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**PROGRAMME
AND BUDGET
PROPOSALS FOR
2004-05**

SECOND EDITION

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Abbreviations

| | |
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| AGS | Advisory Group on Statistics [of the ILO] |
| ASEAN | Association of South-East Asian Nations |
| AU | African Union |
| DAC | Development Assistance Committee [of the OECD] |
| ECOSOC | United Nations Economic and Social Council |
| EPZ(s) | export processing zone(s) |
| EU | European Union |
| FDI | foreign direct investment |
| G8 | Group of Eight |
| G15 | Group of 15 |
| G77 | Group of 77 |
| GCC | Gulf Cooperation Council |
| IFIs | International financial institutions |
| IPEC | International Programme on the Elimination of Child Labour |
| IRIS | Integrated Resource Information System |
| IT | information technology |
| KILM | Key Indicators of the Labour Market |
| LDCs | least developed countries |
| MDGs | Millennium Development Goals |
| MERCOSUR | Common Market of the Southern Cone |
| MNE Declaration | Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy |
| NEPAD | New Partnership for Africa's Development |
| OAS | Organization of American States |
| OECD | Organisation for Economic Co-operation and Development |
| PRSPs | poverty reduction strategy papers |
| SAARC | South Asian Association for Regional Cooperation |
| SADC | Southern Africa Development Community |
| SMEs | small and medium-sized enterprises |
| STEP | Strategies and Tools against Social Exclusion and Poverty Programme |
| UEMOA | West African Economic and Monetary Union |
| UNDAF | United Nations Development Assistance Framework |
| UNDG | United Nations Development Group |
| UNDP | United Nations Development Programme |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNFPA | United Nations Population Fund |
| UNICEF | United Nations Children's Fund |
| UNIFEM | United Nations Development Fund for Women |
| UNOCHA | Office of the United Nations for the Coordination of Humanitarian Assistance to Afghanistan |
| WISE | Work Improvement in Small Enterprises |
| WTO | World Trade Organization |

Message from the Director-General

1. I have the honour of submitting my Programme and Budget proposals for 2004-05.
2. Before detailing the proposals presented here, allow me to recall what lies behind them.
3. Children removed from hazardous work in El Salvador or Ghana, terms of employment of seafarers plying the world's oceans, road maintenance contracts for small enterprises in Madagascar, working conditions of women in garment factories in Cambodia, vocational training for handicapped workers in the occupied Arab territories, pensioners in need of viable schemes in Slovenia, community health insurance in Senegal, business services for women entrepreneurs in Bolivia, or skills and employment orientation for ex-combatants in Afghanistan: these are examples from ILO programmes that transform lives.
4. You increasingly turn to the ILO for assistance in handling complex situations, be it the social crisis unfolding on the back of a stalled economy in Argentina, threats and opportunities of trade liberalization in the Russian Federation, socially responsible enterprise restructuring in China, policy adjustments for countries acceding to the European Union or employment and enterprise creation needed to reduce the poverty prevailing in so many countries.
5. The ILO policy response rests on decent work. Each situation warrants crafting a coherent combination of productive and remunerative employment, adequate labour and social protection, full respect for fundamental principles and rights at work and genuine social dialogue in a framework of open economies. These are founding stones for sustained economic growth, social justice and democratic stability and prosperity for all, in each of your countries and organizations.
6. The ILO is mandated and called upon to act both globally and locally. Specific challenges and opportunities are developed in my introduction to these proposals.
7. The conclusions and recommendations of the World Commission on the Social Dimension of Globalization will open new spaces for ILO activities and cooperation with other international organizations in the quest for fairer and more inclusive forms of global governance. National responses to globalization, to secure genuine benefits, require reforms in domestic policies, particularly in employment, labour and social protection policies. The ILO is called to sharpen its technical assistance in these areas. A decisive contribution is expected of the ILO to the renewed international drive to eradicate poverty – a contribution that brings to the fore the strategic components of decent work. Productivity increases at the workplace in small and large enterprises the world over are pivotal.
8. The central objective of the Programme and Budget proposals I am privileged to submit is to assist you in translating the aspiration for decent work into effective policies and programmes. This is a further step, within the Strategic Policy Framework 2002-05, in the consolidation of the four strategic objectives into a coherent Decent Work Agenda.
9. I propose a budget of \$434 million, identical in real terms to the 2002-03 budget. There is a provision of \$13.98 million for cost increases which is explained in detail in Information Annex 2. The adjustment for the US dollar-Swiss franc exchange rate will be decided during the June 2003 Conference in accordance with past practice.
10. For clarity and completeness of information, the Programme and Budget proposals include three sources of funding: the regular budget, the 2000-01 surplus funds and extra-budgetary technical cooperation commitments.
11. Within this zero-growth budget, difficult choices have been made responding to a changing environment and compensating additional expenditure with reductions in other parts. Resources for the strategic objectives are increased by \$2 million. An increase of \$6.8 million (or 10 per cent of existing professional staff in the field) is proposed for technical capacity in the regions, in response to repeated requests for greater service in your countries and regions.

12. To balance this additional expenditure, I propose a moderate reduction in technical programmes (\$1.6 million or 1 per cent) and a more significant one in support services (\$3.2 million or 7 per cent), both at headquarters. This does not apply to the Policy Integration Department, the International Training Centre in Turin and the Communications Department, for which some additional resources are proposed. Further reductions are proposed in policy-making organs (\$1.6 million or 3 per cent), as are smaller adjustments in management services and other budgetary provisions – with the exception of the Human Resources Department for which an increase is proposed.

13. Greater focus and higher efficiency, as well as alternative funding for a Maritime Session of the International Labour Conference, will balance this relative decline in resources. The risk, though, is to jeopardize the very notion of support service when, year after year, more is expected from fewer resources. Additional savings could be secured if, for example, we jointly agreed to reduce by one-fourth the number and length of documents prepared for the Governing Body. This could form a concrete objective to be achieved in this budgetary period which would considerably ease the burden on your patience and the cost of servicing the Governing Body.

14. The proposed budgetary changes are consistent with my previous proposals. The cumulative percentage change in real terms over three biennia (from 1998-99 to the proposals for 2004-05) points to significant increases for the regions (5.6 per cent) and technical programmes (4 per cent), offset by reductions in support services (-15.7 per cent), policy-making organs (-8.8 per cent) and management services (-4.1 per cent).

15. More generally, the gap between the demands you place on the Organization and its regular budget resources is cause for continuing concern. It is heartening to find our services relevant to your needs. Our mandate is clearly at the heart of social and political processes in every country. Yet, I am keenly aware how insufficient at times our response can be. This imbalance will need to be addressed in the near future if we want the ILO to deliver its full potential at the service of its constituents in a better balanced system of international organizations. We shall continue our efforts to raise the quality and efficiency of our services and products in three ways.

