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Programme, Financial and Administrative Section

PFA

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DRAFT MINUTES

Programme, Financial and Administrative Section

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Programme, Financial and Administrative Segment

First item on the agenda

The Director-General's Programme and Budget proposals for 2018–19

([GB.329/PFA/1](#) and [GB.329/PFA/1/D1](#))

1. *The Director-General* presented his Programme and Budget proposals for 2018–19 (his statement is reproduced in Appendix I).

Executive overview (paragraphs 1–46)

2. *The Worker spokesperson* noted that the present discussion was unfolding in a climate of increasing insecurity and uncertainty, manifested through, inter alia, high levels of unemployment, growing inequalities fuelled by the consequences of austerity measures, and inadequate access to social protection for most of the world's population. The denial of fundamental principles and rights at work, in particular the right to freedom of association and collective bargaining, remained widespread, and the coverage of collective bargaining had been further reduced in many countries in response to the crisis. The ILO should urgently realize its social justice mandate in countries where governments had failed to address decent work deficits.
3. His group supported the ten policy outcomes and the proposed addition of just transition to environmental sustainability as a fourth cross-cutting policy driver. For the sake of consistency, the words “just transition and” should be inserted before all mentions of “environmental sustainability” in the preface and executive overview. His group accepted the proposed zero real growth budget.
4. The ratification and implementation of ILO instruments remained a priority for his group. However, calls for ratifications within the framework of the ten policy outcomes were not consistent, and ratification was mandatory only in relation to Outcome 2. An indicator on the measurement of ratifications and application of standards should be attributed to each policy outcome. Resource allocation for international labour standards was a concern, as was the significant decrease in estimated extra-budgetary expenditure for Outcome 2. In view of the cross-cutting nature of international labour standards, a significant share of the Regular Budget Supplementary Account (RBSA) should be allocated to the ratification and application of standards under Outcome 2 and other policy outcomes; that was especially important in the context of the ongoing Standards Review Mechanism (SRM).
5. Given the demands from the international labour movement, the RBSA resources allocated to ACTRAV should be increased, to compensate for the fact that the Regular Budget Technical Cooperation (RBTC) allocation for ACTRAV would remain the same. He asked what accounted for the significant decreases in the extra-budgetary technical cooperation (XBTC) for Outcome 10 and in the regular budget for Outcome 8 compared to the previous biennium.
6. His group supported the redeployment of resources to technical functions in the policy portfolio and the regions, which should target standards and collective bargaining, as there

were few staff in those areas. He welcomed the fact that the programme and budget showed the ILO contribution to the UN 2030 Agenda for Sustainable Development (2030 Agenda).

7. Expanding collective bargaining was a priority for his group, and its reflection in several policy outcomes was welcome. The quality and impact of social dialogue, as a cross-cutting policy driver, should be improved in the forthcoming biennium, with a greater focus on freedom of association. Trade unions were not established in many parts of the world, and it was therefore crucial that the ILO's work to enhance participation in social dialogue incorporated efforts to build respect for freedom of association and the right to collective bargaining. Consultation with the social partners should be reflected systematically in all indicators, in order to gather a real picture of the progress being made.
8. *The Employer spokesperson* said that while his group never commented on whether there should be budget increases or not, leaving that to the governments, it would nevertheless support any increase to the real level of the budget. It welcomed the proposed redeployment of resources to front-line analytical and technical work, in particular the additional position proposed for ACT/EMP. Evidence-based policy advice and results-oriented activities should be included as additional key preconditions for realizing the ILO's Strategic Plan for 2018–21. The proposals for 2018–19 were not sufficiently ambitious, and the document as a whole, and the risk register in particular, did not adequately reflect the serious implications of the emerging geopolitical context for the ILO. Although an attempt had been made to address the issue in paragraph 11, a tangible strategy was required to address the challenges to social dialogue – a cornerstone of the ILO's identity. In view of the multiple, parallel strategies, agendas and initiatives in which the ILO was engaged, the proposals should pull all those “institutional factors” into a coherent whole, with the aim of achieving substantial impact and focus. In order to appreciate the extent to which the strategic framework was linked to the operational budget, his group requested a breakdown showing which departments and regions were contributing to each policy outcome, and the form that such contributions took. There was a need for a mixed-model (operational and strategic) budget that would enable the Governing Body to appreciate how the figures were calculated and where the money would go, which in turn would help to strengthen ownership, monitoring and accountability.
9. His group expressed the hope that the extra-budgetary expenditure foreseen for Outcome 10 was a reliable estimate. In that regard, he asked whether the almost 50 per cent decrease in that expenditure signalled donors' loss of interest in Outcome 10, and whether the Office was doing enough to advocate for strengthening employers' organizations. The distribution of the RBSA among the policy outcomes was a concern. The Office should establish a mechanism to ensure the commitment of ILO regional offices to the achievement of Outcome 10 and, more generally, take practical action to meet the increasing needs of employers' organizations. While expressing satisfaction at the proposed increase in the number of country targets, his group wished to know how achievement of those targets was feasible with the budget at the same level as 2016–17.
10. To enable the Governing Body to perform its governance role more effectively, the Office should provide an ex-post facto financial analysis containing information on what funds were spent on and where, by policy outcome, and how that compared with the initial budget planning.
11. *Speaking on behalf of the group of Latin American and Caribbean countries (GRULAC)*, a Government representative of Panama welcomed the ILO priorities aimed at social justice, the links made between the policy outcomes and the Sustainable Development Goals (SDGs), and the proposed addition of a fourth cross-cutting policy driver on environmental sustainability. His group welcomed the Office's efforts to balance expenditure, despite the additional assessments related to the SDGs, and also its work on the risk register. He looked

forward to the development of new Decent Work Country Programmes (DWCPs) and the corresponding training programmes for Latin America and the Caribbean, and to continued implementation of the ILO Development Cooperation Strategy 2015–17 and the elaboration of the new strategy for 2018. Lastly, his group was pleased that the proposed programme and budget took into account audit recommendations and lessons learned. It supported the proposals.

12. *Speaking on behalf of the Asia and Pacific group (ASPAG)*, a Government representative of the Islamic Republic of Iran said that his group supported the overall objective of the proposed programme and budget, to maximize the Organization's influence in promoting decent work opportunities for all, and the key preconditions for realizing that ambition. Inclusiveness was essential to ensure successful implementation of the proposals. The forthcoming biennium would be a time for the ILO to institutionalize reforms and address contemporary challenges in the world of work. The implications of the prevention and mitigation of climate change underscored the importance of the cross-cutting policy driver on environmental sustainability. He welcomed the Office's commitment to strengthening results-based management and accountability, and to reinforcing knowledge leadership through further investment in research. His group also supported the concrete innovations that would enable better measurement of the ILO's outputs at the outcome level.
13. The Office should ensure proportional distribution of resources and of senior and technical ILO staff to the ASPAG region. While welcoming the Director-General's efforts to ensure greater transparency in human resource management, he noted the low recruitment numbers from the ASPAG region. The proposals should take into account the ILO's role in promoting sustained growth alongside social justice, particularly in the light of the current economic climate. His group expected that discussions would lead to a specific, measurable and time-bound plan of action.
14. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe welcomed the fact that the proposals were based on the Strategic Plan for 2018–21. The links between the policy outcomes and the SDGs set the stage for implementation of the Decent Work Agenda at regional and national levels. His group expressed support for the cross-cutting policy drivers, particularly the additional policy driver concerning the just transition to environmental sustainability, as climate change posed the greatest danger to sustainable development in Africa. His group also supported the proposed level of the regular budget; the proposed budget as a whole should give greater scope for consolidating the impact already achieved. The priority given to Outcome 1 in 2018–19, as evidenced by the high allocations of the regular budget and the estimated extra-budgetary expenditure, was commendable.
15. While welcoming the strengthening of the Office's front-line capacity, the group requested more information about the level and geographical distribution of the additional Professional positions referred to in paragraph 33. In the African region, priority should be given to posts related to the informal and the rural economy, labour migration and environmental sustainability. He also asked for details of the proposed allocation for the perimeter security enhancements mentioned in paragraph 36. Lastly, he commended the development partners, whose major financial contribution to DWCPs would give the countries in question a better opportunity to implement the ten policy outcomes and the SDGs.
16. *Speaking on behalf of the group of industrialized market economy countries (IMEC)*, a Government representative of the United Kingdom noted with appreciation that the programme for 2018–19 continued to be based on a no-growth budget. She welcomed the redeployment of resources from back-office functions to front-line work and encouraged the Office to seek additional efficiency savings through the Office-wide Business Process Review. She asked if and how the work of the Expenditure Review Committee would be

continued and how the Governing Body would be kept informed of such work, since a careful review of expenditure would enable the Organization to deploy resources where they would have the greatest impact.

17. *Speaking on behalf of the RBSA donor countries (Belgium, Denmark, Germany, Italy, Luxembourg, Netherlands, Norway and Sweden)*, a Government representative of the Netherlands invited other governments to consider moving towards more flexible donor funding. He welcomed the proposed focus of RBSA funding on low and lower-middle income countries and countries in situations of fragility, because those funds should contribute to development results and not be used for general global products. The continued engagement of the Office's senior management with RBSA donors was crucial to enhancing results-based management, to improving allocation procedures and the sustainability of interventions, and to accommodating donors' changing needs.
18. *A Government representative of Italy*, also speaking on behalf of Spain, said that while those two countries supported the Programme and Budget proposals for 2018–19, they would regret it if the Organization's collaboration with the cooperative movement were to be weakened rather than strengthened, given that cooperatives had done much in the past to protect working conditions, guarantee decent work and promote compliance with environmental standards, while offering employment even during the economic crisis. Furthermore, the Organization's engagement with the cooperative movement in the past had helped to promote technical exchanges, as well as research and knowledge management projects.
19. *A Government representative of the Russian Federation* said that the ten policy outcomes fully reflected the fundamental problems encountered by both developed and developing countries. He was, however, concerned about the substantial drop in extra-budgetary resources allocated to Outcome 6 and feared that the regular budget appropriation would be insufficient to secure the transition from the informal to the formal economy. The size of the informal economy and its attendant lack of financial security or benefits were some of the most pressing issues currently facing society. The informal economy had a direct bearing on policy Outcomes 1, 3, 5, 7, 8 and 9. The indicators under Outcome 6 and the geographical scope of the Organization's action in that respect should therefore be broadened. More resources should also be allocated to policy Outcome 9, because international labour migration was a major problem for many developed and developing countries. Lastly, there was an urgent need to increase the small number of staff in the Russian language services, in order to promote multilingualism.
20. *A Government representative of India* said that he was in favour of addressing cross-cutting objectives in a cohesive manner and supported the continuation of the Standards Initiative. Measures to foster the implementation of labour standards in member States should be integrated in DWCPs in order to align them with national priorities. The fourth cross-cutting policy driver on environmental sustainability should focus on encouraging international cooperation, technical transfer and financial assistance to less developed and developing countries. The specific performance indicators referred to in paragraph 26 would help the outcome strategies to be more focused and results-oriented. He expressed concern about the reduced resource allocation for Outcome 6 and enquired whether the drastic reduction in extra-budgetary expenditure was indicative of the lack of a specific action plan. He requested details of the increased extra-budgetary allocations to Outcomes 7 and 8. He welcomed the proposed increase in the number of targets and extra-budgetary support in the ASPAG region.
21. *A Government representative of Japan* noted that internal reform had made it possible to propose a zero real growth budget that nevertheless responded to the challenges of the seven Centenary Initiatives, the 2016 Conference resolution on Advancing Social Justice through

Decent Work, and the 2030 Agenda. He expected the Office to pursue further efficiency savings and achieve more value for money.

22. *A Government representative of Germany* thanked the Director-General for again producing a zero real growth budget and particularly welcomed the significant savings achieved in the administrative area and by the streamlining of programmes. The flagship programmes were a good example of a well-targeted and results-based use of resources. Her Government valued the fact that the proposals had devoted appropriate attention to decent work in global supply chains. It likewise welcomed the budgetary appropriation devoted to addressing the effects of refugee and migratory flows on the labour market. The clear focus of the proposed programme and budget would enhance the visibility and effectiveness of the ILO's work.
23. *A Government representative of China* commended the synergy between the policy outcomes and the achievements of the previous biennium. His Government supported the new cross-cutting policy driver on environmental sustainability and the link between the Office's work and the 2030 Agenda. More resources should be distributed to the technical departments and the field in order to improve technical consultation and analytical capabilities. Lastly, he welcomed the fact that the Office had taken account of member States' financial constraints and the general climate of economic uncertainty and that a zero real growth budget had therefore been proposed.

Policy outcomes, cross-cutting policy drivers, regional contexts, and research, statistics and capacity development (paragraphs 47–241)

24. *The Employer spokesperson* welcomed the fact that Outcome 1 acknowledged that a pro-employment macroeconomic framework should include an enabling environment for sustainable enterprises and that the private sector had a key role in employment creation; however, more information should be included on ways to encourage enterprise development and private investment. For Outcome 1 to be successful, a comprehensive employment framework addressing cyclical and structural rigidities had to be considered. The future of work should not focus on blindly extending current forms of labour protection to all workers, as that would stifle innovation; instead, innovative approaches should be sought that would make protection sustainable in the long run. On the skills programme, a target on assessing future skills and qualifications needs should be included as a first step. Furthermore, the approach to skills should be more ambitious, with significantly more resources allocated to helping public institutions and social partners to base such assessments on detailed real-time, holistic data.
25. As to Outcome 2, the relatively low level of ratification of most Conventions should be addressed in the outcome description and the indicators. The challenges in applying Conventions should also be factored into the indicators.
26. With reference to Outcome 3, the inclusion of sound financial management and sustainability in the three results criteria was welcomed. A better balance had been found between social protection floors and the reform of social protection, and the importance of assessing fiscal space was clearly reflected in the wording of the three indicators. With reference to the sixth bullet point in paragraph 77, the Office should clarify that "constituents" also included the social partners, since it was important to reduce the gap between ministries' capacities and those of employers' and workers' organizations.
27. With respect to Outcome 4, the efforts made by tripling the number of targets under indicator 4.1 were commendable, but the Office should re-evaluate whether there were enough resources and capacity to cope with that. Moreover, the outcome should include a

reference to an enabling environment for sustainable enterprises, as it would be impossible to achieve overall gains without integrating employment and business environment policies. Paragraph 84 should be reworded to the effect that enterprises, the key players in job creation, faced substantial challenges in generating large-scale sustainable levels of decent and productive work. Under criterion 4.1.1, support for action plans, monitoring and evaluation would be crucial for the assessment. Criterion 4.1.2 provided little added value, as almost all interventions to date had been led by employers' organizations and could not have succeeded in introducing reforms without dialogue with government. The added value of criterion 4.1.3 was also unclear, as no one would defend a reform strategy that would conflict with equality and non-discrimination. However, making the criterion mandatory would significantly increase costs if it had to be evaluated systematically in areas where it was not a natural component. It was unclear why indicator 4.1 was the only one of the three where all the criteria for success had to be met. Furthermore, with regard to indicator 4.3, related to dialogue platforms on responsible business practices, it was questionable whether the ILO should be using its limited resources in that area.

