and the Declarations of 1998 and 2008. The intention is to be faithful to those texts, to tackle those situations which everybody here – regardless, I am sure, of group affiliation – agrees have no place in the world of work and which we must join forces to eliminate.

That means that we must carefully adhere to the definition proposed which relates to denials of fundamental rights; threats to health, life, human dignity and security of workers; and the subjection of workers and their families to conditions of poverty. As we said last week, “we know unacceptable when we see it” – and this is what it looks like. This policy objective is a distillation, then, of our historic vocation – one which presents a very basic, unchanging moral challenge, which I am confident that we all want to come together to address, as I have proposed.

A last specific point – I want to address the question relating to the proposed allocation to the Bureau for Employers’ Activities (ACT/EMP), which the Employers’ group has asked to be increased. Let me recall, in this regard, that a similar call was made two years ago, and I responded positively to it. But I cannot find the means to do so on this occasion. I would recall that the increase agreed two years ago was predicated, particularly, on expected increased workload resulting from progressive implementation of the enterprise initiative. We must keep this and other relevant developments under review and no doubt return to this matter in the future. Let me underline that the work of ACT/EMP – like the work of ACTRAV – is critical to the operations of this house and must be accommodated fully in our internal management processes and in our funding decisions.

The concrete modifications I have presented to you now are set out in document GB.323/PFA/1/1, which will be in the room and on the website, along with the text of this statement, at the end of my presentation. They imply no modification to the operational budget set out in the Information Annex to my proposals.

I hope, that on the basis of what I have said, and these modifications, that the Governing Body will be in a position to recommend the adoption of my Programme and

Budget proposals for 2016–17, as amended, to the International Labour Conference this June.

I thank you for your attention.

DRAFT

Appendix III

Statement by the Chairperson of the Staff Union Committee to the Programme, Financial and Administrative Section of the Governing Body (323rd Session – 18 March 2015)

Mr Chairperson,

Mr Director-General,

Ladies and gentlemen members of the Governing Body,

Dear colleagues and everyone else present today,

I again have the honour and pleasure to address you as Chairperson of the Staff Union, which represents almost two-thirds of the staff and, therefore, as spokesperson of all the employees at headquarters and in the field.

As International Women's Day, celebrated on 8 March, was not so long ago, allow me at the outset to welcome the appointment of our colleague, Annette Ching, to the post of Director of the Director-General's Office. This appointment is certainly an encouraging development for our Organization, in light of the official statistics in document GB.323/PFA/INF/4(Rev.), but caution is still advised, given that women at the same grade as their male counterparts continue to receive precarious contracts a little too often and therefore obviously do not appear in the official statistics. That said, the Staff Union will always welcome the appointment of women to senior management positions and only hopes that this trend may continue into the future.

Since my last speech to you in November 2014, the Staff Union has continued its discussions and negotiations with the management.

We have signed agreements on a number of topics, which shows that there is by and large no lack of social dialogue in the Organization. However, as I often tend to say, we have come a long way and we need time to rebuild relations of mutual trust between social partners one by one and gradually the results are starting to show.

Following the two collective agreements signed in 2014, one on new recruitment and selection procedures and the other on the prevention of all forms of harassment in the Organization, we have actively contributed to revising the mobility policy, which I will come back to a little later in my speech. At the end of November 2014, we also finalized a collective agreement on travel conditions, for which we are still waiting for the internal guidelines to be published.

Furthermore, last December, we signed a new collective agreement on maternity protection, for which the resulting amendments to the Staff Regulations are presented to you here for approval in document GB.323/PFA/10. This agreement drew substantially on the publications and international standards produced by the ILO and the best practices that already exist within the United Nations system. It aims to improve the situation, protect staff with family responsibilities during the birth of children and encourage a progressive outlook for a better balance between work and private life. The Staff Union hopes that these amendments can be approved so that ILO staff may reap the benefits as soon as possible.