16. First, an efficiency drive will be launched to identify areas where costs could be further contained and higher quality service reaped from a better use of existing resources. Decentralization of services will be further explored, where appropriate. Measures to streamline the implementation of the Programme and Budget and improve coordination of decisions will be introduced.

17. Second, the capacity of staff and managers will be strengthened, in line with increased accountability for results. Specific initiatives to improve overall management skills within the Organization will be taken.

18. Third, my intention is to further expand and improve our technical cooperation programme. Expenditures in 2002-03 are set to reach an impressive \$215 million. Estimates of \$226 million in 2004-05 confirm expectations of an enlarged programme of technical cooperation. This reverses a declining trend of several years.

19. The ILO must continue to be an attractive option to channel technical cooperation resources. Collaboration with regional development banks must be intensified. New forms of technical cooperation must be explored, such as South-South cooperation as well as triangular modalities with donors and recipient countries.

20. In Monterrey (March 2002), governments reached a strong consensus calling on renewed efforts to raise official development assistance, despite the severe budgetary constraints faced by many. Support expressed by the OECD Development Assistance Committee to decent work, in its guidelines on poverty reduction, paves the way for a better integration of the ILO agenda into bilateral and multilateral development policies and programmes.

21. At the same time, the level and quality of our delivery of technical cooperation requires constant attention, throughout the Organization.

22. In assessing my Programme and Budget proposals, you will no doubt have in mind the extraordinary challenges and demands placed upon our Organization in a time when social and labour issues have moved to the centre of global and national policy concerns. Yet I am keenly aware of the difficult and uncertain economic situation in many of your countries. It is precisely these developments that call for an International Labour Organization genuinely worthy of your support in fulfilling its mandate in today's world of work.

January 2003

Juan Somavia,
Director-General.

Introduction

23. This introduction sets out the economic and social policy environment in which the ILO is to achieve its strategic and operational objectives over the programme period. The Programme and Budget for 2004-05 completes the period covered by the Strategic Policy Framework 2002-05 which is organized around the central theme of “putting the Decent Work Agenda into practice”. It is important at the onset of a new biennial cycle to assess critically the ILO’s response to its constituents in rapidly evolving global and national economic and social situations.

24. Powerful forces are shaping the world today, particularly as regards labour. A number of trend-setting developments, conferences and events have recently taken place – on issues ranging from sustainable development to millennium goals and equality of opportunity – to mention only a few. Globalization of capital, goods and services markets continues at a brisk pace, giving rise to a high level of fears and criticism. This vindicates the stance formulated in the Strategic Policy Framework, that in “this fluid and unpredictable global environment, the needs of people and families must be brought to the fore”.

25. Experience accumulated since 2000 points to several useful lessons. The wide recognition of the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up has accelerated ratification of fundamental labour standards, including 132 ratifications of the Worst Forms of Child Labour Convention, 1999 (No. 182). It has further highlighted the need to strengthen the link between fundamental principles and rights and economic and social policies and outcomes as seen by ordinary people. Likewise, the increased authority of the standards supervisory mechanism calls for improved dialogue to address problems identified in the application of standards. More generally, there is a need to translate global strategies, such as the Global Employment Agenda and the new strategy on extension of social security coverage into more specific regional and country strategies. The critical importance of effective social dialogue and of strong employers’ and workers’ organizations in times of rapid social and economic reform is compounded by their contribution to greater political stability. The inescapable conclusion remains that decent work for all women and men is a basic requirement and measure of change in all member States.

26. In response to calls from constituents to ground ILO work in local realities, this introduction starts with priorities identified in each region. It then captures recent trends under four broad headings, namely: global governance, national responses to globalization, poverty reduction and productive workplaces. These are discussed briefly in turn, with particular reference to opportunities for ILO action. Finally, the institutional capacities required to address these challenges are discussed.

Regional developments and priorities

Africa

Poverty

27. Low economic growth, conflicts, internal strife and political instability have combined to hamper any significant reduction in poverty in Africa over the last decade, in spite of significant achievements in a few countries. GDP per capita growth has been negative over the 1990s in Sub-Saharan Africa, although performance improved significantly in 2000-01 in over 30 countries. The share of the population living on less than one dollar a day fell marginally to just over 46 per cent in 1998, but increased in absolute terms. There is a marked gender bias in the incidence of poverty, with women and girls bearing a disproportionate burden. Many countries face situations of generalized poverty, particularly the least developed countries. Primary commodities account for over 80 per cent of exports with declining terms of trade. Poverty is more pronounced in rural areas; indeed, it is non-farm activities, particularly small enterprises, that offer the best prospects for higher incomes. The large majority of Africa’s labour force has little real option but to work in informal activities without effective legal protection. The lack of productive employment is

particularly dramatic for youth. Economic growth and productive employment in conditions of decent work are two interlinked priorities for Africa. Several initiatives in relation to the New Partnership for Africa's Development (NEPAD) and international support to it, provide a framework for more effective policies to reduce poverty.

Social dialogue and economic and social policies

28. Democratic stability and good governance are essential to economic growth and social development. Employers' and workers' organizations are critical to more effective policies, particularly to combat poverty. Social dialogue and strong tripartite institutions and practices can ensure greater coherence between economic and social policies. The capacity of governments, employers' and workers' organizations to engage in dialogue and negotiate policies is critical for enhancing productive employment opportunities, extending social protection and focusing on poverty reduction.

Post-crisis reconstruction

29. Poverty and under-employment generate multiple tensions that can erupt into open conflict. In turn, conflicts further set back economic and social conditions. In addition to conflicts, natural disasters such as recurrent droughts and floods have predominantly affected poor communities in several parts of Africa. Conflict and crises have displaced large numbers of women and children, internally and across borders. Conflict prevention, measures to mitigate the consequences of natural disasters and a greater focus on employment and income in post-crisis reconstruction, represent a major part of the effort to combat poverty in Africa.

HIV/AIDS prevention at the workplace

30. The cumulative effects of falling life expectancy, loss of skilled labour leading to lower productivity, discrimination at the workplace and rising costs incurred by health services, together translate into slower growth and widespread poverty. Africa is currently the region with the highest incidence of HIV/AIDS-infected persons. Average life expectancy has declined to 47 years (from 50 years in 1990) as a result of the HIV/AIDS pandemic – with all the consequences this has for the composition and size of the labour force. A number of countries have mounted effective information and prevention campaigns that can usefully inform similar efforts. The full mobilization of employers' and workers' organizations is essential to workplace campaigns.

Regional integration

31. Greater political, economic and social integration in Africa is critical to its development efforts. Of late, new initiatives have accelerated regional integration. The African Union was launched in July 2002. The New Partnership for Africa's Development (NEPAD) to which the June 2002 G-8 meeting pledged full support is providing new impetus to development efforts of the continent. The ILO is requested to articulate the linkages between employment policy and poverty reduction as a basis for developing new proposals. Shared approaches to the labour and social dimensions of regional integration will be an important contribution to development efforts in Africa.