28. With regard to Outcome 5, strengthening the capacity of national and local employers' organizations to make them more knowledgeable and effective on rural economy issues was well captured in paragraphs 100 and 101, but insufficiently addressed in indicator 5.3, whose criteria for success concerned the basic mechanisms for consultation and social dialogue.
29. With respect to Outcome 6, the challenges to be addressed should include the need to identify obstacles and barriers to the promotion of the transition towards the formal economy within the regulatory, administrative and institutional framework. Indicator 6.3 appeared to duplicate Outcome 10, which already included informality with reference to employer and worker engagement. Criterion 6.3.1 was in line with the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), but should also include informal units formalized as part of joint contributions from employers' organizations and government.
30. It was of great concern that Outcome 7 focused unduly on global supply chains, in which only 20 per cent of the global workforce were employed. That undermined the outcome, which should cover all workers and all workplaces. The wording of paragraph 118 seemed to imply that global supply chains and the types of business models employed were problems to be fixed, and that domestic supply chains were less complex or did not employ the same business models. The first two expected changes outlined in paragraph 120 were welcomed; however, the third, as well as indicator 7.3, should refer to social dialogue instead of industrial relations and collective bargaining, and the reference to global supply chains should be removed so as not to limit the scope.
31. There was a potential overlap between Outcomes 7 and 8 in the areas of occupational safety and health (OSH), wages, working time and contractual arrangements: Outcome 8 should cover fundamental principles and rights at work, while Outcome 7 should cover OSH and working conditions. The issue of violence in the world of work would fit better under Outcome 7. It was especially important for employers to be included in work under indicator 8.2, particularly criterion 8.2.1; however, that work should not interfere with work under indicator 10.2.
32. On Outcome 9, the acknowledgement of the Global Forum on Migration and Development and its business mechanism was welcomed. Outcome 9 should remain focused on labour migration, not other forms of migration, and should actively involve employers' and workers' organizations, including references to the social partners in the indicators. The most significant outputs to be delivered by the Office should refer to meeting labour market needs and should also include references to skills and capacity building of employers and workers. On Outcome 10, other than the potential overlap with Outcome 8, his group had no further comments.

33. With respect to the overview of regional contexts, the section on Africa accurately captured the situation, and the three priority areas were relevant; however, paragraph 194 should clearly indicate that even higher growth was needed to make it inclusive. On social dialogue, the region was moving in the right direction and was performing well in terms of partnerships. More emphasis should be placed on employers' priorities in the renewal of DWCPs. As to the challenges faced in Asia and the Pacific, the proposed solution seemed to disregard the major issues; the working poor in the agricultural sector and the high level of informality were generally not part of global supply chains. Moreover, the tone of paragraph 203 was too negative and overlooked the recent economic success in the region, as well as the great potential for economic growth and job creation. Solutions to challenges must be in line with the actual situation in the region. In the section on Europe and Central Asia, it was encouraging that an enabling environment and employment creation were priorities. In paragraph 210, the word "austerity" should be changed to "fiscal consolidation and structural reforms"; furthermore, the term "non-standard forms of employment" should not be used in the context of informality and undeclared work. As to the economic downturn in Latin America and the Caribbean, the Office should look for creative and innovative ways to stimulate job and enterprise creation in the region. Focusing on reinforcing social protection systems did not take into consideration the significant fiscal constraints that those countries would face and failed to tackle the real challenges, such as serious governance deficits. Moreover, when tackling the persistently high levels of informality in the region, the Office should consider the root causes and the difficulties in creating formal jobs.
34. The section on research, statistics and capacity development should provide more information on the relationship to the Future of Work Initiative. The ILO should better understand the transformation in the nature of work in recent decades and take into account important developments such as digitization and its implications for labour regulation. It should base its research on the specific evolutions of diverse forms of work and consider the new opportunities for individuals and companies. Solid data, definitions for statistical purposes and measurements were needed to inform policy considerations.
35. *The Worker spokesperson* welcomed the work on comprehensive employment policies and improved working conditions, including collective bargaining and research on employment and working conditions in global supply chains. The criteria for success under indicator 1.1 should refer to ratification of the other instruments, not just the Employment Policy Convention, 1964 (No. 122). Under indicator 1.3, a reference to "lifelong learning" should be added after "training", and the word "constituents" should be replaced by "member States in consultation with the social partners" in its criteria for success. The criteria for success that must be met under indicator 1.4 should be changed from "at least one" to "at least three", and, again, the word "constituents" should be replaced by "member States in consultation with the social partners". Under indicators 1.5 and 1.6, both criteria for success should have to be met.
36. As to Outcome 2, there should be a focus on core governance Conventions, provided that the other outcomes more systematically included ratification targets of relevant ILO standards in their results framework. As a result of the Bali Declaration's request to the Office to launch a ratification campaign in Asia and the Pacific and in the Arab States, higher ratification rates for the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), were expected in both regions in the next biennium, which should be reflected in the indicators. The criteria for success under 2.2.4 should refer to the use of DWCPs to promote ratification, not only application. The promotion of standards was indeed essential to deliver results across all outcomes.
37. For Outcome 3, the strategy was fully supported by the Workers. The ratification of social security standards under indicator 3.2 was welcomed, but ratification of ILO standards had

to be a mandatory criterion for success. With regard to indicator 3.3, the targets for the Americas and Asia and the Pacific should be increased.

38. Under Outcome 4, the Office should secure a balance of resources for work on cooperatives and social enterprises, with sufficient staff positions at headquarters and in the field. Work on integrating enterprises in global supply chains and promoting better working conditions was welcomed, and the promotion of the revised Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) should use company–union dialogue and government regulation. The outcome should better reflect, in the results framework, the promotion of the ratification and application of ILO standards. The indicators under 4.1 were sound.
39. As to Outcome 5, he welcomed the focus on plantations and the work on ratification and implementation of standards. In that connection, the Safety and Health in Agriculture Convention, 2001 (No. 184), should be a priority, alongside promotion of the right to organize and bargain collectively. The targets for indicators 5.1 and 5.3 should be increased for Asia and the Pacific.
40. Concerning Outcome 6, the work on collective bargaining and the strategy to give effect to Recommendation No. 204, with a specific indicator for the social partners, were welcomed. Ratification of the instruments listed in the Annex to the Recommendation should also be promoted. Again, the Office should consider increasing the targets for Asia and the Pacific under indicator 6.1 and for the Americas under indicator 6.3.
41. With regard to Outcome 7, the focus on strengthened institutions for collective bargaining and industrial relations was very much welcomed; a sound balance had been achieved in the document. Clarification was sought on whether “safe work” in the description of the outcome also included wider OSH aspects. The section on challenges should refer to the lack of freedom of association in global supply chains, and ILO work must promote that core right. The criteria for success under indicator 7.1 required only one of the four to be met, but ratification of standards should be made mandatory.
42. A stronger focus on freedom of association and collective bargaining was needed in Outcome 8, and criterion 8.1.1 should be “in line with” rather than just “guided by” international labour standards. Particular focus should be given under criterion 8.3.2 to freedom of association and collective bargaining.
43. Under Outcome 9, the references to the promotion, ratification and implementation of Conventions, work to implement the ILO guidelines on fair recruitment and the partnership with the UNHCR were welcomed, as was the planned work on gender equality and non-discrimination. However, ILO work on the business mechanism for the Global Forum for Migration and Development, a non-tripartite body, should not be a priority.
44. The Workers’ group supported Outcome 10 on employers’ and workers’ organizations; resources should be allocated according to previously agreed ratios.
45. The cross-cutting policy drivers were also supported, particularly the fact that work across all outcomes would focus on promotion, ratification and implementation of ILO standards.
46. With regard to the overview of the regional contexts, the first priority area in the section on Africa should include a reference to the quality dimensions of employment, given the persistence of inequalities and the lack of inclusive growth in many areas. The section on the Arab States should refer to the low ratification rates of ILO Conventions, particularly Conventions Nos 87 and 98, the severe rights violations in the region and also the particular pressures on countries such as Lebanon and Jordan as a result of the refugee crisis. The

fourth priority area for Asia and the Pacific should also refer to the ratification of core Conventions and other relevant standards. As to Europe, there should also be a reference to the need for ratification and implementation of standards as a priority, and promotion of fundamental principles and rights at work should be a priority in the renewal of DWCPs. The section on the Americas should include further work on collective bargaining, wages and improved working conditions to encourage more inclusive growth.

47. In relation to research, statistics and capacity development, ILO research should also focus on promoting a better understanding of the relevance of ILO standards to inclusive growth. It would be useful to collect data on how ILO standards could contribute to the redistribution of gains from growth and the expansion of workers' purchasing power, which in turn would stimulate demand and growth-led development. Lastly, the alignment of the International Training Centre of the ILO (Turin Centre) with the programme and budget was welcomed.
48. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe reiterated the group's support for the policy outcomes. The challenges addressed under Outcome 1 captured the reality of labour markets in Africa, and the proposal for collaboration at the national level would facilitate the achievement of that outcome. The Office should help member States by ensuring that DWCPs were reflected in United Nations Development Assistance Frameworks (UNDAFs). The target number of member States to ratify fundamental and governance Conventions under indicator 2.1, particularly in Africa, should be higher. The criteria for success under indicator 2.1 should also include the exchange of best practices between and within regions. Criterion 2.2.1 was particularly welcomed. As to Outcome 3, the budget allocation was insufficient; the Office should prioritize that outcome when mobilizing resources during the biennium. In the light of the risk of the fiscal consolidation pressures referred to in paragraph 82, indicator 3.3 and its criteria for success should explicitly refer to enhanced advocacy, as well as to enhancing the knowledge base. Under Outcome 5, strategies to improve compliance with labour laws should be a priority, and there was a need to tackle global supply chains, where less of the income accrued to farms and farm workers.
49. With regard to Outcome 6, the formalization of the informal economy was the most effective way of extending decent work opportunities to the majority of workers, especially in Africa; the establishment of synergies with Outcome 4 was also welcomed. Moreover, practical incentives and targeted support were crucial, in addition to a normative approach. Outcome 7 was central to ensuring that macroeconomic processes did not undermine the stability of the labour market, and workplace compliance was one way of achieving sound industrial relations that promoted productivity and stability at minimal cost. As to Outcome 9, regional and subregional frameworks and arrangements on labour migration were welcomed, as bilateral and multilateral cooperation were necessary for the management of migration. The Office should strengthen its regional and subregional offices to better serve member States, regional economic communities and continental bodies. Migration was a complex, fragmented issue, and the Office had to maintain a presence and provide specialists to champion labour migration management across all regions. With regard to Outcome 10, strong and representative employers' and workers' organizations were necessary to partner with governments in designing and implementing national development programmes, including on areas outside the traditional labour market, such as broader social and economic policy.
50. The Africa group reaffirmed its support for the four cross-cutting policy drivers, in particular social dialogue. Thus, the four focus areas of ILO support for social dialogue listed in paragraph 183 should be elaborated and broken down into specific indicators and targets, which would help constituents to track the utilization of the related budget; furthermore, the relative increase in the operational budget allocation was welcomed.

51. The need for the Office to focus on a limited number of priority areas in each region to ensure the greatest impact was appreciated, as was the acknowledgement of the African regional development instruments. Capacity building in Africa should indeed have a stronger focus on strengthening social dialogue, particularly given the central role of DWCPs to labour market interventions in the region. The Office should add a fourth regional priority, the formalization of the informal economy, as it was the primary source of employment in Africa, and efforts to advance decent work should be closely tied to formalization.
52. With regard to research, statistics and capacity development, the role of the ILO as a repository of high-quality technical research, and the products of ILO research, were much appreciated; however, there should be a move towards regional, subregional and national research. The Office should build the capacity of those member States which provided primary research and statistical information. The consolidation of statistical information into the ILO database of labour statistics (ILOSTAT) was a positive development, and field offices should provide technical support to ensure that constituents could use it effectively. The ILO flagship reports provided much assistance in addressing emerging policy issues. ILO research and statistics could be used to defend the objectives of the Organization within the multilateral framework, if necessary. The refinement of the training portfolio of the Turin Centre, and the intention to roll out IT-enhanced learning, would enable the Centre to optimize its resources and become more accessible to constituents. Finally, more could be achieved if the Centre forged stronger partnerships with regional training institutions.
53. *Speaking on behalf of ASPAG*, a Government representative of the Islamic Republic of Iran called upon the Office, regarding Outcome 1, to assist member States in addressing two challenges in the region: youth unemployment, which required action to improve both the quality and quantity of jobs taking into account constituents' needs; and young people not in employment, education or training. Efforts were required to ensure that synergies were identified and established across outcomes and cross-cutting policy drivers. He supported the inclusion of a cross-cutting policy driver on environmental sustainability to address the impact of climate change on the world of work and help countries attain the SDGs. The necessary foundations for creating and extending social protection should be reinforced to achieve better and more sustainable outcomes. The Office should expand the activities relating to Outcome 3 in the region.
54. Greater importance should be attached to Outcome 4, as sustainable enterprises were crucial for economic growth and job generation. The Office should scale up measures to promote cooperatives and should intensify its efforts under Outcomes 5, 6 and 7 in the region. Under Outcome 9, it should assist member States in the region in addressing labour migration, taking into account country-specific contexts. Broadening the scope of Outcome 9 should not blur the distinction between migrant workers and refugees in related policy and programmes. The Office should ensure that future work relating to refugees was in line with the decision on the final report of the Tripartite Technical Meeting on the Access of Refugees and Other Forcibly Displaced Persons to the Labour Market.
55. ASPAG underscored the importance of the production and use of reliable and comprehensive statistics for all policy outcomes and supported ILO research on the future of work according to the four "centenary conversations". To ensure that its training portfolio met the different needs arising from varying national circumstances, the Turin Centre needed to enrich its expertise through collaboration with regional and national providers.
56. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom expressed appreciation for the links made between the proposed policy outcomes and the SDGs to which they contributed. Similar information on the relation between the outcomes and the seven Centenary Initiatives would be welcome. The ILO should align itself with the outcomes of the Quadrennial Comprehensive Policy Review where relevant, and conduct

follow-up work in collaboration with the UN Secretary-General and other UN entities. Reform of the UN development system was crucial to help member States attain the SDGs.

