



TENTH ITEM ON THE AGENDA

## **Reports of the Programme, Financial and Administrative Committee**

### **Report of the Government members of the Committee on allocations matters**

1. The Government members of the Programme, Financial and Administrative Committee of the Governing Body met on 20 March 2000 under the chairmanship of Mr. K. Petöcz, Chairperson of the Government group, who acted as Reporter. It was agreed that the third item on the agenda should be taken as the first item of business.

### **Assessment of the contributions of new member States**

(Third item on the agenda)

2. The Government members considered a paper<sup>1</sup> proposing a rate of assessment for the Republic of Kiribati, which had joined the ILO on 3 February 2000.
3. *The Government members recommend to the Governing Body that, 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, it propose to the Conference that the contribution of the Republic of Kiribati to the ILO budget for the period of its membership in the Organization in 2000 be based on an annual assessment rate of 0.001 per cent.*

<sup>1</sup> GB.277/PFA/GMA/3.

## Scale of assessment of contributions to the budget for 2001

(First item on the agenda)

4. The Government members considered a paper<sup>2</sup> recommending a draft scale of assessments for ILO member States for 2001. In common with past practice this scale was based on the latest rates of assessment for ILO member States in the United Nations scale of assessments of contributions.
5. The representative of the Government of the United States proposed a replacement for the decision paragraph contained in the Office paper (the replacement was circulated to members and is reproduced as an appendix to this report). There were two parts to this alternative decision paragraph. The first proposed that the Conference adopt the scale in column 3 of the appendix to document GB.277/PFA/GMA/1 in accordance with normal practice. The second part added a proviso to the effect that if the United Nations General Assembly adopted before 31 December 2000 a scale of assessments covering the year 2001, the first mentioned scale should be replaced by another prepared by the Director-General on the basis of the United Nations assessments for that year.
6. The United States was currently involved in a major effort aimed at stabilizing the finances of the United Nations and other international organizations. Its goal, which it shared with many other ILO member States, was to ensure that the agencies were stronger, more effective, and better equipped to meet the global challenges of the twenty-first century. One of the most important steps to be taken in this regard was to implement reform of the UN scale of assessments so as to restore financial viability, broaden the base of participation in the international system and spread the responsibility for payment of contributions in a more rational manner.
7. The United Nations General Assembly was expected to establish its scale of assessments for 2001 in December this year. Interestingly, the UN scale was typically based on economic data that could be as much as 10 years old, and the ILO could make matters worse by delaying revisions to its own scale for a further year. On the other hand, introducing a new scale in January 2001 would reflect both political and economic reality and would show that the ILO was in step with global change. There was no reason to delay. If the Committee decided to recommend this course of action to the Governing Body it would bring the ILO scale of assessments more directly into line with that of the UN.
8. In summary, this session of the ILO Governing Body should recommend to the June 2000 Conference that it apply a final scale of assessments for the year 2001 which was based on any new UN scale for 2001 approved on or before 31 December 2000. The FAO and the WMO had already adopted such a decision and it was hoped that the WHO would also do so at the World Health Assembly in May. The United States hoped that the Committee could reach agreement on this proposal today, but if members believed they had not had sufficient time to study and react to it the Committee should at least delay any decision on the scale of assessments for 2001 until the Governing Body meeting in June.
9. The representative of the Government of Japan expressed support for the original recommendation in the Office paper. At the moment there was no information about the UN scale for 2001 and established practice was to base the ILO scale on the latest

<sup>2</sup> GB.277/PFA/GMA/1.

available UN scale. Furthermore, the ILO scale had always been decided by the International Labour Conference and it was unthinkable that the Conference should give up its authority on this matter.