The Americas

Integrated economic, social and labour market policies

32. In spite of deep structural reforms towards more open markets as well as lower inflation and fiscal deficits, sustained economic growth has eluded most countries in the Latin America and Caribbean region, with only few exceptions. Per capita income growth reached 1.7 per cent per annum over the last decade but economic growth has plummeted since 2001. Countries in the region have been exposed to global shocks with too few examples of growth-enhancing integration with the global economy. Poverty declined only marginally to 15.6 per cent in 1998. Violence and social instability have been rising – a product of the employment crisis and marked income inequality. Low growth, persistent poverty,

rising income inequality and vulnerability to external shocks are interlinked phenomena. They require comprehensive economic and social responses that have been lacking in most countries. Just as economic growth is more than liberalization, development requires strong coherence between social, labour market and economic policies.

Social dialogue and regional integration

33. Negotiations over a continent-wide free trade area are under way. Yet, economic integration cannot be sustained without adequate attention to social dimensions. Labour and social dimensions form an integral part of greater economic integration, both to harmonize competition policies among countries and to equip them better to withstand competition. Two important objectives are the full participation of employers' and workers' organizations in regional negotiations and acceptance of greater scope for tripartite regional discussions. The ILO Declaration on Fundamental Principles and Rights at Work and relevant priority Conventions provide the appropriate platform for pursuing these objectives, as recalled on several occasions by the Inter-American Conference of Ministers of Labour.

Employment and enterprise policies

34. The lack of productive employment in decent conditions was the greatest frustration in Latin America and the Caribbean during the 1990s. The rate of unemployment has been above 8 per cent since 1998, rising to 10 per cent in 2003. Youth unemployment is above 26 per cent. Informal sector employment has continuously increased to 46.9 per cent in 2000, and over 50 per cent for women. Employment generation will fundamentally derive from productive investment and private sector development. Particular attention should be given to the conditions in which small and medium-sized and large enterprises are created and grow. Renewed emphasis is given to dialogue and institution-building in addressing social and employment concerns in the region, as highlighted by the conclusions of the XVth Regional Meeting of the Americas (December 2002) and the Latin American Business Summit of the World Economic Forum (November 2002).

Employment opportunities of women and youth

35. The employment crisis is most severe for women and youth, notably in low-income households. Improvements in existing employment conditions, in terms of social protection, access to assets and credit, greater security and training would significantly raise productivity and incomes. Greater opportunities to access new employment by combating discrimination and enhancing employability would widen alternatives and open new horizons.

Arab States

Social dialogue and governance

36. Economic diversification, away from oil and into the knowledge economy, is being facilitated by gradual market openness, privatization and enterprise development. This is placing new demands on employers' and workers' organizations, on tripartite participation and social dialogue. Institutions and legal frameworks for genuine social dialogue need to be reformed. Freedom of association is not yet fully recognized – a situation which impedes the full participation of the social partners. Labour law reforms in line with provisions of international labour standards are in the making. Participation of employers' and workers' organizations in economic and social policy consultations requires strengthening.

Employment policies

37. Economic growth, at 3.6 per cent per year, has been lacklustre over the past decade in the region, in spite of rising oil prices benefiting producer countries. Per capita income has increased by a mere 1.3 per cent on average. This has been insufficient to generate employment for a labour force set to grow at 3.1 per cent per annum in the present decade – the fastest regional average. As a result the region is experiencing explosive rates of youth unemployment to the order of 30-40 per cent; and these rates are even higher for young

women. The main source of employment generation has shifted to the private sector and this has adversely affected opportunities of women. The recent attention to equality of opportunity and treatment in employment needs to be sustained. Employment in the informal economy is rising. Employment policies need greater attention in plans to diversify away from oil extraction. New directions on poverty alleviation, employment generation and gender equity in Arab States are discussed in a report prepared by the Arab Fund for Economic and Social Development and UNDP (*Arab Human Development Report, 2002*).

Worker protection

38. There is a growing sense of insecurity of income and employment – especially among low-income households – in the wake of privatization. Social security systems are either totally absent or non-inclusive, in particular in the case of the self-employed, agricultural workers and workers in the informal economy. With challenges in the area of occupational safety and health and limited labour inspection capacity in the informal economy, new forms of protection are required, particularly for working children and migrant labour. Existing education and training systems are insufficiently responsive to the changing skills content of the labour market. Better labour market information is required in order to guide such reforms.

Post-crisis reconstruction

39. Continued political instability, border tensions and conflicts jeopardize overall social and economic progress. Crisis-affected countries suffer devastating consequences with respect to infrastructure, the income and employment situation, and the functioning of social institutions. The need for post-crisis reconstruction and social and economic rehabilitation is immense, particularly in the form of employment-intensive infrastructure investments, skills development and the prevention of child labour.

Asia and the Pacific

Economic recovery and globalization

40. The gradual recovery of economic growth after the 1997 crisis was affected by the 2001-02 world economic slowdown – this was less true in East Asia. This enabled China in particular to register a rapid decline in the population living in extreme poverty. In South Asia, economic growth has been weaker, except in India. This has led to a modest decline in relative poverty to 40 per cent, implying an absolute increase in the number of poor. Half of the world's extreme poor live in Asia, essentially in South Asia. China's entry into the WTO is affecting trade and capital flows in the region, with new competition leading to the relocation of some activities and greater specialization. The labour market implications are immediate. More than ever, as expressed during the Thirteenth Asian Regional Meeting (2001), constituents seek advice on ways to contain external shocks exacerbated by globalization and on ways to achieve further integration with the world economy. This includes the challenge of enhancing productive employment opportunities with adequate social protection, which has been identified as the principal means to combat poverty.

Informal economy

41. The informal economy absorbs a growing share of the labour force, particularly in South Asia, in both urban and rural areas. Hazardous working conditions, low productivity, inadequate earnings, little or no social protection, deficient legal frameworks, the absence of rights at work, including lack of representation and voice of workers, are all characteristics of the informal economy. Poor working women form a disproportionate share of informal economy workers. There is a high incidence of child labour, as well as bonded and forced labour, in hidden and hazardous forms of work. Situations vary greatly according to countries, economic sectors and occupations and hence call for a variety of policy responses. The extension of social protection schemes, including safety and health, to informal economy workers remains a priority.

Rebuilding after crisis

42. Several countries in Asia and the Pacific are facing recurrent conflict situations, natural disasters and economic crises. Such crises leave much of a country's socio-economic infrastructure in shambles. A longer term post-crisis reconstruction strategy is required to move beyond emergency responses. Institution-building and local economic development are critical to rebuilding the foundations of future social development and economic growth. Appropriate attention to fundamental principles and rights at work facilitates equitable participation in development efforts.