I would like to dwell for a moment on the revised staff mobility policy, a crucial element that complements the previous collective agreement on recruitment, mobility and the management of staff. The Union was actively involved in the discussions as it is one of the topics in relation to which the levels of staff trust towards management are at a low ebb

and which has been one of the factors for the loss of motivation for a number of years now. This new policy has the merit of trying to resolve long-standing problems and stumbling blocks which undermine internal career development and impede the movement of staff between the different duty stations. It will now be a case of ensuring that the implementation of the mobility policy is consistent with the letter and spirit of the negotiated guidelines in order for it to be fully effective. It is therefore crucial that they are implemented very transparently, are extensive and include everyone. As the staff representatives may have noted when they came a little apprehensively to recent public meetings on the topic, it will not come down to the management selecting which aspects of this policy they wish to implement as priorities. The key to success and efficiency in this field is workforce planning, follow-up of internal career development and ensuring that the Human Resources Development Department has sufficient and adequate financial and human resources. If it is to avoid risk factor No. 9 cited in document GB.323/PFA/1, it is absolutely essential for the Department to have the means available for this policy and not merely to acquire expensive information technology tools that are impersonal and unsuitable. Internal career development is not just a matter of clicking a button online, but involves predictions, plans, training and assistance provided by human beings.

In addition, in this sensitive document on mobility, if we still wish to strive for “One ILO”, it is time to get down to removing the obstacles that have emerged between the mobility of ILO staff and staff at the Turin Training Centre. In this respect, the staff representatives of the two bodies explicitly require the respective Staff Regulations to be modified to reflect the new policy and proposals mentioned in document GB.323/PFA/1 on the strengthening of cooperation between the Turin Centre and the ILO.

Nevertheless, the signing of collective agreements in the limited sphere of human resources does not mean that our job is done. Delays in the reform of the general institutional framework of social dialogue at the ILO and the almost universal lack of communication and information by senior management via the joint official structures are starting to cause real problems for staff representatives and could pointlessly blight the future relations and negotiations on the agenda, such as those on contracts.

Indeed, over the past few months, it is only unofficially and fortuitously that the Union has become aware of several decisions on staff employment and working conditions that are hardly trivial in nature.

First and foremost, there is the field operations and structure review document, the aim of which is far from clear to all my colleagues as it is quite at variance from the initial recommendations and decisions. The same assurances are constantly being repeated to staff representatives that the planned changes will be structural and will not have a major impact on staff.

Except for the fact that, when a decision is taken to reintroduce a regional office structure in Africa, there will inevitably be some repercussions on staff in terms of reinstatement, redeployment and classification of existing posts.

Or when the decision is taken for such and such a team of specialists to leave one duty station for another, there will obviously be consequences for international, national and local staff.

And so I am saying that, as soon as there are consequences for the staff, whether good or bad, minor or major, the Union must be the first to be informed at an early stage and through the appropriate joint structures and that any change must be carried out in the manner prescribed by the Guidelines on Managing Change and Restructuring Processes, negotiated within the Joint Negotiation Committee (JNC).

The other subject, about which the staff representatives have concerns, or even a great distrust, is the recent decision, which is close to being confirmed, to call in external consultants to review the administrative processes of the entire Organization.

We know that resources need to be better distributed across the three portfolios and that procedures need to be simplified. Last Monday, the Director-General, in his Programme and Budget proposals for 2016–17, already offered a practical response, I believe, to that need. The staff, for their part, are well aware of the need for streamlining – faced as they are, on a daily basis, with the agonies induced by administrative bureaucracy. That said, any initiative adopted by the administration should – again – be considered in consultation with the main stakeholders.

With regard to the murky territory of external audits in particular, the scepticism of the staff has a legitimate historical basis. How many of these audits, which are outrageously expensive, eat up valuable time, and are conducted by large corporations – which are undoubtedly renowned, but know little about the specific workings of international institutions – have been conducted at the ILO? How many recommendations have remained on paper or, when enacted, have needlessly complicated our internal procedures? These are the same procedures, you will recall, that we now want to simplify.

Allow me to mention just one painful case in point: the IRIS project. The implementation of this project remains incomplete after ten years, its cost has wildly exceeded initial estimates and it has succeeded in making the ILO abandon its own principles and describe the hiring of a person as a “purchase order” – with disregard for the Philadelphia Declaration, which clearly states that labour is not a commodity.

You should understand that when I refer, today, to the scepticism of the staff concerning this project, that I mean, rather, the disapproval of the staff; if I could make a single request of you today, it would be this: Ladies and gentlemen members of the Governing Body, give the staff sufficient and appropriate means to enable them properly to achieve the many objectives that have already been assigned to them, and, in the same vein, to conduct their own evaluation of internal procedures, because they are the best placed to understand them, but please spare us the creation of yet another labyrinthine system – which we can already see taking shape!