10. The representative of the Government of Namibia supported the views of the previous speaker. It would be most unwise to approve a scale of assessment without information upon which it was based. Even if the methodology were to be reformed no decision should be taken on a new scale before all relevant information was available.
11. The representative of the Government of China also expressed support for the statement by the representative of the Government of Japan. The point for decision in the Office paper was in keeping with established practice in the ILO.
12. The representative of the Government of France also agreed with the statement by the representative of Japan, not only for the reasons already mentioned but also because the alternative proposed would be difficult to implement since contributions were due at the beginning of the year. The alternative might also contravene article 10 of the Financial Regulations.
13. The representative of the Government of Switzerland asked for clarification on whether there was any conflict between the Constitution or the Financial Regulations and the alternative text proposed by the United States.
14. The representative of the Director-General (the Treasurer and the Financial Comptroller), after consulting the Legal Advisor, confirmed that the alternative decision paragraph proposed by the United States was not incompatible with article 10 of the Financial Regulations, which provided that "The budget of income of the Organization for a given financial period shall be due and payable as to one-half of the total on 1 January of the first calendar year of such period ...". This subject had been discussed two years previously, and at the time the Office had been asked to submit a document to the Committee proposing ways to eliminate the discrepancies between the UN and ILO scales of assessment which arose because they were fixed for different periods.
15. Three solutions had been put forward at the time. The first proposed that, when a UN scale was not available for the year for which an ILO scale was to be fixed, the Conference should authorize the Director-General to fix the ILO scale at a later date after the UN scale had been determined. With this proposal it would be difficult if not impossible to comply with article 10 of the Financial Regulations. The letters advising member States of their contributions would be sent either in late December or in early January, which could create administrative problems for countries whose budgets were fixed before the UN scale was decided. The Committee had not been in favour of this proposal.
16. The second proposal was a variation on the first, that the Conference should base the ILO scale on the latest available UN scale and authorize the Director-General to modify the ILO scale at a later date to reflect any changes to the UN scale decided by the General Assembly. Letters to member States could then be dispatched in September in accordance with usual practice, but would point out that the rate of assessment was provisional and subject to adjustment after the UN scale was fixed.
17. The third proposal put forward two years previously was no longer relevant, so in practical terms the options now available comprised present practice and the two proposals just described.

18. The representative of the Government of the United Kingdom was not convinced that a decision had to be taken at the present session. The implications of the United States proposal were still being considered not just for the ILO, but for the UN system as a whole. Nevertheless, debates concerning scales of assessment should primarily take place in the Fifth Committee in New York, and decisions in other bodies of the United Nations should not prejudice that debate. The PFA Committee had held a similar discussion two years previously and decided to postpone a decision until the International Labour Conference. It should do the same again this year, and adopt the decision paragraph agreed two years previously, *mutatis mutandis*:

The Government members of the Programme, Financial and Administrative Committee recommend to the Governing Body that the adoption of the scale of assessments for 2001 be deferred to the 88th Session of the International Labour Conference and that they meet by delegation of the Governing Body to prepare a draft scale of assessments for 2001 during the Conference, taking into account any relevant developments which may take place and to submit it direct to the Finance Committee of Government representatives at the Conference.

19. The representative of the Government of Germany supported the proposal put forward by the previous speaker.
20. The Chairperson observed that there appeared to be a broad measure of agreement among members for the proposal put forward by the United Kingdom representative.
21. *The Government members of the Programme, Financial and Administrative Committee recommend to the Governing Body that the adoption of the scale of assessments for 2001 be deferred to the 88th Session of the International Labour Conference and that they meet by delegation of the Governing Body to prepare a draft scale of assessments for 2001 during the Conference, taking into account any relevant developments which may take place and to submit it direct to the Finance Committee of Government representatives at the Conference.*

**Procedure for the possible continuation of the work of the Government members of the Programme, Financial and Administrative Committee in relation to allocations matters during the International Labour Conference (Second item on the agenda)**

22. The Government members considered a paper <sup>3</sup> describing the procedure to be followed if the Government members of the Committee were required to meet during the 88th Session (June 2000) of the Conference.

<sup>3</sup> GB.277/PFA/GMA/2.

**23. *The Government members recommend to the Governing Body that they be authorized to continue their work, if necessary, after the Governing Body has concluded its work at its present 277th Session and to submit their report direct to the Finance Committee of Government representatives at the Conference.***

Geneva, 21 March 2000.

(Signed) K. Petöcz,  
Reporter.

*Points for decision:* Paragraph 3;  
Paragraph 21;  
Paragraph 23.



## Appendix

### Scale of assessment of contributions to the budget for 2001

Alternative text of the point for decision in document GB.277/PFA/GMA/1 proposed by the Government of the United States

6. *In order to harmonize the rates of assessment of ILO member States with their rates of assessment in the United Nations, the Government members may wish to recommend to the Governing Body –*
- (a) that it present to the Conference the draft scale of assessments for 2001 based on the UN scale for 2000 (see column 3 of the appendix to GB.277/PFA/GMA/1) with any adjustments that might be necessary following any further change in the membership of the Organization before the Conference is called upon to adopt the recommended scale; and*
  - (b) that the Conference adopt the said scale subject to the proviso that, should the United Nations General Assembly adopt before 31 December 2000 a scale of assessments for the United Nations covering at least the year 2001, the aforementioned scale shall be replaced by a corresponding scale prepared by the Director-General on the basis of the United Nations assessment for that year.*