Participation and social inclusion

43. Inadequate growth in conditions of extensive poverty and insufficient investment in human resource development have compounded the employment, social and human rights situation of particular groups of workers. These include migrant workers, indigenous peoples, displaced workers and disabled workers. Although many countries have extended social protection coverage following the 1997 crisis, further reforms are needed to reach out to disadvantaged groups of workers. The recognition of fundamental principles and rights at work is growing but significant gaps remain. Trafficking in men, women and children, bonded labour and hazardous child labour are identified as priorities in the application of fundamental rights. The Thirteenth Asian Regional Meeting highlighted the "immense" decent work deficits in the region and called for the establishment of national decent work programmes.

Europe and Central Asia

Social dialogue and governance

44. In a majority of transition economies, economic recovery has so far fallen short of sustaining adequate levels of employment, income and social protection – with the exception of several EU candidate countries. Enforcement of the rule of law remains weak, especially in the Commonwealth of Independent States (CIS) and in south-eastern Europe. Yet, this is a condition for sustained economic growth. The ability of employers' and workers' organizations to serve the interests of their members, exercise their legal rights and effectively engage in social dialogue and negotiations, requires considerable support. Likewise, the capacity of government institutions to engage in tripartite consultations and negotiations, requires strengthening. Information dissemination, training and exchanges need to be upheld in order to turn social dialogue into an effective instrument of good governance. Pension reform and labour market reform are two areas in which the ILO has provided substantial support towards negotiated solutions.

Sustained economic growth and poverty reduction

45. Recovery from the deep recession of the early 1990s has been more rapid in reform-oriented Eastern and Central European countries than in the CIS countries. In spite of a gradual opening of all transition countries – which has been more rapid in Central European countries than in the CIS countries and Central Asia – lower output and a more unequal distribution of income have adversely affected social cohesion. Labour force growth has been low but employment generation has lagged significantly behind economic growth as a result of extensive enterprise restructuring and productivity-enhancing measures. Unemployment has fallen in a number of countries in Eastern Europe, but remains high in others; it is marked by high youth unemployment. The incidence of poverty has risen dramatically to over 5 per cent of the population. It is affecting more particularly: the sizeable elderly population, whose pensions have evaporated with inflation and fiscal constraints; women facing fewer employment opportunities; the unemployed; and employed but unpaid workers. Falling life expectancy is the most striking sign of the overall decline in living standards.

46. Employment, labour and social protection policies are central to higher growth and lower levels of poverty. Policy instruments, labour laws and protection systems need to be reformed. Training in the use of new instruments and systems is essential.

Regional cooperation

47. Worrying trends have recently been registered with respect to labour migration, HIV/AIDS and child labour. By their very nature, these issues transcend national boundaries and need to be addressed from a regional perspective. The rise in trafficking of men, women and children and in migration is seen as a product of slow economic recovery and rising poverty. The rapid growth in the incidence of HIV/AIDS is linked to the same causes. Rising poverty, informalization of work and economic and social restructuring are adversely affecting the situation of women workers. Regional cooperation can accelerate awareness of problems and encourage policy discussions and good practices.

Industrialized countries

48. Industrialized countries belong to several of the ILO regions even though they share common characteristics as high-income countries. These countries are not only main contributors to the ILO budget and programme of technical cooperation; they benefit from ILO information, statistics, research and advisory services, and participate in tripartite policy-making and exchanges at sectoral, regional and governance levels.

49. High-income countries face a number of common labour issues, such as life-long learning, ageing, gender equality, social protection reform, occupational safety and health, work and family life, and working time. The ILO is a natural place to learn, compare, and share information and experiences on these issues. Rapid technological change is giving rise to many questions on the future of work and the ability to adapt in all high-income countries.

50. Industrialized countries have a strong interest in the social dimension of globalization, including its consequences for their own employment levels and patterns.

51. Finally, industrialized country media with a global outreach have a keen interest in ILO products.

52. The ILO must retain its capacity to be a centre of analysis and exchange that is of interest to industrialized countries – with regard to domestic and global labour issues. Viewed from a decent work perspective, there are ample opportunities to sustain this effort.

Table A. Selected economic and labour indicators, by region^a

| | | | East Asia and Pacific | South Asia | Central and Eastern Europe and Central Asia | Latin America and Caribbean | Middle East and North Africa | Sub-Saharan Africa | High income OECD |
|-------------------------------|---------------------------------|-----------|-----------------------|------------|---|-----------------------------|------------------------------|--------------------|-------------------|
| GNI per capita | Current US dollars | 2000 | 850 | 440 | 2 000 | 3 690 | 2 080 | 480 | 26 820 |
| Real per capita GDP | Average % growth | 1994-2000 | 5.6 | 3.8 | 0.5 | 1.4 | 1.0 | 0.7 | 3.3 |
| Labour force growth | Average % growth | 2000-10 | 1.1 | 2.1 | 0.4 | 2.0 | 3.2 | 2.5 | 0.5 |
| Non-agricultural employment | % of total | 1999-2000 | 53 | 35 | 77 | 83 | 73 | 38 | 96.3 |
| Women in labour force | % of total | 1999-2000 | 45 | 33 | 46 | 35 | 28 | 42 | 44.4 |
| Population in extreme poverty | % of total population | 1998 | 15.3 | 40.0 | 5.1 | 15.6 | 1.9 | 46.3 | 10.2 ^b |
| Children 5-14 years | Labour force participation rate | 2000 | 19 | | 4 | 16 | 15 | 29 | 2 |
| Unemployment rate | % | 2001-02 | 3.6 | 3.5 | 12.6 | 9.2 ^c | 18.9 | 14 ^d | 6.4 |

^a Regional averages are weighted by population or labour force. ^b income poverty is defined here as 50 per cent of median income, most recent data available. ^c urban unemployment. ^d projection. Sources: OECD, ILO, IMF, UNDP and World Bank.

Global developments and opportunities

53. The regional priorities identified earlier in the text highlight the ILO's four strategic objectives. At the same time they reflect global developments that affect each region differently – in keeping with the specific characteristics of each region. Four salient developments are identified in this section that will directly influence the context in which the ILO

will implement its biennial Programme and Budget. The four areas are discussed in terms of the challenges and the opportunities they present to the ILO.

Global governance and social justice

A new resolve

54. In September 2002, the representatives of the peoples of the world, assembled at the World Summit on Sustainable Development in Johannesburg. They reaffirmed their commitment to sustainable development and its interdependent and mutually reinforcing pillars, economic growth, social development and environmental protection as a means to build a humane, equitable and caring global society cognizant of the need for human dignity for all. These commitments, echoing statements of recent summits and global conferences such as the World Trade Organization Ministerial Conference at Doha and the International Conference on Financing for Development at Monterrey, are another step toward defining a collective responsibility in shaping global and individual aspirations in line with basic values, principles and rights shared by all societies. It is a further expression of the need to give direction and purpose to the global processes shaping our collective destiny. The world is characterized by rapid integration of goods, services and capital markets, that so far have benefited too few and failed too many. In addition, a sense of insecurity has become more prevalent in many societies. In this context, the need for global governance underpinned by social justice and decent work cannot be overemphasized. This speaks directly to the ILO's mandate.