57. The ILO's results-based management and accountability were a matter of concern. Given the public finance constraints in member States, and to ensure the ILO's international standing, the value added of regular and extra-budgetary contributions to the Organization's budget needed to be demonstrated clearly. While IMEC recognized the progress made since 2015, few of the policy outcome indicators seemed to allow a clear assessment of ILO achievement or accountability; the level of ambition was questionable and opaque throughout the document. The continuing strong emphasis on the ILO's normative work was appreciated. While the inclusion of global supply chains in Outcome 7 was appropriate, the indicators could be strengthened by including measures to provide insight into the ILO's work in this area. The Office should ensure efficiency and non-duplication of efforts in the development of new tools under the policy outcomes. The application of the cross-cutting policy driver on environmental sustainability should remain within the Organization's expertise and mandate. Further information would have been welcome on how the Office planned to effectively implement the new policy driver and address it in the DWCPs.
58. The results framework should include specific indicators on the implementation of cross-cutting policy drivers, which should be reflected in the draft decision. In light of the concerns expressed with regard to baselines, indicators and targets, a fine-tuning procedure similar to that carried out in 2015 should be followed ahead of the 2017 session of the Conference. It was regrettable that the roll-out of the Integrated Resource Information System (IRIS) to all field offices had yet to be completed. Improvements to the administration of the Staff Health Insurance Fund (SHIF) should result in future savings that could be redeployed to front-line tasks.
59. A *Government representative of Bangladesh* underscored the importance of Outcome 1, given the increasing rate of youth unemployment and the lack of access to better jobs for many young people, especially in developing countries. He highlighted a number of actions undertaken by his Government to foster socio-economic progress. The Office should take into account demographic dividends when rolling out programmes and allocating resources, with a focus on national priorities, contexts and socio-economic development. The inclusion of a cross-cutting policy driver on environmental sustainability to address the challenges posed by climate change was welcome. The prioritization of full and productive employment, together with needs-based resource allocation, would be crucial during the implementation of the SDGs and relevant ILO policies. He welcomed the further redeployment of resources from administrative and support functions to front-line analytical and technical services. His Government supported the adoption of the programme and budget proposals.
60. A *Government representative of India* asked the ILO to integrate its interventions for Outcome 1 with national programmes. While acknowledging the growing interaction between international organizations on cross-cutting issues, he urged the ILO to ensure that its supremacy on labour matters was not compromised. The ILO should also ensure that human rights were not viewed as synonymous with labour rights in policy formulation. He concurred with the risk assessment in Outcome 3. As social protection in many countries was viewed as a cost by employers, the ILO should produce evidence-based advocacy initiatives, particularly for micro-, small and medium-sized enterprises, that presented it as an investment for long-term gains.
61. Regarding environmental sustainability, he advocated an emphasis on collaboration rather than a prescriptive approach. While the focus on support to small and medium-sized enterprises (SMEs) was welcome, large firms that interacted with SMEs in domestic and global supply chains should also participate, including through technology transfers and

funding. The Enterprises Initiative had complex repercussions, and policy recommendations and instruments from other organizations should therefore be negotiated in intergovernmental forums and have tripartite consensus. Expressing concern at the reduced share of extra-budgetary support for Outcome 6, he urged the Office to explore more avenues for funding and to provide detailed proposals in that regard. He urged the ILO to quantify the unpaid work done by women in the informal economy, particularly in care services.

- 62.** With regard to Outcome 9, ILO interventions should promote labour mobility for economic reasons, while strengthening the principles of fair migration. Interventions for the ratification of labour standards should, at country level, acknowledge incremental improvements towards ratification beside actual ratification. The ILO should conduct in-depth analysis of the reasons for non-ratification of certain standards. He expressed satisfaction with the number of targets and resource levels proposed for the Asia and the Pacific region.
- 63.** *A Government representative of Japan* asked how the resources redeployed from administrative and support functions would be allocated to each region. Field office costs in the Asia and the Pacific region accounted for 28.5 per cent of the total budget for field operations and partnerships, which was less than the region's labour force participation rate. The Office should take into account such rates in each region when considering future budget proposals.
- 64.** *A Government representative of Colombia* reiterated his Government's commitment to implementing the 2030 Agenda, including poverty reduction through the creation of more and better jobs. The Office's efforts to improve measurement systems were welcome, as were the priorities for the ILO's work in the Latin America and the Caribbean region identified in paragraph 216, alongside the strengthening of external partnerships. Outcomes 1 and 5 were of particular relevance for his Government, which had signed an agreement relating to rural reform, intended to implement a plan on the social protection and rights of rural workers, and had developed comprehensive employment and social programmes. In expressing support for the proposed Programme and Budget for 2018–19, he asked that a particular emphasis be placed on cooperation in countries recovering from armed conflict, such as Colombia, when implementing it.

Enabling outcomes (paragraphs 242–277)

- 65.** *The Worker spokesperson* endorsed the priorities established under Outcome A. It would have been helpful to have a specific indicator on decent work through decent work indicators, in line with the resolution on Advancing Social Justice through Decent Work. While the strengthening of ILO statistics relating to the SDG Global Indicator Framework under the ILO's custodianship was welcome, support for constituents to collect data at national level should be prioritized.
- 66.** *The Employer spokesperson* said that although it was important to identify a limited number of SDG targets for each policy outcome, Appendix I should be reviewed, as it contained some mistakes with regard to Outcome 10 on employers.
- 67.** *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe proposed changing the term “enabling outcomes” to “performance enablers” to avoid any confusion between the policy outcomes and enabling outcomes. With respect to Outcome A, the deepening of the ILO's collaboration with national statistical agencies responsible for producing the primary labour market data from country to country should be included in the paragraph on means of action. The thrust of knowledge management was to ensure better advocacy of decent work; hence the need for the ILO's knowledge management to be both derived from and sustained in national research, statistical and publication systems and

frameworks. He therefore supported indicator A2. Welcoming Outcomes B and C, he said that his group was of the firm view that a risk register should also be established for Outcome C, given the similarities between the two outcomes in respect of governance at both the organizational and secretariat levels. Such a framework would be useful in the implementation of the Organization's risk management system.

- 68.** *Speaking on behalf of ASPAG*, a Government representative of Pakistan supported Office endeavours towards effective knowledge management for the promotion of decent work and greatly valued the consistency, coherence and quality of the ILO's evidence-based research and policy analysis. In view of the need to be able to generate data, it was imperative to address existing gaps in ILOSTAT urgently, especially as it was being primed for the SDG indicators. While the flagship reports were most useful, their contribution to promoting the Decent Work Agenda should be reviewed. ASPAG noted the desire for the ILO's evidence-based policy recommendations to reach national policy-makers and recommended reaching out to parliamentarians through existing mechanisms; initiatives similar to the ILO collaboration with the Inter-Parliamentary Union in 2002 to develop a handbook for parliamentarians on eliminating the worst forms of child labour would be welcome. Strengthening the capacity of member States underpinned the success of Outcome A. ASPAG recommended retaining flexibility in the number of targeted member States under indicator A2. Reforms to bring about enhanced cost efficiency and effective governance were important, as was the emphasis on ensuring transparency and full accountability for resources and diligent oversight geared towards evolving the institutional culture to ongoing reform. However, oversight should not impede initiative and timely response. ASPAG would appreciate receiving an update later in the biennium on the comprehensive risk register for 2018–19 and the plans to develop an IT-based risk management database. In indicator B1, the implementation of a monitoring mechanism for decisions made by the ILO's governing organs and its regular reporting were particularly important. The speaker called for the continued use of paper for official correspondence, taking into account the importance and urgency of that correspondence and the volume of paper involved. ASPAG supported the initiatives taken to ensure the efficiency of support services and the effective use of ILO resources and would continue to monitor the reform process, efficiency gains and the resulting redeployment of resources from administrative tasks to policy, technical and analytical work. Office efforts to increase resourcing for DWCPs and enhance synergies with UNDAFs, national sustainable development strategies and the SDGs should also be applied to recently formulated DWCPs, especially where such an alignment might be missing or low.
- 69.** *A Government representative of Japan* said that, given the inclusion of the word "labour" in its name, the Organization should remain aware of the fact that it was supported by human resources. Managerial skills should be verified and strengthened in order to ensure staff motivation and effective management of the Organization. The Director-General should consider whether highly valued staff, particularly those working in the field, could fully demonstrate their abilities under current conditions.
- 70.** *Speaking on behalf of IMEC*, a Government representative of the United Kingdom noted that, with respect to Outcome B, the Office had considered a range of risks, including potential reductions in donor funding for projects and programmes. Such contingency planning was welcome.
- 71.** *The Director-General*, in his initial reply to the debate, noted that, following discussions in November 2016 and recent consultations, the strong convergence of all sides on some major features of his Programme and Budget proposals for 2018–19 was encouraging. The areas of convergence included the scope and subject matter of the ten policy outcomes and the three enabling outcomes, although more discussion was needed on their content. The willingness of the Governing Body to accept a fourth cross-cutting policy driver – a just

transition to environmental sustainability – was welcome, although questions remained about the operation and impact of those cross-cutting policy drivers. The alignment of the Organization's work with the 2030 Agenda and the SDGs had been universally welcomed. Unanimity on the level at which budget proposals had been set and the continued adherence to a trajectory of zero real growth was not a small matter. The comments made indicated a preference for more action on all ten policy outcomes. Since a bigger budget would be needed to meet all those requirements, choices would need to be made and a balance in resource allocations achieved. The redeployment of resources from support functions to front-line functions, which was a continuation of action taken in the previous biennium, had met with approval and would continue in future in connection with the Business Process Review. Comments on the substance of the proposals, policy orientations, resources allocation and results-based management would be addressed the following week in his full response to the issues raised by Governing Body members.

72. When discussion of the item resumed, the Director-General presented a reply to his Programme and Budget proposals for 2018–19 (his statement is reproduced in Appendix II).
73. *The Employer spokesperson* emphasized that in order to address the worrying situation of tripartism and social dialogue referred to in paragraph 11 of the proposals, the cross-cutting policy driver on social dialogue must not merely be an exercise in ticking boxes. Most of the measurement criteria did not require the involvement, capacity or support of the social partners. Yet, social dialogue was a constitutional principle, and as such the Office should propose a tangible strategy to resolve the issues surrounding it.
74. The Employers' group reiterated its request for a mixed operational and strategic budget that would enable Governing Body members to better understand how the budget allocations had been calculated and on what they were going to be spent. The group looked forward to being kept informed about developments regarding enhanced analysis and reporting at the end of the financial period.
75. Lastly, with regard to the point that there appeared to be a lack of focus as a result of the large number of programmes, the Employers did not consider them to be different components of a mathematical addition. Rather, there had to be focus and coherence for the various programmes to have an impact, and to be perceived as having an impact. Therefore, the Employers had asked how all the parallel strategies, agendas and initiatives fitted together. Paragraph 13 of the proposals was a prime example illustrating that point.
76. *The Worker spokesperson* noted that an explicit reference to international labour standards would be added to the indicators of each policy outcome, where appropriate. He emphasized that the ratification and implementation of standards should be an integral part of the results framework of every outcome, and the Office should ensure that the relevant standards were systematically included. Criteria for success related to international labour standards should be mandatory.
77. Regarding the regional allocation of posts, he reiterated the request for additional technical positions on standards and collective bargaining, both at headquarters and in the field. That should be a priority in the light of the greater focus on social dialogue, collective bargaining, industrial relations and standards across several policy outcomes.
78. Given the scarce allocation of extra-budgetary resources to policy Outcome 10, the Office should endeavour to allocate additional resources to ACTRAV. He welcomed efforts to attract more extra-budgetary resources, including the use of unearmarked RBSA funds for areas of work that lacked regular budget funding. The Workers' group supported the draft decision.

79. *Speaking on behalf of IMEC*, a Government representative of the United Kingdom reiterated the group's support for the programme and budget proposals, particularly the continuing redeployment from back-office functions to front-line work, and the zero-growth budget. She thanked the Office for listening to IMEC's comments on results-based management and accountability, and looked forward to the update in the draft programme and budget to be submitted to the International Labour Conference. IMEC supported the draft decision.
80. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe welcomed the responses to the issues the group had raised, in particular the proposed action to increase the Office's front-line capacity to deliver more services to constituents. He reiterated the importance to the Africa group of the transition from the informal to the formal economy; social protection floors; employment, especially in the rural economy; and labour migration. The Africa group supported the draft decision.
81. *Speaking on behalf of the RBSA donor countries, Belgium, Denmark, Germany, Italy, Luxembourg, Netherlands, Norway and Sweden*, a Government representative of the Netherlands encouraged other countries to consider moving towards more flexible funding. The RBSA should be used in a flexible and strategic manner and should contribute to tangible development results, particularly in the least developed and low-income countries where the needs were greatest. Furthermore, it should be used to respond quickly to urgent and emerging issues. He supported the draft decision.
82. *A Government representative of India* reiterated her concern regarding the reduced extra-budgetary resources estimated for some core policy outcomes, and the need for additional development cooperation. In addition to working on South–South cooperation, the Office should secure commitments from developed countries to traditional North–South cooperation. She asked how the Office was planning to address in the programme and budget proposals the reduction in budgetary support from traditional sources resulting from the changed global political scenario. She reiterated support for addressing regional and country-specific circumstances in the ILO strategy, and encouraged the Office to promote local expertise and strengthen the technical capacity of field staff. She supported the draft decision.

Decision

83. *The Governing Body:*

- (a) *recommended to the International Labour Conference at its 106th Session (June 2017) a provisional programme level of US\$793,331,474 estimated at the 2016–17 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 76th financial period (2018–19) 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, passes for the 76th financial period, ending 31 December 2019, 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.329/PFA/1/1, paragraph 3.)

Second item on the agenda

Delegation of authority under article 18 of the Standing Orders of the International Labour Conference ([GB.329/PFA/2](#))

84. *The Worker spokesperson and the Employer spokesperson* said that they approved the draft decision.

Decision

85. *The Governing Body delegated to its Officers, for the period of the 106th Session (June 2017) 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 75th financial period ending 31 December 2017.*

(GB.329/PFA/2, paragraph 3.)

Third item on the agenda

Update on the headquarters building renovation project ([GB.329/PFA/3](#) and [GB.329/PFA/3\(Add.\)](#))

86. *A representative of the Director-General (Deputy Director-General, Management and Reform (DDG/MR))* said that the renovation of the southern end of the building was almost complete. Members of the Governing Body would have the opportunity to visit a renovated floor. Relocations to the completed area would take place after the current session of the Governing Body. Although there had been some delays due to design changes and issues discovered during the initial stage of renovation, no similar delays were anticipated during the subsequent stages and it was hoped that the time lost could be recovered. With respect to the financing of the renovation of the lower floors of the building, he recalled that a funding shortfall of CHF120 million remained. Options for financing that part of the renovation included contributions from donors. If the donation policy annexed to the current document was endorsed, a prospectus would be issued on the opportunities to donate funding for particular conference rooms, areas or items. The Office had received a number of unsolicited approaches from commercial developers interested in leasing some ILO land and an approach had also been made by the International School of Geneva to lease land to develop sports facilities. The document sought to obtain authorization for the Director-General to continue discussions on the use of the land, since it would be best to consider any use of the land by the International School of Geneva alongside that of any potential developer in a consolidated manner. Discussions with the school were exploring the possibility of making the intended sports facilities available for use by the Organization

and the local community. That option would retain a large amount of green space as a natural amenity. Offering part of the grounds on a commercial lease for an extended period of 50–99 years would provide a reasonable income and contribute to the cost of renovating the lower floors. A third issue had emerged in recent days since a developer had approached the ILO seeking the use of part of a roadway owned by the ILO, connecting Avenue Appia with David Morse Lane. The roadway could provide access to an approved development project on adjacent farmland. The ILO had indicated that it was prepared to discuss a commercial arrangement; the developers had indicated that they would make an offer to buy that part of the roadway, which, at 680 m², represented a very small part of the Organization's land holdings. Their offer was expected during the 329th Session of the Governing Body.