I won't enumerate the other issues on which, over the last few months, the proper consultations with the staff representatives have not taken place, and which are equally symptomatic of the situation. The scope of professional relations extends beyond the restricted and narrow remit of the Human Resources Development Department as soon as there are possible consequences for the employment and working conditions of all staff, and the senior management must give clear instructions to its teams of directors. There are important negotiations still to come this year and the Office needs a clearly defined framework which ensures that all parties present are entitled to the same quality and quantity of information.

Our employment and working conditions are also governed at a higher level by the United Nations system International Civil Service Commission (ICSC). The staff have various worries in this connection as well, because the decisions that are in preparation are bound to be downgraded, and run counter to the mission and objectives of the organizations of the United Nations system.

The recent proposals on the compensation package review for staff in the Professional category result in fewer incentivizing measures – which allow the international civil service to continue to be governed by the Noblemaire Principle, and could have an enormous impact on – for example – staff who choose to work in the field, thus making this work less attractive. These decisions also have the significant disadvantage of scuppering all individual efforts made by the United Nations organizations and specialized agencies to promote greater mobility.

Other proposals directly linked to the salary and benefits scale clearly target young staff who have family responsibilities.

Only yesterday, we learned that in New York an outrageous proposal from the ICSC had just been accepted, which will increase the salaries of directors (Ds) by ten per cent

and reduce the salaries of those in lower professional categories by six per cent. In the current context, characterized as it is by a need to reduce costs, and hardship faced by staff working in the field – who risk their lives and are away from their families, this decision is a provocation which will undoubtedly incite the staff to mobilize.

The same applies to the recurrent attacks on the salaries of support staff. Periodic reviews of support staff salaries for different duty stations have often resulted in salary reductions which have not been based on realistic appraisals of national conditions and also help to make working for international organizations less attractive.

On the other hand, paradoxically – and although this is becoming increasingly rare – when the ICSC or the Office of the United Nations Secretary-General adopts good or innovative decisions, such as changes to the staff regulations, or the decision to standardize the mandatory retirement age, at best their implementation is postponed indefinitely by the administrations of the specialized agencies (including that of the ILO), and, at worst, they are subject to regressive *a posteriori* revisions.

So, I cannot say it often enough: the women and men who work for organizations like the ILO love deeply what they do and sincerely adhere to the values and principles that they promote globally. In order to continue to attract new talent, to respond to the sacrifices that these people, and their families, are prepared to make in any corner of the globe to which they might be called to fulfil their tasks, it is absolutely crucial that remuneration continues to be based on historical principles, and that it be complemented by an appropriate system of benefits that takes into account the diverse cultural, linguistic and family composition of the staff.

Thank you for your attention.

Catherine Comte-Tiberghien
Chairperson
Staff Union Committee

Appendix IV

Update on member States' contributions received between 1 and 18 March 2015

Since 1 March 2015, contributions for 2015 and prior years amounting to 3,123,752 Swiss francs have been received from 11 member States as follows:

| Member States | Contribution received for 2015 | Contribution received for arrears | Total contributions received (in Swiss francs) |
|--------------------------|--------------------------------|-----------------------------------|--|
| Luxembourg | 307 967 | 54 | 308 021 |
| Morocco | 210 366 | 2 593 | 212 959 |
| Honduras | 25 201 | 1 152 | 26 353 |
| Russian Federation | 78 000 | – | 78 000 |
| Central African Republic | 588 | 8 044 | 11 632 |
| Bulgaria | 10 | – | 10 |
| United Rep. of Tanzania | – | 11 214 | 11 214 |
| Lesotho | 3 800 | 474 | 4 274 |
| Ireland | 1 589 002 | – | 1 589 002 |
| Romania | 859 193 | – | 859 193 |
| Nepal | 22 901 | 193 | 23 094 |
| Total | 3 100 028 | 23 724 | 3 123 752 |

Including contributions received between 1 and 18 March 2015, the total contributions received in 2015 amounted to 86,320,219 Swiss francs, comprising 81,940,010 Swiss francs for 2015 and 4,380,209 Swiss francs in arrears. The total balance due was therefore 376,373,519 Swiss francs.