New challenges

55. Globalization has introduced major new challenges. It has opened opportunities for wealth creation, but failed to distribute these widely. Sources of economic and social instability have multiplied. International capital flows have moved to the verge of undermining sound investment principles. Labour institutions and social security systems have been weakened and exposed many to more insecure lives. International labour migration faces deteriorating conditions – notably labour trafficking, particularly of women and of children. Such phenomena undermine the potential contribution that more open societies and markets can make to balanced economic and social development. The global economy requires urgent rebalancing through global governance based on social justice.

ILO contribution

56. The ILO has actively contributed to shaping the agenda of global events, with one basic message. While accepting globalization as a fact and recognizing its potential benefits, it has pressed for greater attention to employment opportunities with respect for fundamental principles and rights at work and adequate social protection for all. Socially responsible globalization must be steered onto a course of delivering decent work, with greater emphasis given to its main pillars – namely, full application of rights at work, productive employment opportunities with adequate social protection and participation through organizations of employers and of workers. The intertwined challenges of economic growth, social development and environmental sustainability call for integrated responses and new alliances within the system of international agencies.

57. The World Commission on the Social Dimension of Globalization established by the ILO is to deliver a report by 2003 addressing these very issues. This opens the prospect of significant follow-up activities which the Programme and Budget proposals should accommodate in a flexible way.

58. ILO advocacy for decent work as a pillar of global governance can broaden the global coalition in the making. To this end, it must seek to consolidate a number of strategic partnerships to demonstrate clearly the range of feasible options for reducing decent work deficits. Global economic, trade and social policies should continuously be assessed with regard to their impact on decent work opportunities for women and men. Global agencies such as the IMF, World Bank, WTO, the United Nations development agencies and the ILO should agree on a coherent agenda to promote economic growth and social

development and justice. A common effort is required to tackle the complex and inter-dependent economic, social and environmental challenges. The interest of private enterprises in fostering corporate social responsibility and greater collaboration with the United Nations through the Global Compact, offers an opportunity to define better the terms of such engagement. Equally noteworthy are the negotiations of global framework agreements between large enterprises and international trade union secretariats, which are based on international labour standards. The ILO has a unique role with regard to these developments.

National responses to globalization

New policy context

59. Today, no country is insulated from the accelerated trade and investment flows and technological change spurred by globalization. New challenges in the form of heightened competition, frustrated aspirations, sharp downturns and greater insecurities have shaken societies. Countries seek to avail themselves of the benefits of globalization to achieve higher rates of economic growth whilst containing the costs of reform and external shocks. But conventional wisdom encapsulated in rapid liberalization of imports and capital markets has been challenged by successive crises and the large number of countries and persons bypassed by the promised opportunities. Globalization has provided fertile ground for extensive financial and economic crises that can undo years of painstaking social progress in a matter of weeks.

60. The defining characteristic of globalization is the internationalization of production and the ensuing investment, trade and migratory flows. The expansion of international production has been spurred by three developments: the opening up of national markets; technological change through a drastic decline in the cost of transportation and communications; and heightened competition in a global market economy. Even though developing countries have made substantive inroads into world trade, they still attract less than a third of total FDI flows, with the ten largest recipients receiving three-quarters of total developing country inflows. Fifteen of the 20 countries that significantly increased their export market share between 1985 and 2000 are developing countries, most of them in Asia. All regions have participated in the expansion of world trade, but differences remain substantial. Within regions and countries, there are still impoverished areas with little connection to the global economy.

Table B. World merchandise exports and foreign direct investment inflows

| | Per cent share in exports, 2000 | Per cent change, 1990-2000 | Distribution of FDI inflows, 1995-99 |
|--|---------------------------------|----------------------------|--------------------------------------|
| World | 100 | 6.0 | 100 |
| Africa | 2.3 | 3.0 | 1.5 |
| Asia | 26.7 | 8.0 | 16.3 |
| Latin America | 5.8 | 9.0 | 11.7 |
| Central and Eastern Europe and CIS countries | 4.4 | 4.0 | 3.2 |
| Middle East | 4.2 | 7.0 | 0.5 |
| North America | 17.1 | 7.0 | 28.1 |
| Western Europe | 39.5 | 4.0 | 38.7 |

Source: WTO and UNCTAD.

How to liberalize

61. The central question is not whether countries should or should not open up their economies, but how they should achieve this. The role of exports in pulling countries onto a faster development track has heightened competition in attracting FDI and increasing export shares. The central role of labour and employment in these processes, both as a cost and a source of higher productivity, is a direct challenge to the ILO. An oversimplified view

opposes a low-wage to a high-wage strategy. Investment and export strategies depend on a variety of factors, including economic sectors, geographical location, technology, infrastructure and human resources as well as fiscal regimes, macroeconomic and political stability and country risk assessments. In addition, timing and sequencing of liberalization policies have been found to be critical to positive employment and social outcomes.

ILO contribution

62. Governments, employers and workers seek from the ILO comparative analysis and documentation of country experiences in order to better equip themselves to address the challenges of the global economy. By the very nature of its mandate, the ILO assesses the outcome of economic and social processes on workers, families and societies. Developments that fail to meet the basic aspirations of people stand to be corrected. This forms the basis of the 1998 ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up calling for broad-based sustainable development in the form of mutually reinforcing economic and social policies.

63. Major contributions, such as the Director-General's reports to the International Labour Conference in 1999 and in 2001, the Global Reports under the follow-up to the 1998 Declaration, the World Employment Reports and country reports prepared by the ILO field offices, all suggest that the best response to the challenges posed by globalization lies in the effective integration of the four dimensions of decent work into a coherent whole. This provides for multiple combinations adapted to each country situation. The commitment to principles and rights at work should secure a social floor and pave the way for negotiated solutions. Economic and social policies should return to their central purpose of expanding productive employment opportunities from which they have too often departed. Nothing in principle opposes liberalization policies to productive employment and adequate social protection. In practice the two are often opposed, despite evidence to the contrary in a number of countries. The sequence of policies, the pace of reform, the distribution of opportunities and the protection available to those exposed to restructuring have contributed to this divergence. Only a coherent and incremental approach inviting countries and the social partners to consider the options available and adapt general principles to country characteristics, holds the promise of better responses to the challenges of globalization. Social cohesion represents a major asset in an uncertain and rapidly changing environment. More cohesive societies can only be built on respect for rights, dialogue, gainful employment and protection.

Decent work to eradicate poverty

A new commitment

64. The fight against poverty is a central ILO mandate drawing on the link established in its Constitution between want, conditions of labour and lasting peace. Today, this translates into a significant number of programmes directly addressing poverty and the means to overcome it. Two decisive steps have shaped the commitment to combat poverty worldwide. The United Nations Millennium Summit in September 2000 adopted eight development goals, including the halving, between 1990 and 2015, of the proportion of people living in extreme poverty. This provides a clear measure for assessing national and international efforts to improve the conditions of the 1.2 billion persons living on less than one dollar a day (in 1998). Recent major conferences, such as the World Summit on Sustainable Development (September 2002), the International Conference on Financing for Development (March 2002) and the Third United Nations Conference on the Least Developed Countries (May 2001) have all reiterated their strong support to the Millennium Development Goals.