- 87.** *The Employer spokesperson* said that he commended the Office for keeping the total budget for the initial phase of the renovation within the limits of the financial plan and welcomed the progress made on the southern third of the building. The savings generated through value engineering during the initial phase should be estimated and used as a basis both for projecting potential savings during the subsequent stages of the renovation project and assessing the funds that could be immediately directed to the renovation of the lower floors. It would be useful to calculate the potential financial contribution of increased revenue that could be realized from freehold property and to prepare a more detailed budget for the renovation of the lower floors. He asked why the security risk level for the Organization's headquarters had been raised from minimal to low, what that increase in risk implied and how the proposed security perimeter fence would address the security risks identified. Further information on the planned visit to the completed renovation work would be appreciated. He supported the draft decision.
- 88.** *The Worker spokesperson* said that he welcomed the good management of health and safety issues and the absence of reported irregularities. In light of the statement in paragraph 21 of the report of the Chief Internal Auditor for the year ended 31 December 2016 ([GB.329/PFA/7\(Rev.\)](#)) that the renovation project budget was tight and the reserve for unforeseen events low, his group supported the plan to conduct a follow-up audit of the project in 2017. It endorsed the donation policy presented in Appendix I and was in favour of leasing a portion of the plot of land adjacent to the headquarters building (plot 4057) to the International School of Geneva and developing the remainder through a commercial lease. He asked whether pedestrian access to the ILO building through the land in question would be preserved. Lastly, emergency training and procedures should be kept up to date as staff members moved into the first refurbished area.
- 89.** *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe noted the progress reported on the headquarters building renovation project. The proposed donation policy, modelled on approaches used at the UN, should be welcomed. The Governing Body would be in a better position to guide the Office once it received further details on the security perimeter fence in October 2017. Further information on the expected financial value of the proposals for the development, leasing and/or sale of plot 4057 should also be provided. He supported the draft decision.
- 90.** *Speaking on behalf of IMEC*, a Government representative of the United States commended the Office for integrating lessons learned into the planned renovation of the middle third of the building. IMEC was pleased that the works were on target for the 2019 deadline and welcomed the opportunity to visit the refurbished offices during the current session of the Governing Body. It commended the efforts made to remain within the initial funding plan (CHF205 million) and noted that it was not in a position to provide additional funds for the project. IMEC appreciated the Office's efforts to identify tenants for the refurbished space in order to repay the loan from the Swiss Confederation and requested that a status update, including an estimate of the expected rental income, be provided at the 330th Session of the Governing Body, bearing in mind that the domestic law of some countries prohibited the use

of member States' contributions to pay interest on loans. IMEC supported the proposal to seek voluntary contributions to defray the cost of renovating the lower floors (CHF120 million) and appreciated the Office's exploration of ways to generate additional revenue through the development and leasing of plot 4057. However, it noted with concern that costs not included in the original scope of the project, including the proposed construction of a security perimeter fence, were growing. It requested the Office to provide an analysis comparing the total projected cost of the unfunded requirements to the anticipated revenue, including from the proposed use of plot 4057.

91. *The representative of the Director-General (DDG/MR) said that savings of some CHF5 million had been reported in October 2016 and further savings would be pursued. Information on the value of leasehold income would be reported in November 2017 once commercial negotiations had commenced. The security perimeter fence was a separate issue from the headquarters building renovation project. A perimeter fence with access points and a visitor reception was needed in order to comply with UN security requirements due to the increased security risk rating for Geneva as a venue for UN agencies and in view of the blast impact assessments carried out with respect to vehicles parked on ILO land. The Office was discussing funding for the fence with the Swiss authorities, in view of the host country's obligation to provide a certain degree of security, and seeking quotations for the work. In view of other public access requirements, pedestrian access from the roadway part of David Morse Lane would be maintained. There had been significant interest in tenancy of renovated floors of the headquarters building; more conclusive information on that matter would be provided in November 2017. The newly renovated eighth floor would be open to visitors on the morning of Friday, 17 March 2017. The Office would revert to the Governing Body to seek authorization for the Director-General to pursue an arrangement on the access roadway.*

Decision

92. *The Governing Body:*

- (a) *endorsed the donation policy presented in Appendix I to document GB.329/PFA/3;*
- (b) *authorized the Director-General to pursue the possible use of plot 4057 with the relevant Swiss authorities, the International School of Geneva and potential developers.*

(GB.329/PFA/3, paragraph 24.)

93. *A representative of the Director-General (DDG/MR) informed the Governing Body, when it resumed its discussion of the item, that the Office had recently received a formal offer for the plot of land described in document GB.329/PFA/3(Add.). The offer had not yet been considered in detail and further negotiations would likely be required.*
94. Responding to comments received prior to the resumption of the discussion, he said that the Office had had very preliminary discussions with the host Government on the issues surrounding the land, and further discussions would take place in the light of the offer received. Concerning the reference in the draft decision to proceeds from the disposal of the land being used for the subsequent phases of the headquarters building renovation project, a question had been raised as to whether the subsequent phases had been approved. They had been approved in principle, subject to the Office raising funding of some CHF120 million. He proposed amending the draft decision by removing the words "to finance subsequent

phases of the headquarters building renovation”. A full discussion on funding the subsequent phases would take place at a future Governing Body session.

95. *The Worker and Employer spokespersons supported the draft decision.*
96. *Speaking on behalf of the Africa group, a Government representative of Zimbabwe noted that more work was required on the matter, and proposed that the November 2017 session would be a more appropriate opportunity for the Office to provide a full report. The Africa group supported the draft decision.*

Decision

- 97. *The Governing Body authorized the Director-General to negotiate and finalize an agreement for the disposal of the land described in document GB.329/PFA/3(Add.) and highlighted in the appendix, and to credit any proceeds from the agreement to the Building and Accommodation Fund.***

(GB.329/PFA/3(Add.), paragraph 6, as amended by the Governing Body.)

Fourth item on the agenda

After-service health insurance: Update (GB.329/PFA/4)

98. *A representative of the Director-General (Treasurer and Financial Comptroller) said that the Advisory Committee on Administrative and Budgetary Questions (ACABQ) had supported most of the recommendations contained in the follow-up report by the Secretary-General, with the principal exception being the question of the funding of the liability, where it was not ready to endorse a funding proposal. The ACABQ encouraged member States to complete the questionnaire on the possibilities of primary coverage under national health insurance schemes. As to the implementation of the other recommendations, the Office would report back to the Governing Body on progress after the UN Secretary-General’s next report to the General Assembly on that matter, scheduled for the end of 2018.*
99. *The Employer spokesperson said that his group commended the Office follow-up to recommendation 2 on collective negotiations with health-care providers, which had resulted in savings of more than 25 per cent for the ILO staff after-service health insurance (ASHI). To seek further savings, the Office could periodically remind its staff of the preferred providers and could consider undertaking collective negotiations in regional or country duty stations where a significant number of ILO and UN staff members were stationed.*
100. *The Worker spokesperson said that his group supported recommendation 2 on collective negotiations with health-care providers as a way to achieve cost savings; however, it should not result in additional costs or a reduction in benefits for staff. With regard to recommendation 4, the Workers were not favourable to the option of coverage under national health insurance schemes, as the UN would then act as a secondary insurance in the insured persons’ country of residence and many former officials were not eligible under national security schemes. Furthermore, universal health-care access was essential for the UN to be able to attract and retain the best possible workforce. As to recommendation 7, the group supported the proposal to continue funding the ASHI liability using a pay-as-you-go approach. The establishment of the Staff Health Insurance Fund (SHIF) Management Committee Working Group on Cost Containment was welcomed, along with its goal of*

containing medical expenses while maintaining all the current features of SHIF coverage. With regard to the review of SHIF operating models, the Workers would welcome further consultation and discussion with the Staff Union on the findings of the report to ensure that staff and retirees continued to receive proper health insurance in the most effective, efficient and secure manner. The group supported the promotion of preventive health care and the negotiation of preferential rates. It did not see a need to establish an ASHI reserve at that time, and use of extra contributions from member States to decrease a theoretical ASHI liability should not be to the detriment of funds allocated to ILO programmes and activities.

101. *Speaking on behalf of the Africa group*, a Government representative of Zimbabwe said that the Governing Body was not yet in a position to make an informed decision on ASHI, given that some aspects of the funding framework must be harmonized across the UN agencies. It appreciated the work undertaken by the SHIF Management Committee Working Group on Cost Containment and endorsed its recommendations. Strengthening cost control and advocating responsible use of the facility by insured persons were crucial: for all non-emergency cases, payment or reimbursement of expenditure should be based on comparisons of at least three competitive estimates for alternative service provision. Lastly, it agreed that the establishment of an ASHI reserve should be considered only once decisions had been made on the funding of the ASHI liability.
102. *Speaking on behalf of IMEC*, a Government representative of Spain said that measures for the future sustainability of ASHI should be adopted urgently and a serious and rigorous plan of action established, drawing on the experiences of international organizations which had already made progress in the area. Measures should be based on a comprehensive and systematic evaluation of the situation and might include: cost control in administration and plan design; cost sharing between organizations and insured persons; preventive health care; and the establishment of a reserve for the funding of the liability. Such measures should be implemented without waiting for any other reforms currently under discussion at the General Assembly.

Outcome

103. *The Governing Body took note of the update on the United Nations inter-agency Working Group on After-Service Health Insurance (ASHI) and the outcome of the work of the ILO Staff Health Insurance Fund Management Committee on Cost Containment, contained in document GB.329/PFA/4, and provided observations and guidance to the Office on the matter.*

(GB.329/PFA/4.)

Fifth item on the agenda

Other financial questions

Report of the Government members of the Governing Body for allocation of expenses (GB.329/PFA/5)

104. *The Employer and Worker spokespersons supported the draft decision.*

Decision

- 105.** *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 2018 on the UN scale for 2016–18, and accordingly proposed to the Conference the adoption of the draft scale of assessment for 2018 as set out in the appendix to GB.329/PFA/5, subject to such adjustments as might be necessary following any further change in the membership of the Organization before the Conference was called upon to adopt the recommended scale.*

(GB.329/PFA/5, paragraph 6.)

Audit and Oversight Segment

Sixth item on the agenda

Report of the Independent Oversight Advisory Committee

([GB.329/PFA/6](#))

- 106.** *The Chairperson of the Independent Oversight Advisory Committee (IOAC) said that during the period from May 2016 to January 2017, the Committee had continued to engage with the Governing Body, the Director-General and the management of the ILO, to ensure the communication and understanding that were essential to its oversight responsibilities. The Committee had provided additional oversight coverage while the Auditor General of Canada handed over his duties as External Auditor to the Commission on Audit of the Philippines. It appreciated management's speedier progress in implementing audit recommendations, and would continue to monitor measures to ensure effective management of the ever-changing risk universe, as well as continued compliance with the amendments made in the international internal audit standards.*
- 107.** *The Employer spokesperson said that the fact that the IOAC had found the ILO's financial reporting to be highly satisfactory showed that the Organization was applying due diligence in utilizing resources. He wished to know whether the resource gap was impeding the ability of the Office of Internal Audit and Oversight (IAO) to conduct adequate risk-based audits. Outsourcing specialized skills might help to improve the IAO's capacity, but suppliers must be carefully chosen in order to protect the IAO's reputation. He wondered which areas of human resources development required faster action by the Organization. It would be crucial for the ILO management to offer staff learning opportunities that were based on changing business needs.*
- 108.** *The Worker spokesperson was pleased to note that the ILO had correctly implemented appropriate changes in accounting policies. The Workers supported the IOAC's recommendations overall. Recommendation 2 would be of prime importance when formulating the 2018–21 Evaluation Strategy. His group was pleased to see that resources for the investigation function had been supplemented when requested and that the Office's ethical and accountability framework was found to be well structured. With regard to recommendation 8, it would be advisable for the Human Resources Development Department to consult the Staff Union when implementing workforce planning approaches, while managers should support their staff in developing new skills and adjusting to changes.*

As far as recommendation 9 was concerned, the IOAC should play only an advisory role in the appointment and termination of the Chief Internal Auditor; no authority should be delegated to it. Lastly, his group welcomed the Office's follow-up on the Committee's prior recommendations and the Committee's continued monitoring role.

- 109.** *Speaking on behalf of the Africa group*, a Government representative of Mauritania said that his group had duly noted the nine recommendations made in the report and invited the Office to take them into account with a view to securing greater transparency.
- 110.** *Speaking on behalf of IMEC*, a Government representative of the United States said that IMEC supported all of the recommendations made in the report. It welcomed the finding that the scope, plan and approach of the external audit were reasonable and adequate. His group was, however, concerned that the IAO might not have enough resources to accomplish its mission, and it therefore believed that the Director-General should continue to ensure that adequate resources were allocated to it. He wondered whether the Office had made more efforts to address the continued high incidence of allegations of fraud and malpractice. IMEC looked forward to the completion of the assurance mapping exercise as a means of successfully merging the internal control and risk management frameworks. Noting that the use of the IT tool helped expedite the implementation of audit recommendations, it looked forward to further improvements in that area to make sure that high-risk audit recommendations were implemented as quickly as possible. His group recognized that the work of the IOAC was having a positive effect on the Office's management and internal controls.
- 111.** *A Government representative of China* said that, while it was clear from the report that the governance structure of the ILO had improved, as had the quality of its evaluation work, some improvements were still needed in order to assess future risks and avoid duplicating the work of the External Auditor. The Information Technology Governance Committee should supervise expenditure on and the progress of the second phase of the roll-out of the Integrated Resource Information System (IRIS). The IOAC's recommendations should be put into effect, with the aim of ensuring that its work better served the oversight of the Governing Body.
- 112.** *A representative of the Director-General (Chief Internal Auditor)* said that there had been no changes to the Institute of Internal Auditors (IIA) standards, but that a layer of principles had been added, whose practical implications were being discussed by the United Nations. The resource gap referred to by the IOAC had arisen, in particular, because it was impossible to make financial provision for all the investigations that might be needed and the skills they might require. Any request made to the Director-General for resources to plug the gap had always been met. A shift was being made towards more strategic audits but it would take time to fully implement, as a different staff skill set was necessary. A low percentage of allegations of wrongdoing had in fact been substantiated. Outsourcing of audit and investigation work was necessary because the Office did not always have the skills it needed to conduct specialized audits or investigations, such as IT and construction projects. It always ensured that outsourced audit suppliers were selected in a transparent manner.