Appendix V

Scale of assessments of contributions to the budget for 2016

| State | | Draft scale of ILO assessments 2016 (%) |
|-------|---------------------------------|---|
| 1 | Afghanistan | 0.005 |
| 2 | Albania | 0.010 |
| 3 | Algeria | 0.137 |
| 4 | Angola | 0.010 |
| 5 | Antigua and Barbuda | 0.002 |
| 6 | Argentina | 0.432 |
| 7 | Armenia | 0.007 |
| 8 | Australia | 2.075 |
| 9 | Austria | 0.798 |
| 10 | Azerbaijan | 0.040 |
| 11 | Bahamas | 0.017 |
| 12 | Bahrain | 0.039 |
| 13 | Bangladesh | 0.010 |
| 14 | Barbados | 0.008 |
| 15 | Belarus | 0.056 |
| 16 | Belgium | 0.999 |
| 17 | Belize | 0.001 |
| 18 | Benin | 0.003 |
| 19 | Bolivia, Plurinational State of | 0.009 |
| 20 | Bosnia and Herzegovina | 0.017 |
| 21 | Botswana | 0.017 |
| 22 | Brazil | 2.936 |
| 23 | Brunei Darussalam | 0.026 |
| 24 | Bulgaria | 0.047 |
| 25 | Burkina Faso | 0.003 |
| 26 | Burundi | 0.001 |
| 27 | Cabo Verde | 0.001 |
| 28 | Cambodia | 0.004 |
| 29 | Cameroon | 0.012 |
| 30 | Canada | 2.986 |
| 31 | Central African Republic | 0.001 |
| 32 | Chad | 0.002 |
| 33 | Chile | 0.334 |
| 34 | China | 5.151 |
| 35 | Colombia | 0.259 |
| 36 | Comoros | 0.001 |

| State | | Draft scale of ILO assessments 2016 (%) |
|-------|----------------------------------|---|
| 37 | Congo | 0.005 |
| 38 | Costa Rica | 0.038 |
| 39 | Côte d'Ivoire | 0.011 |
| 40 | Croatia | 0.126 |
| 41 | Cuba | 0.069 |
| 42 | Cyprus | 0.047 |
| 43 | Czech Republic | 0.386 |
| 44 | Democratic Republic of the Congo | 0.003 |
| 45 | Denmark | 0.675 |
| 46 | Djibouti | 0.001 |
| 47 | Dominica | 0.001 |
| 48 | Dominican Republic | 0.045 |
| 49 | Ecuador | 0.044 |
| 50 | Egypt | 0.134 |
| 51 | El Salvador | 0.016 |
| 52 | Equatorial Guinea | 0.010 |
| 53 | Eritrea | 0.001 |
| 54 | Estonia | 0.040 |
| 55 | Ethiopia | 0.010 |
| 56 | Fiji | 0.003 |
| 57 | Finland | 0.519 |
| 58 | France | 5.596 |
| 59 | Gabon | 0.020 |
| 60 | Gambia | 0.001 |
| 61 | Georgia | 0.007 |
| 62 | Germany | 7.145 |
| 63 | Ghana | 0.014 |
| 64 | Greece | 0.638 |
| 65 | Grenada | 0.001 |
| 66 | Guatemala | 0.027 |
| 67 | Guinea | 0.001 |
| 68 | Guinea-Bissau | 0.001 |
| 69 | Guyana | 0.001 |
| 70 | Haiti | 0.003 |
| 71 | Honduras | 0.008 |
| 72 | Hungary | 0.266 |
| 73 | Iceland | 0.027 |
| 74 | India | 0.666 |
| 75 | Indonesia | 0.346 |
| 76 | Iran, Islamic Republic of | 0.356 |
| 77 | Iraq | 0.068 |
| 78 | Ireland | 0.418 |