65. The other essential factor is the definition of a new process and mechanism in the form of PRSPs. This instrument, now used in over 40 countries, provides a common framework for governments and their multiple development partners in addressing poverty. The PRSP process, championed by the IMF and the World Bank, forms the basis for financial assistance to specific programmes including debt relief for heavily indebted poor countries

(HIPC) under the HIPC initiative and the IMF's Poverty Reduction and Growth Facility. The PRSP process is conceived as being underpinned by six core principles that emphasize country ownership, results orientation, comprehensiveness and sequenced priorities, partnerships and a long-term perspective. The PRSP is widely supported by the donor community as the instrument for defining and implementing poverty reducing policies and programmes.

Poverty dimensions

66. The MDGs and the PRSP process represent two internationally supported instruments to address the daunting poverty challenge. The proportion of absolute poor in the world population declined from 28 to 24 per cent between 1990 and 1998. Viewed in terms of the number of persons at work and in poverty, this suggests a figure of 540 million supporting the 1.2 billion absolute poor at the end of the 1990s. Extended to the 2.8 billion people living on less than 2 dollars a day, this suggests that approximately one-third of the world's labour force is denied decent work. A prime focus of poverty reduction policies and measures should be to extend conditions of decent work to this large group enabling poor persons and families to sustain themselves.

67. The understanding of poverty and the design of policies to progressively eradicate its worst forms have evolved considerably in recent years. From a definition based entirely on inadequate consumption levels, analysis has moved to a broader acceptance of the multi-faceted dimensions of poverty, in which low income combines with low social status and self-esteem, poor health, insufficient education and powerlessness. Poverty has strong gender and ethnic dimensions. Equality of opportunity is denied to poor workers and their families for reasons grounded in the reinforcing nature of these inadequacies. The broader view of "development as freedom" has powerfully shaped policies of major agencies.

ILO contribution

68. The ILO Decent Work Agenda has decisively influenced such developments by explicitly tying together basic rights, employment, social protection and collective action. Opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity provide the best means to reduce poverty and achieve sustainable economic growth and social cohesion. Decent work simultaneously points to the quantum of employment available and to the conditions of such employment as central to any poverty reduction effort.

69. The renewed international commitment to the reduction of extreme poverty, the streamlining of country and international assistance towards this goal and the broader conceptual and policy framework provide an extraordinary opportunity for the ILO to make a significant contribution. The challenge is to demonstrate the validity of a decent work approach to the reduction of poverty.

70. Three dimensions merit particular mention. First, the open and participatory principle of the PRSP process is a direct invitation to employers' and workers' organizations to contribute substantively to shaping national policies. Governments and Bretton Woods institutions should actively foster such participation. Second, employment and social protection should form a central concern of poverty reduction policies, in both macroeconomic as well as microeconomic terms. Third, the effective implementation of principles and rights at work will ensure a social floor allowing market forces to function more effectively.

71. The strength of the link between economic growth and poverty reduction is highly dependent on the reinforcing nature of economic patterns and social processes. Of particular importance are the composition of output, the pattern of social expenditure, the effective enforcement of basic rights, particularly the rights to organize and to collective bargaining, gender equality and income distribution. The public expenditure review inherent in the PRSPs allows for an assessment of the poverty orientation of social protection expenditures. This can enhance social spending and public infrastructure investment to the benefit of the poor. Support to small and micro-enterprises in rural and urban areas, to improve both productivity and working conditions represents a powerful means to better conditions of the bulk of the labour force eking out a living in the informal economy.

Productive workplaces

A changing workplace

72. Work is changing. How work is carried out, its content, where it is performed, by whom and when, are parameters in continuing and profound change. The implications for the future of enterprises, workers, labour relations, economic growth, competitiveness and social justice in all countries are immense. The ILO is the natural place to carry forward the analysis and exchanges on the future of work, to understand the multiple implications and to inform the direction of change in keeping with its values.

73. Three prime factors are pushing change in work. The first is demographic and spatial, with a sustained fall in the projected growth of the labour force – more rapid in higher income countries – and the continued urbanization of populations. Urban population is expected to reach 54 per cent in 2015 – less in South Asia and Sub-Saharan Africa but higher in other regions. The internationalization of production follows, with the fragmentation of production along value chains sprawled across the globe and the concentration of corporate management through myriad equity and non-equity arrangements. The one-plant one-product assembly line enterprise is giving way to clusters of interlinked enterprises with diffuse and changing boundaries adept at flexible specialization. This new environment is exacerbating competition between firms producing and selling globally and locally in several countries at the same time. In low-technology sectors, containing wage costs has been the more immediate response. In medium- to high-technology sectors, sustaining productivity increases underpinned by constant product and process innovation forms the major challenge. A third element is the increased global attention to principles and rights at work, including those that address child labour, trafficking and bonded labour. At the same time, perception of the link between labour standards, employment and working conditions is evolving, with a better understanding of the contribution labour standards can make to human resource management, productivity and reform processes. These principles apply as much to poor workers in agriculture and in small informal economy undertakings as in larger more modern enterprises, although actual conditions differ vastly.

74. Occupations, work organization, skill requirements, employment patterns, working time and the sex composition of the workforce are subject to profound changes. The classical division of work between blue collar workers and managers is being revisited with more emphasis paid to team work and integration of different skills and levels of responsibility organized around project activities. The spatial organization of production has been revolutionized with the expansion of networks of exchanges within and between firms, vastly facilitated by falling communication and transport costs. The feminization of the workforce, together with more flexible employment patterns and work schedules is affecting the way family care is combined with work and how the costs of care are distributed, particularly between enterprises and tax payers. The skills content of work is evolving, with greater demand for highly skilled workers as well as a wider range of competencies in low-skill occupations. Computer literacy, at different grades, is a basic requirement in an increasing number of occupations, along with demand for relational skills.

75. The implications for labour relations are multiple. The membership base of trade unions has had to cope with industrial restructuring and the changing composition of output, between services and manufacturing and within each of these sectors between high- and low-tech activities. Patterns of collective bargaining are evolving, with the emergence of global framework agreements at the level of entire sectors and large corporations concomitantly with more decentralized and local bargaining. Trade unions are offering an increasing range of services to members, including more individualized assistance. New actors are found at the negotiating table, with national social dialogue complemented by multiple negotiating layers in which regional and local governments, small, medium and large enterprises and a variety of interest groups participate in different ways. The provision of training, care services, financial assistance, research and development at the local level characterizes many initiatives in which employers' and workers' organizations participate alongside other actors.