Outcome

- 113.** *The Office took note of the observations and guidance provided by the Governing Body on the report of the Independent Oversight Advisory Committee (IOAC) and its recommendations as set out in document GB.329/PFA/6.*

(GB.329/PFA/6.)

Seventh item on the agenda

Report of the Chief Internal Auditor for the year ended 31 December 2016 ([GB.329/PFA/7\(Rev.\)](#))

- 114.** *The Worker spokesperson* said that his group particularly welcomed paragraph 53 of the report on lessons learned from investigations and stressed the importance of follow-up by the Office. He noted with satisfaction that no major weaknesses had been identified in the ILO's system of internal control and agreed that if it was decided to retain the current decentralized IT system, the Office would need to ensure that the relevant departments and offices complied with ILO directives, policies, procedures and standards and sought guidance from the Information and Technology Management Department (INFOTEC) before engaging in any IT-related initiative. Since IT issues represented the highest number of high- and medium-significance audit recommendations, he supported the recommendation that the Office should determine whether there was a need to strengthen the communication and role of the IT Governance Committee in addressing field issues.
- 115.** *The Employer spokesperson* said that while it was reassuring to see that the appropriate checks and balances were in place, the increased number of cases reported to the Office of Internal Audit and Oversight (IAO) in 2016 called for further improvement of the internal control environment across the Organization. Since the use of external collaborators was one of the Office's highest expenditure line items, the relevant IAO recommendations should be taken into account by standardizing hiring procedures and establishing an evaluation system, particularly for contracts with a value in excess of US\$30,000. Lastly, the Office should take the lessons learned from investigations into account in countries and regions with substantial development cooperation projects.
- 116.** *Speaking on behalf of IMEC*, a Government representative of the Netherlands urged the Office to implement the recommendations on recurrent issues such as the use of implementing agents at country level and the risks related to financial management systems and IT. IMEC supported the plan to conduct another audit of the headquarters renovation project in 2017. She asked what types of allegation had been made in the case referrals received in 2016 and expressed the hope that that information would be included in future reports. It would also be useful to know how the Office was incorporating the lessons learned into its work.
- 117.** *A representative of the Director-General (Chief Internal Auditor)* said that of the broad range of allegations investigated, the highest number concerned fraud (such as falsification of invoices and collusion with vendors), ethics (failure to disclose conflicts of interest) and the SHIF. A breakdown of the nature of allegations would be included in future reports. Figure 4 showed that although a higher number of case referrals (32) had been received in 2016, only 12 per cent of the allegations made had been substantiated.
- 118.** *The Chairperson* said that in accordance with established practice, the Office would submit to the Governing Body at its 332nd Session a report on follow-up to the recommendations of the Chief Internal Auditor. The Office's follow-up report for the year ended 31 December 2015 had been issued as document [GB.329/PFA/INF/3](#).

Outcome

119. *The Office took note of the observations and guidance provided by the Governing Body with regard to the report of the Chief Internal Auditor and its recommendations.*

(GB.329/PFA/7(Rev.))

Eighth item on the agenda

Summary findings of the independent evaluation of the evaluation function

([GB.329/PFA/8](#))

120. *The Worker spokesperson* congratulated the Office on having one of the most mature and independent evaluation functions in the UN system. While the Workers supported recommendations 1–3, they feared that a zero-growth budget would impact on the Office’s ability to implement them in full, and notably that of transitioning regional evaluation officers into full staff members of the Evaluation Office funded through regular budget sources. His group was in favour of recommendation 5 regarding an evaluation framework for evaluating decent work through social dialogue as it would allow the ILO to occupy a niche in the international evaluation space. Support would be needed, however, to build up the capacity of some social partners to engage in evaluation. The Workers agreed that the limited resources should be used to strengthen a culture of self-learning among managers. They also agreed with recommendation 7 on adjusting the overall focus of evaluations to more strategic and thematic evaluations. The follow-up to evaluations would require a strong Office-wide coordination system. At the same time, evaluation products should be more user-friendly. Strengthening communication and knowledge management to enhance the utility of evaluations in the field should therefore be one of the priorities for the forthcoming strategy. His group supported the recommendations on the need for an enabling environment for evaluations and a participatory process for developing the new evaluation policy and strategy. In that connection, it would be important to consult ACTRAV and ACT/EMP, as well as the group secretariats.

121. *The Employer spokesperson* said that greater attention should be paid to the institutional integration of recommendations resulting from evaluations in the planning, implementation and monitoring of the ILO’s work, in order to maximize their utility. For example, the lessons learned from evaluations could be more widely applied to programmes financed from the regular budget. A coherent mechanism to address valuable lessons learned from evaluations across the Office’s strategic and policy outcomes would strengthen its programmes. His group supported the draft decision.

122. *Speaking on behalf of the Africa group*, a Government representative of Mauritania drew attention to the fact that the highest number of evaluations in the period 2011–16 had been carried out in Africa. His group welcomed the increased transparency of the ILO’s workings, as well as the fact that the ILO was recognized as having one of the three most mature evaluation functions in the UN system. While acknowledging that ILO spending on evaluation was currently half that recommended by the Joint Inspection Unit, his group considered that those savings should not be made at the expense of the quality of evaluation or the number of missions. It supported the draft decision.

123. *Speaking on behalf of IMEC*, a Government representative of Norway said that it was positive that the independent evaluation had confirmed the progress made in establishing a

mature and structured evaluation system. Notwithstanding the progress, the ultimate test of that function's strength was how evaluations were utilized; it was important to learn from experience in order to increase the relevance and effectiveness of the ILO's interventions. IMEC therefore supported the call for a more strategic approach, including dialogue on alternative approaches that would reflect the ILO's specific normative mandate and enhanced utilization. With regard to the independence of the evaluation function, her group looked forward to receiving information on the cost implications of the recommendation to turn regional evaluation officers into full staff members. Regarding credibility, the ILO should use participatory approaches involving social partners and engage with a wider community of evaluators in order to promote a greater understanding of the Decent Work Agenda and the importance of social dialogue. On the subject of utility, a sharper focus on Decent Work Country Programmes and thematic evaluations, including evaluations linked to implementation of the Sustainable Development Goals, could play an important role in shaping national and international policies and promote an understanding of the ILO's mandate to achieve global goals. Her group supported recommendation 10, on strengthening results-based management and monitoring and reporting systems, as the recently published Multilateral Organization Performance Assessment Network (MOPAN) survey had identified similar problems. Recognizing that a strong evaluation function required both budgetary and political support, IMEC looked forward to receiving a revised evaluation policy in November 2017 and to learning how various stakeholders had participated in its formulation.

- 124.** *A representative of the Director-General (Director, Evaluation Office) thanked the Technical Committee, Evaluation Advisory Committee and the Procurement Bureau for having managed the evaluation in a professional and transparent manner. It had been a good experience for the Evaluation Office in terms of accountability and learning. The findings of the evaluation were encouraging in so far as it recognized that a robust system had been established within a small budget. They were also consistent with the recent MOPAN survey, which scored the evaluation indicator (KPI 8) as the second highest score, just below very satisfactory. The support for the proposals included in the management response was much appreciated. Systematic follow-up of recommendations was needed, especially for decentralized projects, and the call for new evaluation methods with a focus on social dialogue and normative work was welcomed. Improved utility of evaluation as an Office-wide responsibility was recognized as a particularly important area for improvement. A new evaluation policy, developed in an inclusive and interactive process, would be presented to the 331st Session of the Governing Body, followed by a new strategy at the 332nd Session. As to concerns about funding, a change in reporting lines of regional evaluation officers would not require additional funding. The Office could also explore ways to optimize the use of the different types of funding available for evaluation (RB, RBSA and XBTC) in a more integrated manner. Critical to all of that would be more flexibility in how it undertook evaluations, such as by clustering evaluations in a strategic manner.*

Decision

- 125.** *The Governing Body requested the Director-General to take into consideration the recommendations of the independent evaluation presented in document GB.329/PFA/8 and to ensure their appropriate implementation.*

(GB.329/PFA/8, paragraph 43.)

Personnel Segment

Ninth item on the agenda

Statement by the staff representative

126. The statement by the staff representative is reproduced in Appendix III.

Tenth item on the agenda

Amendments to the Staff Regulations (GB.329/PFA/10)

127. *The Worker spokesperson* said that in the light of the UN General Assembly resolution concerning the education grant and the age of retirement, his group supported the proposed amendments to the Staff Regulations. The positive and constructive climate in negotiations between the Administration and the Staff Union was indicative of a stable and harmonious system of labour relations within the Office.
128. *The Employer spokesperson* noted that the proposed amendments were part of a broader set of changes decided by the UN General Assembly and were also good human resource practice. The group supported the draft decision.
129. *Speaking on behalf of the Africa group*, a Government representative of Ethiopia said that the amendments were necessitated by the General Assembly resolution and the rationale for amending the articles of the Staff Regulations was clear and convincing and the Office procedure for introducing the amendments was transparent and participatory. His group supported the draft decision.
130. *Speaking on behalf of IMEC*, a Government representative of Canada welcomed the ILO's commitment to the common UN system and commended the Office for implementing the decision on the age of separation in a timely manner and with no significant direct financial implications. His group thanked the Office for the analysis of retirement data and supported the draft decision.
131. *A Government representative of Japan* said that, in view of population ageing, the Office should consider the possibility of appointing officials over the age of 65 years in particular to development cooperation projects for a fixed term or under flexible work arrangements. However, the extension of the retirement age should not have a negative impact on employment opportunities within the ILO for young people. Recognizing that the ILO was different from other international organizations, it should take an appropriate approach to the future of work.

Decision

132. *The Governing Body approved:*

- (a) *the amendments to articles 3.14 and 3.14bis of the Staff Regulations related to the education grant contained in the appendix to document GB.329/PFA/10;*

- (b) *the amendments to article 11.3 of the Staff Regulations related to the age of retirement contained in the appendix to document GB.329/PFA/10 with effect on 1 January 2018.*

(GB.329/PFA/10, paragraph 13.)

Eleventh item on the agenda

Matters relating to the Administrative Tribunal of the ILO

Update on discussions with the European Patent Organisation on possible future action to improve the Tribunal's caseload ([GB.329/PFA/11/1](#))

133. *The Employer spokesperson* welcomed the prospect of real progress to alleviate the caseload of the Tribunal. The Employers' group supported the draft decision.
134. *The Worker spokesperson* welcomed the fact that the European Patent Organisation (EPO) had recognized trade unions as social partners and created a collective bargaining framework. However, the fact that the most representative staff union, the Staff Union of the European Patent Office (SUEPO), remained outside the collective bargaining framework would affect the number of complaints still being submitted. It was encouraging that final decisions had been withdrawn and were to be reviewed internally; if the related complaints were resolved by the EPO, it would significantly reduce the Tribunal's caseload. However, the high level of litigation within the EPO could continue to trigger an unmanageable amount of complaints to the Tribunal, and cases not resolved by the Internal Appeals Committee were likely to be referred back to the Tribunal. He urged Governing Body members who were also members of the EPO Administrative Council to raise their concerns within that body and to restate the need to establish a climate of solid industrial relations involving all representative staff unions. The EPO could also consider alternative means of addressing staff issues, such as mediation, or, failing that, establish its own internal tribunal of first instance. The Workers' group supported the draft decision.
135. *Speaking on behalf of the Africa group*, a Government representative of Ethiopia commended the Office for its ongoing efforts to reduce the workload resulting from complaints from the EPO. Efforts should be continued to ensure that the Tribunal could operate effectively. The Africa group supported the draft decision.
136. *Speaking on behalf of IMEC*, a Government representative of the United States noted the increasing caseload of the Tribunal owing to its expanding membership, which was a positive development, but also the disproportionately high number of complaints from the EPO. The Director-General's efforts to improve internal justice policies within the EPO and reduce the number of complaints, thereby restoring the efficiency of the Tribunal, were laudable; however, further measures should be taken, such as the establishment at the EPO of an internal tribunal of first instance. IMEC supported the draft decision.

Decision

137. *The Governing Body took note of the ongoing discussions on ways to reduce the Tribunal's workload generated by complaints filed against the European Patent Organisation and requested the Director-General to continue to explore, in consultation with the Tribunal, all possible means for ensuring its effective and unhindered operation in the interest of all international organizations that had recognized its jurisdiction.*

(GB.329/PFA/11/1, paragraph 8.)

Recognition of the Tribunal's jurisdiction by other international organizations

([GB.329/PFA/11/2](#))

138. *The Worker spokesperson* welcomed the fact that the Green Climate Fund (GCF) had approved the recognition of the Tribunal's jurisdiction, noted the decision by the Centre for the Development of Enterprise (CDE) to discontinue its recognition of the jurisdiction of the Tribunal, and expressed appreciation for the confirmation from the CDE that it would implement "as soon as feasible and in good faith" any judgment on the five outstanding complaints made by members of its staff. He asked which mechanism or rules would guarantee the execution of those pending decisions. It should be emphasized that while the recognition of the Tribunal's jurisdiction could be revoked unilaterally, a withdrawal entered into effect only once the Governing Body had confirmed it. The Workers' group supported the draft decision.

139. *The Employer spokesperson* noted the changes in the recognition of the Tribunal's jurisdiction, and supported the draft decision.

140. *Speaking on behalf of the Africa group*, a Government representative of Ethiopia took note of the recognition of the Tribunal's jurisdiction by the GCF, and the forthcoming discontinuation of recognition by the CDE, with five cases pending. The group concurred that the conditions for revoking recognition of the Tribunal's jurisdiction, and the possibility for the Governing Body to withdraw its approval of the recognition, should be set out in the Statute of the Tribunal. The Africa group supported the draft decision.

141. *Speaking on behalf of IMEC*, a Government representative of the United States supported the recognition of the jurisdiction of the Tribunal by the GCF, and took note of the withdrawal of the CDE owing to its impending closure.

142. *A representative of the Director-General (Legal Adviser)* clarified that the CDE had committed to executing in good faith any judgments rendered by the Tribunal. The Office had no reason to doubt that the CDE would honour its commitment, particularly as it had recently promptly paid the running costs of the Tribunal for 2016 as well as the session costs in respect of a judgment rendered at the 122nd Session of the Tribunal in 2016. As per subparagraph (c) of the draft decision, the CDE would remain subject to residual jurisdiction, meaning that the complainants in the five outstanding cases would continue to benefit from the Tribunal's jurisdiction. Furthermore, article VI, paragraph 1, of the Statute of the Tribunal had been amended in 2016 to include a possibility for the Tribunal to consider applications for interpretation, execution or review of a judgment. Thus, in the event that a judgment was not executed, the complainants would be able to file a new application for execution.