| State | | Draft scale of ILO assessments 2016 (%) |
|-------|----------------------------------|---|
| 79 | Israel | 0.396 |
| 80 | Italy | 4.450 |
| 81 | Jamaica | 0.011 |
| 82 | Japan | 10.839 |
| 83 | Jordan | 0.022 |
| 84 | Kazakhstan | 0.121 |
| 85 | Kenya | 0.013 |
| 86 | Kiribati | 0.001 |
| 87 | Korea, Republic of | 1.995 |
| 88 | Kuwait | 0.273 |
| 89 | Kyrgyzstan | 0.002 |
| 90 | Lao People's Democratic Republic | 0.002 |
| 91 | Latvia | 0.047 |
| 92 | Lebanon | 0.042 |
| 93 | Lesotho | 0.001 |
| 94 | Liberia | 0.001 |
| 95 | Libya | 0.142 |
| 96 | Lithuania | 0.073 |
| 97 | Luxembourg | 0.081 |
| 98 | Madagascar | 0.003 |
| 99 | Malawi | 0.002 |
| 100 | Malaysia | 0.281 |
| 101 | Maldives, Republic of | 0.001 |
| 102 | Mali | 0.004 |
| 103 | Malta | 0.016 |
| 104 | Marshall Islands | 0.001 |
| 105 | Mauritania | 0.002 |
| 106 | Mauritius | 0.013 |
| 107 | Mexico | 1.843 |
| 108 | Moldova, Republic of | 0.003 |
| 109 | Mongolia | 0.003 |
| 110 | Montenegro | 0.005 |
| 111 | Morocco | 0.062 |
| 112 | Mozambique | 0.003 |
| 113 | Myanmar | 0.010 |
| 114 | Namibia | 0.010 |
| 115 | Nepal | 0.006 |
| 116 | Netherlands | 1.655 |
| 117 | New Zealand | 0.253 |
| 118 | Nicaragua | 0.003 |
| 119 | Niger | 0.002 |
| 120 | Nigeria | 0.090 |

| State | | Draft scale of ILO assessments 2016 (%) |
|-------|----------------------------------|---|
| 121 | Norway | 0.852 |
| 122 | Oman | 0.102 |
| 123 | Pakistan | 0.085 |
| 124 | Palau | 0.001 |
| 125 | Panama | 0.026 |
| 126 | Papua New Guinea | 0.004 |
| 127 | Paraguay | 0.010 |
| 128 | Peru | 0.117 |
| 129 | Philippines | 0.154 |
| 130 | Poland | 0.922 |
| 131 | Portugal | 0.474 |
| 132 | Qatar | 0.209 |
| 133 | Romania | 0.226 |
| 134 | Russian Federation | 2.439 |
| 135 | Rwanda | 0.002 |
| 136 | Saint Kitts and Nevis | 0.001 |
| 137 | Saint Lucia | 0.001 |
| 138 | Saint Vincent and the Grenadines | 0.001 |
| 139 | Samoa | 0.001 |
| 140 | San Marino | 0.003 |
| 141 | Sao Tome and Principe | 0.001 |
| 142 | Saudi Arabia | 0.865 |
| 143 | Senegal | 0.006 |
| 144 | Serbia | 0.040 |
| 145 | Seychelles | 0.001 |
| 146 | Sierra Leone | 0.001 |
| 147 | Singapore | 0.384 |
| 148 | Slovakia | 0.171 |
| 149 | Slovenia | 0.100 |
| 150 | Solomon Islands | 0.001 |
| 151 | Somalia | 0.001 |
| 152 | South Africa | 0.372 |
| 153 | South Sudan | 0.004 |
| 154 | Spain | 2.975 |
| 155 | Sri Lanka | 0.025 |
| 156 | Sudan | 0.010 |
| 157 | Suriname | 0.004 |
| 158 | Swaziland | 0.003 |
| 159 | Sweden | 0.961 |
| 160 | Switzerland | 1.048 |
| 161 | Syrian Arab Republic | 0.036 |
| 162 | Tajikistan | 0.003 |

| State | | Draft scale of ILO assessments 2016 (%) |
|--------------|---|---|
| 163 | Tanzania, United Republic of | 0.009 |
| 164 | Thailand | 0.239 |
| 165 | The former Yugoslav Republic of Macedonia | 0.008 |
| 166 | Timor-Leste | 0.002 |
| 167 | Togo | 0.001 |
| 168 | Trinidad and Tobago | 0.044 |
| 169 | Tunisia | 0.036 |
| 170 | Turkey | 1.329 |
| 171 | Turkmenistan | 0.019 |
| 172 | Tuvalu | 0.001 |
| 173 | Uganda | 0.006 |
| 174 | Ukraine | 0.099 |
| 175 | United Arab Emirates | 0.595 |
| 176 | United Kingdom | 5.182 |
| 177 | United States | 22.000 |
| 178 | Uruguay | 0.052 |
| 179 | Uzbekistan | 0.015 |
| 180 | Vanuatu | 0.001 |
| 181 | Venezuela, Bolivarian Republic of | 0.627 |
| 182 | Viet Nam | 0.042 |
| 183 | Yemen | 0.010 |
| 184 | Zambia | 0.006 |
| 185 | Zimbabwe | 0.002 |
| Total | | 100.000 |