ILO contribution

76. The changes taking place in workplaces are global. They are found in the Silicon Valleys of the world, in export processing zones and in buoyant urban informal enterprises. In all enterprises, irrespective of size, sectors and countries, there is a decent work dividend that can be reaped. Work organization including working time, worker participation, skills development and lifelong learning, social protection, safe work practices and combining work and family life, are all critical elements of life at work. Non-discrimination including on the basis of real or suspected HIV/AIDS status is a core element in modern workplace policies – as is the fight against all forms of drug addiction affecting workers. An integrated approach holds the promise of unleashing productivity potentials in the form of high-performance workplaces. Only an overall approach that can successfully combine equity and participation with productivity and quality will be able to attend to the present and future challenges.

77. The sectoral activities of the ILO have provided a unique perspective on these unfolding changes in specific industries, ranging from construction to shipping, chemicals and banking. The International Institute of Labour Studies has pioneered several fora and exchanges on the future of work and on organized labour in the twenty-first century. The implications of change at the workplace for learning and high-performance work are being addressed by the ILO International Training Centre in Turin. The discussion of the revision of the Human Resources Development Recommendation, 1975 (No. 150) by the International Labour Conference in 2003 and 2004 offers the opportunity of a fruitful debate on the future of learning and training for work in the knowledge economy. Beyond documenting new trends and forms of work, the ILO must seek to inform the direction of change by demonstrating the productive and social dividends of decent work.

Institutional capacity and present and future challenges

78. The preceding sections have highlighted a set of integrated issues in the regions and globally that speak directly to the ILO's mandate. These issues all point to the relevance of decent work both as an integrating concept and a policy framework. Policies to enhance decent work for all women and men have and will further test the capacities of the Organization. The Strategic Policy Framework 2002-05 identified a series of management challenges. Meeting these challenges will require continued attention to strengthening the institutional capacity of the Organization. Current and future efforts in addressing these are closely linked to strategic programming and budgeting adopted by the Office.

79. The Programme and Budget proposes a greater focus on the regions, alongside a renewed focus on global issues. Both areas of attention seek to provide better service to ILO constituents, notably at the country level. The following details how this is to be done.

The regions in focus

80. Calls for more effective ILO action in the regions and in countries have multiplied. They echo more general concerns over the effectiveness and ownership of development cooperation. Initiatives have multiplied in all regions to address common challenges, notably those derived from globalization and balanced economic and social development. Many of the issues mentioned in preceding paragraphs, warrant greater subregional and regional attention in the formulation of policies. The ILO is called to respond to these developments, in particular by strengthening the participation of employers' and workers' organizations in regional policy debates and decision-making organs. The definition of decent work policy frameworks within a regional perspective is relevant here. The regional decent work teams, now in place, are a means to develop such regional frameworks. The higher attention paid to regional issues in the Programme and Budget proposals will continue to test ILO capacity in the regions. Regional and country priorities, as evidenced in earlier sections, tend to reflect integrated sets of issues calling on different technical specialties to work together. A strengthened capacity in the regions will further contribute to the Office's ability to articulate decent work policies and programmes.

Decent work country programmes

81. It is at the country level that the Decent Work Agenda can best be formulated into a programme designed in results-based terms. A decent work country programme can be organized around a limited number of objectives – over a specified time frame – reflecting the priorities of tripartite members within the policy framework of the ILO. Programming at the country level is a means to enhance the effectiveness of ILO assistance. Decent work country programmes invite constituents to discuss the shared priorities of future ILO action. Such an approach will further promote Office-wide collaboration, notably by streamlining field and headquarters units to contribute jointly towards achieving decent work objectives through policies and programmes tailored to the characteristics of each country. A country programme approach will foster greater transparency and accountability in ILO's technical assistance. This approach will be widely applied as of 2004-05 based on lessons learned from initial experience.

Global development issues and objectives

82. The ILO is increasingly called upon to contribute to global initiatives either those related to principles and rights at work or to areas with a definite labour dimension. They include child labour, gender equality, HIV/AIDS, poverty, globalization and social justice. They are issues of concern to the international community. It is important for the ILO to contribute to the definition of the policy agenda to address these global concerns. One dimension requires action to set out the issues and define policy responses in close collaboration with global partner organizations. The second dimension is that a successful response to global challenges requires action to effect change in countries for the benefit of people. This represents the ultimate expression of international action. The difficulty is to keep those two dimensions together, although they call on distinct means of action and levels of intervention. The greater strategic focus of the Organization is the best means to maintain coherence in the overall approach combining global action with action in the regions and countries. This approach, already present in a number of areas such as time-bound programmes for the elimination of child labour, the extension of social protection to all and the integrated approach to standards-related activities, will be further strengthened and expanded.

Strengthening institutional capacity

83. Results-based management – globally, in the regions and in countries – around specific objectives is testing the capacity of the ILO in a number of areas. The means for strengthening this capacity are discussed below.

Knowledge management

84. A clear comparative advantage of the ILO lies in its knowledge and information on labour and social issues and trends around the world. There is nothing natural in this advantage. Indeed, it is highly competitive. Four areas need continued attention. First, the strengthening of ILO capacity to collect, process, analyse and make available statistical data is a recognized priority. All the more so since the ILO is preparing a new set of statistical indicators to measure decent work. This is an Office-wide responsibility. Second, ILO capacity to research major trends and new developments shaping the world of work must be sustained. Joint field-headquarters cross-sectoral research teams should shed light on the many interlinked issues raised by the Decent Work Agenda in different regional and subregional contexts. Third, ways and means of communicating on ILO results need to be continuously assessed – not only to avail of new technological developments, but also to respond to the demand for shorter comparative policy briefs focused on experience and lessons learned. Finally, substantial improvements in information management should derive from the Integrated Resource Information System (IRIS) project that will become fully operational during 2004-05.

Technical cooperation

85. The greater part of ILO action takes place at the country level, with a mix of regular budget and extra-budgetary financial resources. Better integration of these two sources of funding is needed and will be achieved through country programming. New approaches to technical assistance will systematically be explored and tested with a view to enhancing the quality and sustainability of ILO assistance. A new appraisal mechanism of all extra-budgetary technical cooperation proposals will be introduced to ensure that they contribute to the strategic and operational objectives of the ILO, respond to the priorities identified in Decent work country programmes and adhere to sound project management criteria.

86. A particular concern is the scale of ILO assistance, necessarily limited by the financial means available. However, the impact of ILO technical cooperation cannot be gauged only in financial terms. Strategies, modes of action and partnerships are just as important. Isolated projects with little by way of wider lessons and potential for replication will be a practice of the past. A sequencing of activities combining development of new knowledge, pilot testing of its application and wide dissemination through various means and audiences should be explored. Positive experiences in reducing child labour or promoting small enterprises and poverty-focused social dialogue, need to be documented more systematically in order to inform widely and provide lessons.