Decision

143. *The Governing Body:*

- (a) *approved the recognition of the Tribunal's jurisdiction by the Green Climate Fund (GCF), with effect from Wednesday, 15 March 2017;*
- (b) *took note of the intention of the Centre for the Development of Enterprise (CDE) to discontinue its recognition of the jurisdiction of the Administrative Tribunal;*
- (c) *confirmed that the CDE would no longer be subject to the competence of the Tribunal with effect from Wednesday, 15 March 2017, except as regards the five complaints (AT 5-4383, AT 5-4411, AT 5-4414, AT 5-4415 and AT 5-4492) currently pending before the Tribunal;*
- (d) *requested the Director-General to follow up with the CDE Director-Curator regarding the payment of any outstanding costs.*

(GB.329/PFA/11/2, paragraph 17.)

Composition of the Tribunal (GB.329/PFA/11/3)

144. *The Employer spokesperson and the Worker spokesperson supported the draft decision.*

Decision

145. *The Governing Body decided:*

- (a) *to recommend to the Conference that it convey its deep appreciation to Mr Claude Rouiller for the valuable services he had rendered to the work of the Administrative Tribunal of the International Labour Organization over the past 13 years as judge, Vice-President and President of the Tribunal;*
- (b) *to propose to the Conference the appointment of Mr Yves Kreins (Belgium) for a term of office of three years;*
- (c) *thus 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 Claude Rouiller (Switzerland) for the valuable services he has rendered to the work of the Administrative Tribunal of the International Labour Organization over the past 13 years as judge, Vice-President and President of the Tribunal; and
- (b) to appoint Mr Yves Kreins (Belgium) for a term of three years.

(GB.329/PFA/11/3, paragraph 6.)

Appendix I

Director-General's presentation of the Programme and Budget proposals for 2018–19 (329th Session – 13 March 2017)

Let me add my words of welcome to all participants at this 329th Session of the Governing Body. The last session indeed before its membership is renewed in the elections to be held in June.

Once more, we have a very full agenda before us – some of you have told me that it may be a little too full. That is a matter to which we can return; but the Office has sought through the intense consultations which have taken place, and through the careful preparation of documents, to provide you – our tripartite constituents – with the best conditions to exercise your governance responsibilities which are at the core of the effective functioning and accountable management of the ILO.

At this session, the Governing Body is called upon to recommend a Programme and Budget for 2018–19 to the International Labour Conference for adoption and I will take advantage of this opportunity to introduce my proposals to you. But before turning to that, allow me some brief reflections on the context for our meeting and on two other areas of work that we will need to address.

As for the general context, I would suggest that globally the most prevalent feeling is uncertainty – even insecurity. The uncertainty of people about finding a decent job or keeping the one they have. Uncertainty about the sustainability of enterprises in conditions of considerable economic turbulence. Uncertainty about implications of national and regional political choices. Uncertainty about the future path of globalization; about the future of multilateralism. Uncertainty about the future of work. And with that uncertainty comes a questioning of the capacity of the actors and institutions of public life to provide credible and effective responses. That is a challenge not only for governments and for workers' and employers' organizations but for the ILO as well.

Seen in this context, the issues before this Governing Body are both a test and an opportunity. The test is whether we can come together to say clearly what this Organization stands for – our shared values and objectives – and then what we intend to do to advance them in ways which make a difference to the lives of people who expect more from us. And the corresponding opportunity is to demonstrate our capacity to do just this in the many key issues on our agenda.

As I see it, the first signal we need to transmit is that tripartism works and works well. Not as a formality or a ritual, but as a problem-solving, value-adding, living way of addressing tough issues and providing answers which, if perfect for nobody can be acceptable to all, are fair, and enhance legitimacy. Nearly 100 years of experience tell us that this is hard work, but that is worth it. It tells us also that the shared commitment to compromise and find consensus is what makes tripartism work.

And because the ILO's normative function is so essential to everything we do, it is particularly important that we bring that commitment to the standards-related items before us.

Step back from the specifics of these items – which we know are complex – and bring to your minds how those outside the ILO understand what is at stake. Put simply, it is whether or not governments, employers and workers are able to agree on the basics of international law in the world of work – both its content and its application.

This is no small matter and I think the imperative of achieving agreement on it must be evident to everybody. So I want to draw particular attention to the initial assessment of the Standards Review Mechanism, which addresses the content of our standards, and the follow-up to the “two chairpersons” report under the Standards Initiative, which addresses the mechanisms of their application. These two complementary processes are, let us be honest, the product of the very difficult situation that this Governing Body faced when it began its mandate nearly three years ago. It will not be the least of its achievements if, as it completes that mandate, it passes on to its successor a clear consensus on the way forward to a strengthened and authoritative standards system.

Still in the area of standards, the Governing Body once again has a significant number of country cases on its agenda which follow from the use of constitutional complaints mechanisms. These will probably not be the easiest bits of our work: by their nature contentious, some of them have been on our agenda for quite a long time. While this is not the moment to address their substance, I would just offer two general points about them:

- Firstly, we must deal with these issues objectively through due process and with the sole aim of ensuring the full application of the Conventions concerned in the member States in question. Nothing other than that but nothing less either.
- Secondly, whatever the difficulties encountered, let us not forget at a moment when we are engaged in writing a history of the first 100 years of the ILO, that some of its most important episodes and most telling achievements have had their origins in its treatment of such complaints. Perseverance and principle have combined to produce remarkable progress.

The other very important opportunity we have is to reiterate and act on the ILO’s determination to be a fully committed team player in the United Nations (UN) and to be as supportive and useful as we can to the new Secretary-General as he gives leadership in the multilateral system’s response to the challenges I have referred to.

The Governing Body’s High-Level Section discussion next week on “Decent work for sustainable development”, has a clear strategic purpose – that of guiding the ongoing ILO contribution to the implementation of the 2030 Agenda for Sustainable Development (2030 Agenda) through its input to July’s High-Level Political Forum. It reminds us that we must not dwell on our success in placing decent work firmly at the heart of that Agenda but rather put all of our energy into its implementation. We will be helped in that, and honoured, by the participation of the ECOSOC President, Ambassador Frederick Makamure Shava of Zimbabwe. In addition, our discussion on the ILO and the UN Development System introduces important context for our contribution, setting out as it does the implications for the ILO, not least in our country-level work, of the General Assembly’s Quadrennial Comprehensive Policy Review resolution.

It is indicative of the interconnectedness – indeed the coherence – of the Governing Body’s agenda that alignment with the Sustainable Development Goals (SDGs) targets and indicators figures prominently in the reinforced results-based framework which underpins my Programme and Budget proposals for 2018–19, which I now present to you.

The 2030 Agenda is one of the key contextual factors for these proposals, but let me begin by recalling the others.

- Firstly, the ILO’s Strategic Plan for 2018–21, which we adopted last November, and which now brings the ILO’s medium-term planning cycle into line with that of the United Nations. The Programme and Budget proposals which cover the first two years of the Plan’s implementation period are framed within the parameters established for the ILO’s work in its “ILO 2021 Vision”, namely:
 - technical excellence;
 - relevance and usefulness;
 - focus on key world of work issues;
 - continuous effectiveness and efficiency gains;
 - redeployment of resources to technical and analytical work;
 - permanent commitment to social justice; as well as
 - implementation of the 2030 Agenda.
- Secondly, the ILO’s Centenary, which falls within the coming biennium. In ways which are different – but always of fundamental importance – the seven Centenary Initiatives, which we have decided upon to mark the Centenary, will inform and orient the work of the ILO during the biennium and beyond. That is most particularly the case for the Future of Work Initiative but applies also to the other six.
- The third contextual factor will be the action to be taken on last year’s Conference resolution concerning the realization of the full potential of the 2008 ILO Declaration on Social Justice for a Fair Globalization (Social Justice Declaration), which provides valuable new elements and guidance for the governance of the Organization.
- And finally, the Programme and Budget proposals benefit quantitatively and qualitatively from the achievements of the reform efforts of the last nearly five years, and reflect commitment to continuous improvements as we move forward. I will return to this when I speak about resource allocations in a few moments.

Now, what of the substance of the programme proposals?

Let me add here that the Office is persevering in its “One ILO approach” to ensure a balanced and integrated use of all resources – regular and extra-budgetary, headquarters and field, and that in this context, the progress already made to maximize the valuable work of the International Training Centre of the ILO in Turin (Turin Centre) will continue in the coming biennium.

As was commented upon in detail during the preliminary discussion last November, there is a mix of continuity and innovation in the proposals – with, it may be felt, continuity outweighing innovation at least in the selection of the ten policy outcomes. The primary reason for this is that these outcomes address major policy challenges in the world of work which it is not reasonable to expect the ILO to address at scale and with lasting impact in a single biennium. We need to persist with them over a longer period.

This does not mean immobility. Each of the policy outcome proposals has been carefully framed to address emerging challenges, to define the changes expected through the ILO’s work, and to say how they are to be pursued.

The two most important substantive modifications to the policy outcomes – already signalled and debated in November – are the specific reference to global supply chains in Outcome 7 on safe work and workplace compliance, and the extension of the scope of Outcome 9 on international labour migration to include mobility, so as to allow the labour market implications of flows of refugee and displaced persons. I would recall that this is being proposed following extensive debates in the Governing Body which have clearly defined what the ILO should and should not do, and underlined the need for it to operate only within the limits of its established mandate.

It is proper to recall that during preliminary discussions in November, a number of suggestions were made concerning new or modified policy outcomes which have not been retained in their original form in the proposals before you. For example, the idea of merging existing outcomes – notably those on formalization and on the rural economy – was tabled. This has previously been considered and discarded by the Governing Body – because of the inherent divergence of the issues addressed and the loss of coherence and focus that would result.

It is understandable that when the Governing Body has come to the view that ten is probably the maximum number of policy outcomes compatible with the need for real prioritization, such mergers may appear to be the only – or the easiest – way to create space for new ones. But I have not felt it right to propose this course to you.

In addition, interest was expressed in a new outcome in the area of industrial relations, collective bargaining and social dialogue. We have tried to accommodate this by a reinforcement of these aspects within the proposed policy outcomes without compromising their coherence or integrity.

The proposals also retain the introduction of a new cross-cutting policy driver on just transition to environmental sustainability in addition to the three established cross-cutting drivers – on international labour standards, social dialogue, and gender equality and non-discrimination.

This innovation is not tabled lightly because it is recognized that these cross-cutting themes need to be limited in number and restricted to address issues which are truly inherent to the mandate of the ILO and relevant to all areas of its activity. But the proposition is that that is the situation which now prevails. World of work circumstances mean that the green-streaming of the Decent Work Agenda is now an imperative and that with the Paris Agreement and the 2030 Agenda there is a strong institutional basis for the ILO to act on it. One day we will have to come to terms with reality, and the longer we leave it, the more difficult it will get. So now is the time.

Before concluding with the bottom line issues of budget levels and allocations, let me emphasize the efforts made to ensure that, however allocated, those resources are used efficiently and effectively, and that the Office is properly accountable for the results obtained with them. The three enabling outcomes, as in the past, establish measurable targets for better knowledge management, for governance, and for improved support services, all of which have been key components of the reform effort of recent years.

In addition, the commitment to strengthen results-based management systems is taken forward through a series of interconnected improvements – and I thank the groups for the written comments you have submitted that have helped to improve the results framework. The following steps have been taken:

- more systematic linkages are introduced between the expected changes cited for each outcome and the outcome indicators;
- your calls for better identification of changes attributable to ILO action have led to the introduction into indicators of systemic policy, institutional and capacity changes in member States which are to be achieved with ILO support;
- each indicator is now accompanied by criteria for success which specify the scope for change together with qualitative dimensions, and the cross-cutting policy drivers are better integrated into those criteria;
- the methodology for establishing baselines and targets, broken down by region, has been thoroughly revised;
- and when it comes to targets, we have sought to be realistic about the scope and nature of indicators with full account taken of Office capacities to support desired results and expected resource availability.

And all this with the major innovation of identifying for each policy outcome the principal SDG targets to which it contributes directly, as well as the relevant SDG indicators that the ILO will apply in its support to member States in measuring and monitoring progress.

Viewed in the macro perspective the most important resource feature of the proposals before the Governing Body is the continuing transfer of resources from “the back office to the frontline” that is to say from support and administrative functions to those policy, analytical and technical ones that directly deliver value to tripartite constituents. Fifteen million US dollars have been reallocated in this way, and that is reflected in the proposed creation of the equivalent of 26.5 new positions in the Professional category.

You will be aware that this is a continuation of a trend which has been at the heart of the reform process from the beginning, aimed at giving you more value for money. Since 2014, when I first presented a programme and budget, these proposals would bring the accumulated migration of resources from back office to the frontline to some \$58 million, including the equivalent of 66 new Professional positions. And this within a zero real growth environment. This is being pursued through a rigorous and systematic approach to efficiency improvements, re-profiling, elimination of vacant administrative and managerial positions, and reductions in non-staff budgetary provisions.

Let me underline that these measures are being taken with due consideration to the need to maintain quality administrative and support services as reflected in the enabling outcomes. Moreover, the ongoing business process review in the ILO is expected to generate significant further potential for reallocations – as indicated in the commitments made in the Strategic Plan. These proposals embody a prudent budgetary approach as to how they will come on stream and be realized during the 2018–19 biennium. We should be in a position to return to this in due course.

This redeployment is intended to be used to further strengthen technical capacities in the regions and at headquarters. This is reflected in increased budgetary allocations to all regions, including new Professional positions in the regions.

A particular effort has been made to strengthen ILO capacities in areas which have emerged as being of particular importance for the Organization or where existing allocations seem inadequate.

In this regard, let me recognize that there is justification for significant differences in the scale of resources allocated to the different policy outcomes – for example with Outcome 1 on more and better jobs getting much more than any other in view of the high global priority accorded to employment. But I do think that an effort has to be made to boost investment in those policy outcomes which get the least. It is a matter of credibility. If we believe these issues deserve priority attention, to be coherent we need to invest resources in them beyond a minimum threshold. And that is why a particular effort is being made for the rural economy and the migration outcomes which stand at the bottom of the resource league table.

It is true that this has resulted in reallocations from other policy outcomes with Outcome 8 experiencing a reduction in its proposed regular budget allocation which we have tried to accommodate through better synergies with other outcomes.

Significant additional capacity in statistics is a determined response to the growing recognition that without better data neither the ILO nor its member States can make better policy, and to the new responsibilities of our Organization for the 13 SDG indicators of which it is the sole or joint custodian.

Similarly, new positions to work on greening of the Decent Work Agenda is a necessary investment to give substance to the proposed new cross-cutting policy driver in that area.

In addition, Professional positions have been proposed either in Geneva or in the regions on social protection, skills and youth employment, collective bargaining, formalization of the informal economy, global supply chains, employment in recovery from crisis, interrelated labour standards, and labour law. These would fill identified capacity gaps and respond to demands voiced by constituents including in the Governing Body.

I have also felt it appropriate to resource an additional position in the Bureau for Employers' Activities (ACT/EMP).

Other areas of new or increased allocations include \$965,000 to support the rollout of the Integrated Resource Information System (IRIS) to all external offices; \$835,000 to strengthen administration of the Staff Health Insurance Fund; \$500,000 for enhanced security of the building here in Geneva; and \$200,000 for oversight purposes.

In the overall endeavour to deliver more to you, our tripartite constituents, my colleagues and I have kept to the fore the reality of the financial constraints in public finances still prevailing in many of our member States. That, above all, is why, once again, the proposal before you is for a zero real growth budget. Because of expected cost decreases attributable to lower than expected inflation, changes in the common system remuneration package, and currency fluctuations, this translates into a provisional nominal budget reduction of US\$4.1 million or 0.5 per cent. This comes on top of a corresponding reduction of \$3.8 million or 0.5 per cent for the biennium in course.

In conclusion, I believe that the Programme and Budget proposals for 2018–19 which I have put before you, combine a sharp focus on key world of work priorities, are a judicious combination of continuity and innovation, benefit from and deepen the process of ILO reform, embody efficiency gains which deliver more value for fewer dollars, are faithful to the social justice mandate and will take our Organization forward to its Centenary with confidence and purpose.

I commend them for consideration and adoption by the Governing Body.

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 2018–19 (329th Session – 23 March 2017)

I want to begin this reply to last week's debate on my programme and budget proposals by thanking everybody for their contributions.

In many respects this was a debate characterized by a high-level – I am tempted to say unprecedented level – of convergence and agreement. And that has, in some ways, made it easier to frame this response. But important concerns and questions were tabled as well, and it is proper that I acknowledge and react to them.

Let me begin by saying something about the areas where I detect agreement in the Governing Body, agreement which I attribute to two factors: firstly the productive tripartite consultations in which we have engaged particularly since the Governing Body's preview debate last November; and secondly the fact that – over a longer period of time – we have agreed a strategic direction for the Organization to which all have contributed and are therefore generally supportive of.

As a consequence, there was a consensus last week on:

- the choice of the ten proposed policy outcomes;
- the three proposed enabling outcomes; and
- the four cross-cutting policy drivers, including the new one on just transition to environmental sustainability.

Moreover, and this is not the least important result of the debate, there was full agreement on the proposed level of the budget, representing a continuation of the zero real growth trajectory upon which the ILO has been set for many years, with a consequent reduction on the nominal constant dollar level.

This means that, exceptionally, we are not now under pressure to identify cuts or savings. Additionally, all groups spoke strongly in favour of two other features of the proposals, these being:

- the significant redeployment of resources from the back office to the front line, which enables the Office to offer more to tripartite constituents with the same real level of resources; and
- the explicit alignment of the programme, reflected in the results framework, with the 2030 Agenda for Sustainable Development.

Taken together, all of this provides a very broad and important platform of support for the Programme and Budget proposals that are before the Governing Body.

But there were criticisms as well, and I want to start with the most far-reaching ones.

It was said by some that the proposals lacked ambition, particularly in the light of the major challenges facing the world of work to which I myself drew attention when I introduced them to the Governing Body last Monday.

I want to make clear that, within the resource parameters upon which I believe we are agreed, it is the clear responsibility of the ILO to design and to deliver its programme to the highest level of ambition. And that is what the proposals seek to do.

So, what you have before you is a programme which would not only allow the ILO to do more, but to focus its work on agreed world of work priority policy areas; to deliver on the decent work dimension of the world's agreed development agenda; to address defining emerging issues of our time – climate change, human mobility, global supply chains; to renew and strengthen its normative function; to upgrade its technical and knowledge capacities; to engage better with enterprises – indeed to pursue each one of the six components of the ILO Vision 2021 which is contained in the Strategic Plan that we adopted last November.

In this light, it is not entirely clear where the deficit in ambition lies. I should acknowledge that concern was raised that the proposals did not do enough to prepare the ILO for its centenary in 2019, which is the second year of the biennium covered by the programme proposals. Yet, together, we have already defined over the last three years the Future of Work Initiative, and the other six Centenary Initiatives which, are at the heart of our centenary activities. And they are ambitious. There is no advantage or purpose in revisiting them, but we have included proposals that will advance their implementation, most notably in the orientation of the research agenda in support of the Future of Work Initiative.

It was also objected that while in my introduction I highlighted current challenges to tripartism and social dialogue, the programme proposals do not provide a sufficient response to that challenge. Here, I would point not only to the cross-cutting policy driver on social dialogue but also the efforts we have made – explicitly in response to issues raised in the preview discussion last November – to strengthen the tripartism, dialogue and industrial relations components across the policy outcomes, something which was received positively last week. Allow me to add, parenthetically, that when it comes to levels of ambition and tripartism it is the intentions and actions of you our tripartite constituents even more than the necessary supportive efforts of the Organization which will be decisive.

And as a last comment in respect of ambition let me simply recall rather than repeat what I have said about the mix of continuity and innovation in my proposals. Persevering in the pursuit of important but difficult objectives over a period of time is, I think, a worthy ambition.

Moving on, let me address the question of focus and coherence in the programme proposals. The objection has been voiced that their basic architecture reflects a lack of focus or a loss of coherence. This is not a new reflection, and I regret that the essentials of my response on this will not be new to you either.

Let us remember that every one of these components of the proposals taken individually has met with the approval of the Governing Body. More than this, previously when the Director-General proposed fewer policy outcomes the Governing Body, as is its prerogative, decided on more.

But more importantly I think it is wrong to treat these different components – policy outcomes, enabling outcomes, cross-cutting policy drivers, Centenary Initiatives – as a mathematical addition. It is simply not like that. The enabling outcomes serve an entirely different purpose from the policy outcomes for example. And the Centenary Initiatives – with to a large extent the exception of the Future of Work Initiative – are integral or embrace parts of the policy outcomes and cross-cutting policy drivers. That happens differently for each initiative because they are so heterogeneous.

Let me now turn to the issues that were raised in many of your interventions in respect to the results framework.

It is gratifying that many of your interventions acknowledged the extensive efforts already made in close consultation with you to bring improvements in line with the ILO's standing commitment to strengthen results-based management. Moreover, there was significant advice on how we can progress further which, in some areas, converged with the conclusions of the recently published report of the Multilateral Organisation Performance Assessment Network (MOPAN) on the ILO and of recent evaluations.

I want to underline that the Office believes it necessary to take action – immediately and in the longer term to respond to your valuable suggestions, and that we have already started that process. So let me outline the key points arising from the Governing Body's debate which we understand should guide those efforts.

- To begin, let me stress that the policy outcome indicators refer to expected changes in member States to be achieved with the ILO's contribution. Results can be reportable only when the criteria for success are met and there is an identifiable Office contribution.
- You identified a need to strengthen the indicators by increasing the number of criteria for success to be met in order to report any result. Already one third of the proposed indicators require all criteria for success to be met, a requirement that does not exist in the current programme and budget. Nevertheless, you want to set the bar higher, so we are reviewing the indicators and criteria for success to make them more stringent, and we have already identified cases where this can be achieved.
- Some of you commented on baselines and targets that could be revised. In preparing the proposals, we developed a new methodology for determining the baseline for each indicator and setting a reasonable target, in line with our knowledge of policy dynamics at the national level and available resources. This process has relied heavily on information provided by field offices and analysed by our Global Technical Teams. We are ready to provide later on further information on this methodology or any specific baseline upon request.
- There were questions too about the substantial increase in the proposed number of country targets. Here there are two explanatory factors at play. Firstly, the experience of the past shows that we have been able to deliver on considerably more targets than originally estimated – 774 were reported in the 2014–15 Implementation Report for example. Secondly, work already done in the current biennium will contribute substantially to meeting targets in the next – they are already in the pipeline as it were.
- There were calls for ratification and implementation of international labour standards to be reflected under each outcome. While international labour standards are both a policy outcome in their own right and a cross-cutting policy driver, we will work to include, wherever appropriate, explicit reference to international labour standards in the indicators.
- There was quite a lot of discussion on the potential to track results for the cross-cutting policy drivers. Some asked why they were not the subject of separate indicators. These drivers have been integrated in the criteria for success for the key performance indicators and there is a risk of promoting a silo approach or effect if we opt to have separate indicators for them or to have several cross-cutting indicators for each outcome. However, we do continue to track them. In implementing the programme for 2016–17, the Office has already put in place a system of “markers” – aligned with the methodology applied across the UN system – to track progress in the incorporation of

the drivers in our strategies. Information in this respect will be included in the implementation report for 2016–17.

- Let me add with specific reference to the cross-cutting policy driver on gender equality and non-discrimination, an essential component of each outcome strategy, that all policy outcomes contain at least one gender-specific criterion for success.

Some of you also asked to ensure that the framework show that policy changes at country level should be achieved in consultation with the social partners. We are working on the proposed text to respond to this request.

I hope that I have accurately captured your thinking on the results framework. The internal process already under way will allow us to subject the originally proposed framework to rigorous review. We would then include the resultant revised framework in Report II, the report that is submitted to the Conference in June for adoption. We will of course share those revisions with constituents as soon as possible.

In the longer time frame, I would welcome the opportunity to work closely with constituents to bring further improvements in our results-based management framework, and in particular to learn from national experience on how all of you tackle these challenges.

Finally, a number of ideas were tabled in respect of reporting on programme delivery and financial performance. I would recall that the implementation report provides comprehensive information on results, and on expenditure by outcome and by funding source. The audited financial statements also provide an independent confirmation at a macro level of those results. However, the suggestion made in respect of enhanced analysis and reporting at the end of the financial period and for further information on the implementation of cross-cutting policy drivers require further consideration.

The Office has been trialling new approaches to improve the attribution of our largest single input – staff costs – to policy outcomes, enabling outcomes, country programme outcomes and importantly, cross-cutting policy drivers. This work will continue with a view to introducing a new approach later in this biennium. This will enable an improved level of reporting on activities and their costs for the 2018–19 financial period.

To conclude, let me return to the all-important question of resources and resource allocations.

I have already said, at the beginning of my remarks that I detect consensus, indeed unanimity I believe, in approval of the proposed budget level. In similar vein, you have supported strongly the redeployment of resources to front-line technical and analytical functions. We were asked to provide information on the location and grading of the new front-line capacity in the regions included in my proposals. The distribution of the ten positions in the regions will be as follows: three for Africa, three for Asia and the Pacific, two for the Americas and one each for the Arab States and Europe. Grades will be predominantly at the P4 level.

In my brief remarks on the conclusions of last week's debate you might remember that I commented that support had been expressed by different groups and Governing Body members for increased resource allocations for every one of the ten proposed policy outcomes. Nobody expressed any interest in reduced allocations anywhere. There were also calls for increased budgets for different regions over and above the effort already proposed.

In such circumstances, and having given very careful consideration to the many suggestions made, I do not believe it appropriate to propose any change in the resource allocations which I initially proposed.

To do so would inevitably involve a somewhat arbitrary, and necessarily marginal gesture because there has not been any major or concerted call for redeployments to any particular outcome or outcomes and because in a zero growth scenario responding to any specific interest implies necessarily acting in opposition to another.

For these reasons, the only reasonable course of action is, I believe, to maintain the allocations as they have originally been presented to you and which I hope and believe will be able to meet with your approval.

In addition, I would assure members of the Governing Body that their guidance concerning the substantive content and orientation of individual outcomes has been, and will be, carefully considered in the finalization of the programme and budget for the Conference in June and its subsequent implementation.

Over and above the regular budget upon which our attention is now focused, we have provided the Governing Body with our best estimates for extra-budgetary, that is to say voluntary, funding in the coming biennium, and they attracted some comments from you.

Of course, these figures are only estimates, but they are based upon already received approvals and informed forecasts. The very challenging and competitive funding environment and the attendant prospect of reduced voluntary resources is both a reality and an incitement for the Office to step up its resource mobilization effort. That applies with particular force in those areas of work where extra-budgetary resources are notably scarce, and I recognize that this has been underlined by the Employers' and by the Workers' groups in respect of Outcome 10.

There have been calls too for more Regular Budget Supplementary Account (RBSA) contributions, and the existing RBSA contributors have shared with us their own needs and expectations. I want to express particular appreciation to them and to give assurances that the Office's own internal guidance and practices will be responsive to those requirements.

Let me conclude this response to the programme and budget debate as I began my introduction to it last week, by reference to the heightened feelings of uncertainty and insecurity prevailing in the world of work. In the name of good financial management it should be underlined that the ILO has in place well-established mechanisms to address uncertainty and has been strengthening its own risk management systems. This is reflected in the risk register contained in my proposals. But, by their nature, such systems need to evolve and to adapt to circumstances arising. The Office will, of course, revert to the Governing Body should any need arise in order to ensure the orderly implementation of the programme and budget in the future.

The broader point, however, is that it is through its capacity to come together and agree to a programme and budget that advances decent work and social justice and by its commitment to implement it in the true spirit of tripartism that this Governing Body can meet its responsibilities to provide a concrete and credible response to the peoples of the world who demand of us more and better.

And so, account taken of the suggestions I have made in respect of the results framework, I commend the Programme and Budget proposals for 2018–19 to the Governing Body for transmission to and adoption by this year's session of the International Labour Conference.

Appendix III

Statement by the Chairperson of the Staff Union Committee to the Programme, Financial and Administrative Section of the Governing Body (329th Session – 15 March 2017)

Chairperson,

Mr Director-General,

Ladies and gentlemen, Members of the Governing Body,

Dear colleagues,

It is my honour to address you today, as the elected Chair of the ILO Staff Union, which represents around 70 per cent of staff, covering all categories.

Those who have already heard me speak in this arena, especially when I have defended the interests and rights of staff or to report a failure to respect the mechanisms for consultation with staff, are familiar with the extent to which my comments can at times be vehement.

But it is also my duty to inform you when things go well. I believe that the perseverance and tenacity with which the Union has hammered home the need for an industrial relations framework in which dialogue and negotiation measure up to its fundamental principles have a hand in that. Undeniably, the firm commitment, reiterated by our Director-General, Mr Guy Ryder, to a robust and sustainable mechanism of information, consultation and negotiation helps greatly to maintain the currently calm social climate. This is, in any case, what all Staff Union representatives (both at headquarters and in the field) perceived during their biannual meeting with him.

At this meeting, none of the concerns raised by the staff were considered taboo. The responses to the questions raised demonstrated the Director-General's commitment either to discuss the issue in more detail or to reaffirm certain fundamental principles. The staff representatives warmly welcomed these reassertions, which are essential for maintaining trust and good faith discussions among the social partners, such as the need to refuse parallel consultation processes and to refer to the negotiated institutional framework based, as far as possible, on current circumstances. We have therefore obtained the commitment of the Director-General who will, himself, together with his representatives during negotiations, always act in this spirit of collaboration.

Having emphasized this, the Staff Union considers it important to make you aware of certain concerns that I mentioned, in so far as they are linked, directly or indirectly, to the decisions and recommendations taken at the Governing Body.

The first concern relates to workload. As you are aware, over the past five years, staff at headquarters and in the field have witnessed several successive reforms. Although these reforms were deemed necessary, they have had a significant impact on staff, who have paid a heavy price. The time dedicated to these procedures is spent at the expense of the time needed for the performance of duties that serve constituents. The continuation of streamlining, which was started to ensure all duties were completed, significantly increased the stress levels experienced by staff. This situation is particularly striking in certain field offices and, let me repeat, has an impact on the main duties to be performed at the constituents' request. Furthermore, certain flagship programmes or initiatives, which are also essential to the Organization's visibility, have not received the financial or human resources commensurate with the quantity and quality of the work to be provided. The Union confirms that some of our colleagues have been pushed to breaking point because of their

workload and notes with growing concern, together with the medical and social welfare services, a rise in stress linked to working in an environment that is not conducive to performing duties in a calm and optimum manner. Urgency becomes the rule and “doing more with less” is a permanent dictate.

This worrying situation is not desirable for the Organization nor the staff. In this regard, the staff representatives are following very closely the discussions taking place in the International Civil Service Commission on the different categories of staff in the field, as they will necessarily have repercussions on the current ILO job classification process. It is imperative that the programmes are thought through in relation to current realities and that priorities are set.

The staff’s second concern is safety. While applauding the numerous measures already taken by the Administration to develop the tools and training necessary to guarantee the safety of our colleagues in the field, we must clarify a point with regard to staff working in so-called “fragile” high-risk countries. Since the ILO is not a purely humanitarian organization, when its presence is required, additional measures must be taken to ensure that all staff – irrespective of grade, type of contract or local or international status – have the right, on an equal basis, to be protected or evacuated. This assurance allows staff to carry out their mission without fear and therefore more effectively. Once again, the programmes, priorities and resources afforded must take into account the realities in the field.

The third concern, and not the least, relates to good governance and its corollary, namely the required responsibility of staff in the case of misconduct or negligence. While supporting and recognizing the merits of the concept of “zero tolerance” in the case of misconduct, the Staff Union has nevertheless requested that the new internal rules, which are applicable to all ILO staff, be implemented as a matter of urgency to prevent any behaviour that conflicts with the Standards of Conduct for the International Civil Service. This “zero tolerance” policy should be applied transparently and equitably irrespective of the staff member’s grade and proportionate to the misconduct reported. It would be deeply regrettable if la Fontaine’s famous quote, “Depending on whether you are poor or have might, the court will decide you are black or white”, had relevance within our Organization, which must remain a reference in the world of work.

Let us now turn to the documents submitted for your information or approval. As I mentioned at the start of my statement, the documents before you which have a bearing on the employment or working conditions of staff have been subject to information sharing, consultation or negotiation in the appropriate social dialogue structures. We wish to underline this aspect while hoping that these good practices endure as long as our Organization exists. Naturally, the discussions do not mean that we are in agreement but the time and space afforded to dialogue were sufficient to resolve certain differences of opinion to the satisfaction of the parties concerned.

Some of these points have already been discussed prior to my statement but the Union considers it important to share the following issues with you.

Paragraph 15 of document GB.329/PFA/3 on the update on the headquarters building renovation project mentions the commencement of “prospecting for tenants to occupy refurbished space that will become available”. The Staff Union draws the attention of the Governing Body members to the fact that the second phase, currently under way, of moving staff was not carried out as smoothly as the document suggests and that problems with space persist. Decisions taken in this area cannot be based exclusively on commercial considerations and made to the detriment of the working conditions of the staff, who must always produce high-quality work. Such quality requires resources. In other words, we have to be cautious of savings made on the back of staff which could ultimately prove to be very costly.

In addition, paragraph 10 of the document mentions training for maintenance staff but it is also essential for all staff to receive the necessary information and training following

the restructuring of their work environment with regard to sanitation, security, health and safety instructions.

The Staff Union was also consulted on document GB.329/PFA/4, which provides an update on after-service health insurance. It has noted the progress made in the discussions of the UN inter-agency Working Group, but wishes to inform the Governing Body that it will continue to follow very closely the Group's work to ensure that the acquired rights of staff are protected once their service has ended, and that they are not left stateless and without social protection, after spending their entire career in the United Nations common system.

The document also provides an update on the current ILO Staff Health Insurance Fund (SHIF). The staff representatives welcome the efforts made by the Administration in the past year to improve the services provided to participants, and note with satisfaction the reduction, in almost all cases, of the time taken to reimburse expenses. They also warmly welcome the measures taken to strengthen prevention, which were initially requested some time ago by the participants' representatives on the SHIF Management Committee. They are furthermore very encouraged by the other working group created for the governance of the SHIF, which the document does not mention, but which is just as important as the Working Group on Cost-Containment. However, they are very concerned by the Director-General's initiative to use the "services of external experts", alongside the recommendations of an internal working group. Having met the people concerned, the Staff Union fears serious conflicts of interest and a blatant disregard for the terms of reference of this engagement, which aims to maintain the core features of SHIF coverage, namely, its universal nature, the freedom to choose a health provider, and a reasoned balance between contributions and benefits.

You cannot imagine how attached the staff are to the SHIF, even if it sometimes creates difficulties for them. Moreover, given the growing number of negative experiences in other agencies within the United Nations system relating to this issue, it is clear that staff are prepared to defend the current status of the SHIF, if necessary, against the major companies that are circling around it like hungry sharks.

Document GB.329/PFA/10 focuses on amendments to the Staff Regulations, which have serious repercussions on employment conditions. I can confirm that this document has also been the subject of many long discussions between the Administration and staff representatives.

The first part amends the education grant scheme for international staff, pursuant to the decisions made by the United Nations General Assembly on the compensation package. I will not refer again to the differences in viewpoints between the United Nations administration and its staff, including specialized agencies. However, the staff have launched a number of legal proceedings, the outcome of which will be made known to everyone.

With specific regard to these changes to the scale for the reimbursement of education expenses, and the subsequent savings, the Staff Union explicitly requested that such resources be injected back into activities reserved exclusively for these staff members, and not be allocated again to activities that prevent staff from working properly, particularly in the field.

The second part of the document concerns the implementation of another General Assembly decision that raises the retirement age to 65 years for all staff, while preserving the rights acquired by staff from the time of their entry into service. Numerous long and lively discussions have been held between the Administration and the Staff Union to strike a balance between the wishes of both parties, that is to say: promote the employment of young people, while ensuring the possibility to retain essential know-how and skills within the Organization; improve workforce planning; prevent the inappropriate hiring of retired staff at the expense of young talent; and ensure that the rules are applied fairly and that certain humanitarian situations are taken into account. This balancing act has come to an end, and the staff representatives are reasonably satisfied.

Lastly, I will turn to document GB.329/PFA/11/1, which provides an update on discussions with the European Patent Organisation (EPO) on possible future action to improve the Tribunal's caseload. I have a duty to draw the Governing Body's attention to the fact that, despite the information contained in this document on improving dialogue within the ILO, the Staff Union has received several rather alarming communications from some staff representatives, which imply that there is a poisonous climate in the Organization. As the staff representatives of the EPO do not have access to this forum, they have asked me to advocate on their behalf to ensure that any decisions made by the Tribunal do not result in the denial of their jurisdictional rights, given that the Tribunal is the only recourse available to them. Furthermore, the situation faced for many years now by our colleagues at the World Intellectual Property Organization (WIPO) is unacceptable in a system such as that of the United Nations.

In relation to this last issue, I would like to conclude by reiterating my introductory remarks and underscoring the extent to which a climate conducive to social dialogue brings added value to organizations such as ours. Staff members who are left out of decision-making, and whose views on employment and working conditions go unheard, will rarely give the best of themselves, and the institution will bear the consequences, which can only be negative.

Fortunately, this is not currently the case for the ILO, and we can be proud of our Organization, which upholds at least part of its mandate by creating the conditions necessary for an internal social dialogue that is admittedly lively, but healthy.

Thank you for your attention.

Catherine Comte-Tiberghien
Chairperson
Staff Union Committee

Appendix IV

Update of member States' contributions received between 1 March 2017 and 15 March 2017

Since 1 March 2017, contributions for 2017 and prior years amounting to 3,681,239 Swiss francs (CHF) have been received from nine member States as follows:

Member States	Contribution received for 2017	Contribution received for arrears	Total contributions received in Swiss francs
Austria	2 723 941	–	2 723 941
Burundi	–	7 000	7 000
Morocco	204 509	–	204 509
Panama	8 470	–	8 470
Paraguay *	–	81 000	81 000
Peru	515 085	66 547	581 632
Samoa	3 758	20	3 778
San Marino	11 342	–	11 342
Yemen *	–	59 567	59 567
Total	3 467 105	214 134	3 681 239

* Paraguay and Yemen regained their right to vote.

Including contributions received between 1 March 2017 and 15 March 2017, the total contributions received in 2017 amount to CHF102,847,078. Of this amount, CHF80,593,743 represents contributions for 2017 and CHF22,253,335 represents contributions for arrears.

The balance due as of 15 March 2017 is CHF367,600,444.

Appendix V

Scale of assessments

State	Draft ILO scale of assessments 2018 (%)
1 Afghanistan	0.006
2 Albania	0.008
3 Algeria	0.161
4 Angola	0.010
5 Antigua and Barbuda	0.002
6 Argentina	0.893
7 Armenia	0.006
8 Australia	2.338
9 Austria	0.720
10 Azerbaijan	0.060
11 Bahamas	0.014
12 Bahrain	0.044
13 Bangladesh	0.010
14 Barbados	0.007
15 Belarus	0.056
16 Belgium	0.885
17 Belize	0.001
18 Benin	0.003
19 Bolivia, Plurinational State of	0.012
20 Bosnia and Herzegovina	0.013
21 Botswana	0.014
22 Brazil	3.825
23 Brunei Darussalam	0.029
24 Bulgaria	0.045
25 Burkina Faso	0.004
26 Burundi	0.001
27 Cabo Verde	0.001
28 Cambodia	0.004
29 Cameroon	0.010
30 Canada	2.922
31 Central African Republic	0.001
32 Chad	0.005
33 Chile	0.399
34 China	7.924
35 Colombia	0.322
36 Comoros	0.001
37 Congo	0.006
38 Cook Islands	0.001

State	Draft ILO scale of assessments 2018 (%)
39 Costa Rica	0.047
40 Côte d'Ivoire	0.009
41 Croatia	0.099
42 Cuba	0.065
43 Cyprus	0.043
44 Czech Republic	0.344
45 Democratic Republic of the Congo	0.008
46 Denmark	0.584
47 Djibouti	0.001
48 Dominica	0.001
49 Dominican Republic	0.046
50 Ecuador	0.067
51 Egypt	0.152
52 El Salvador	0.014
53 Equatorial Guinea	0.010
54 Eritrea	0.001
55 Estonia	0.038
56 Ethiopia	0.010
57 Fiji	0.003
58 Finland	0.456
59 France	4.861
60 Gabon	0.017
61 Gambia	0.001
62 Georgia	0.008
63 Germany	6.392
64 Ghana	0.016
65 Greece	0.471
66 Grenada	0.001
67 Guatemala	0.028
68 Guinea	0.002
69 Guinea-Bissau	0.001
70 Guyana	0.002
71 Haiti	0.003
72 Honduras	0.008
73 Hungary	0.161
74 Iceland	0.023
75 India	0.737
76 Indonesia	0.504
77 Iran, Islamic Republic of	0.471
78 Iraq	0.129
79 Ireland	0.335
80 Israel	0.430

State	Draft ILO scale of assessments 2018 (%)
81 Italy	3.750
82 Jamaica	0.009
83 Japan	9.684
84 Jordan	0.020
85 Kazakhstan	0.191
86 Kenya	0.018
87 Kiribati	0.001
88 Korea, Republic of	2.040
89 Kuwait	0.285
90 Kyrgyzstan	0.002
91 Lao People's Democratic Republic	0.003
92 Latvia	0.050
93 Lebanon	0.046
94 Lesotho	0.001
95 Liberia	0.001
96 Libya	0.125
97 Lithuania	0.072
98 Luxembourg	0.064
99 Madagascar	0.003
100 Malawi	0.002
101 Malaysia	0.322
102 Maldives, Republic of	0.002
103 Mali	0.003
104 Malta	0.016
105 Marshall Islands	0.001
106 Mauritania	0.002
107 Mauritius	0.012
108 Mexico	1.436
109 Moldova, Republic of	0.004
110 Mongolia	0.005
111 Montenegro	0.004
112 Morocco	0.054
113 Mozambique	0.004
114 Myanmar	0.010
115 Namibia	0.010
116 Nepal	0.006
117 Netherlands	1.483
118 New Zealand	0.268
119 Nicaragua	0.004
120 Niger	0.002
121 Nigeria	0.209

State	Draft ILO scale of assessments 2018 (%)
122 Norway	0.849
123 Oman	0.113
124 Pakistan	0.093
125 Palau	0.001
126 Panama	0.034
127 Papua New Guinea	0.004
128 Paraguay	0.014
129 Peru	0.136
130 Philippines	0.165
131 Poland	0.841
132 Portugal	0.392
133 Qatar	0.269
134 Romania	0.184
135 Russian Federation	3.089
136 Rwanda	0.002
137 Saint Kitts and Nevis	0.001
138 Saint Lucia	0.001
139 Saint Vincent and the Grenadines	0.001
140 Samoa	0.001
141 San Marino	0.003
142 Sao Tome and Principe	0.001
143 Saudi Arabia	1.147
144 Senegal	0.005
145 Serbia	0.032
146 Seychelles	0.001
147 Sierra Leone	0.001
148 Singapore	0.447
149 Slovakia	0.160
150 Slovenia	0.084
151 Solomon Islands	0.001
152 Somalia	0.001
153 South Africa	0.364
154 South Sudan	0.003
155 Spain	2.444
156 Sri Lanka	0.031
157 Sudan	0.010
158 Suriname	0.006
159 Swaziland	0.002
160 Sweden	0.957
161 Switzerland	1.141
162 Syrian Arab Republic	0.024

State	Draft ILO scale of assessments 2018 (%)
163 Tajikistan	0.004
164 Tanzania, United Republic of	0.010
165 Thailand	0.291
166 The former Yugoslav Republic of Macedonia	0.007
167 Timor-Leste	0.003
168 Togo	0.001
169 Tonga	0.001
170 Trinidad and Tobago	0.034
171 Tunisia	0.028
172 Turkey	1.019
173 Turkmenistan	0.026
174 Tuvalu	0.001
175 Uganda	0.009
176 Ukraine	0.103
177 United Arab Emirates	0.604
178 United Kingdom	4.465
179 United States	22.000
180 Uruguay	0.079
181 Uzbekistan	0.023
182 Vanuatu	0.001
183 Venezuela, Bolivarian Republic of	0.571
184 Viet Nam	0.058
185 Yemen	0.010
186 Zambia	0.007
187 Zimbabwe	0.004
TOTAL	<u>100.000</u>