Human resource management

87. Perhaps the most important area of ILO resource management pertains to human resources. Sustaining the technical capacity of the Office is vital. This objective can only be achieved through a combination of means. One is the recruitment of new staff. This will be facilitated by the expected high level of retirements over the next few years. An evaluation of the initial experience of the Young Professionals Programme will be carried out to assess its relevance to ILO needs. A second area is intensive training of staff, not only to update technical knowledge, but also to familiarize them with the new results-oriented management, including programming at the country level. New approaches to the design and use of technical cooperation, integrated economic and social policies, gender mainstreaming and the use of new databases and information systems, are among a number of areas where training is required. Finally, mobility of staff across units and technical areas represents an important motivation for the development of professional skills and knowledge. This should be coupled with incentives to foster greater cross-sectoral collaboration at headquarters and with the field offices. The Decent Work Agenda challenges traditional boundaries of professional knowledge. The ILO needs to overcome these barriers in order to address complex sets of issues that can only be tackled from an interdisciplinary perspective. Successive zero-growth regular budgets have drained the ILO's investment in human resources. This trend must be reversed. Combined with regular budget resources, funds from the 2000-01 surplus offer an opportunity to raise investment in managerial and technical capacity.

Performance monitoring and evaluation

88. Results-based management in terms of a set of objectives in one country, a major programme or a global objective, fosters greater accountability through regular monitoring and evaluation. The monitoring and evaluation of results provide a transparent means for assessing performance against stated objectives. The focus shifts from reporting on multiple activities to stating actual outcomes and results. The comparative merits of different approaches to achieve results can thereby be brought to light. This encourages analysis and discussion of the effectiveness of ILO action. A learning culture will be fostered through systematic performance monitoring and evaluation of results throughout the Organization.

Conclusions

89. The world at large is concerned about the social dimension of globalization. ILO values and principles speak directly to this concern. The task is to develop proposals and policies based on these values and principles that can shape a socially responsible globali-

zation with broader participation. The regional and global issues briefly sketched out here clearly highlight the areas in which the ILO is expected to make significant contributions. The proposals developed here detail the priorities identified with the constituents and the means to deliver better services and products to them in an efficient manner. This forms the double challenge of implementing the Decent Work Agenda as today's response for achieving social justice whilst continually adapting means of action and management performance.

Proposed strategic budget

Table 1. Strategic budget: Proposed expenditure budget by appropriation line

| Item | Revised ¹ strategic budget 2002-03 (US\$) | Proposed strategic budget 2004-05 (in constant 2002-03 US\$) | Proposed strategic budget 2004-05 (recasted (US\$)) |
|---|---|---|--|
| Part I. Ordinary budget | | | |
| A. Policy-making organs | 53,061,438 | 51,463,182 | 53,013,284 |
| B. Strategic objectives | 329,306,103 | 331,256,996 | 341,665,579 |
| Standards and fundamental principles and rights at work | 57,658,894 | 58,167,538 | 59,978,954 |
| Employment | 105,171,484 | 105,234,284 | 108,263,820 |
| Social protection | 57,161,882 | 59,917,872 | 61,855,300 |
| Social dialogue | 109,313,843 | 107,937,302 | 111,567,505 |
| C. Management services | 35,523,576 | 35,276,195 | 36,321,511 |
| D. Other budgetary provisions | 18,949,160 | 18,843,904 | 19,939,009 |
| Adjustment for staff turnover | (3,675,277) | (3,675,277) | (3,793,653) |
| Total Part I | 433,165,000 | 433,165,000 | 447,145,730 |
| Part II. Unforeseen expenditure | | | |
| Unforeseen expenditure | 875,000 | 875,000 | 875,000 |
| Part III. Working Capital Fund | | | |
| Working Capital Fund | — | — | — |
| TOTAL (Parts I-III) | 434,040,000 | 434,040,000 | 448,020,730 |

¹ In the Programme and Budget for 2002-03, strategic budget estimates were based on the resources of programmes that fall under each operational objective. Other resources were pro-rated or estimated. For the regions, estimates were based on the number of specialists whose work fell under the objective and the volume of extra-budgetary technical cooperation. The methodology for 2004-05 continues to start from the programmes under each operational objective. However, estimates that could contain a subjective element have been replaced by pro-rated calculations, and the volume of extra-budgetary resources is no longer used to estimate regular budget resource allocations in the regions. To provide comparability, the new methodology was applied to the 2002-03 strategic budget. The resulting revised estimates as well as the revision to the 2002-03 operational budget (information annex 1) have been used in all strategic budget tables.

Budgetary features of the proposals

90. These Programme and Budget proposals have been developed in accordance with strategic budgeting methods first introduced in the Programme and Budget for 2000-01. The purpose of strategic budgeting and results-based management techniques is to improve the relevance, effectiveness and efficiency of the Organization's work. Relevance refers to the ILO's responsiveness to the needs and priorities of its tripartite constituents. Effectiveness relates to the quality of that response in terms of the results achieved. Efficiency is the extent to which these results are achieved at the minimum cost consistent with relevance and effectiveness.

91. Strategic budgeting has important implications for the format and content of the Programme and Budget proposals. Perhaps the most important of these is that resources are shown under strategic and operational objectives rather than under specific units. For purposes of transparency and comparability, the ILO takes the additional step of providing annexes with full administrative details, but this is not the core of the proposals.

92. The ILO is a quite specific organization, with characteristics that differ sharply from others in the United Nations system. Tripartism is at the centre of these special characteristics. The Governing Body and International Labour Conference are not merely organs of governance, they participate in the development and implementation of policy in ways that go well beyond usual practice elsewhere. The most prominent of these is the elaboration and supervision of international labour standards.

93. Results-based management systems emphasize the results or outcomes that are achieved, rather than the outputs that are produced or the activities that are carried out. In the case of the ILO, the dominant outcomes that are sought are more effective policies, better aligned with the ILO's tripartite policy guidance.

The strategic budget in numbers

94. The strategic budget proposed for 2004-05 is shown in table 1, which immediately precedes this chapter. The tables and figures that follow illustrate the main characteristics of the budget.

95. As shown in table 1, a zero real growth budget of \$434,040,000 is proposed, at 2002-03 costs and exchange rates. An amount of \$13,980,730 or 3.2 per cent has been provided for forecasted cost increases over the two years of the biennium, resulting in a re-costed budget of \$448,020,730. In order to ensure comparability with the Programme and Budget for 2002-03, the remaining tables in these proposals are shown in constant 2002-03 dollars.

96. A key change between the 2002-03 budget and 2004-05 proposals is an increase of some \$2 million under the strategic objectives. This results from a reduction in the other major items of the budget. Resources proposed for policy-making organs have been decreased by some \$1.6 million despite increased provisions for interpretation and other expenses at the Governing Body and International Labour Conference, and despite a provision for the Geneva-based costs of a Maritime Session of the International Labour Conference in 2005. This has been made possible by the advanced state of negotiations on the hosting of the Maritime Session by a member State, as has become the custom for other large international conferences. At the same time, the budget for Management services has been reduced by some \$250,000, despite the need to reserve additional resources for the human resources policy. These savings have been transferred into services for constituents. They derive from an aggressive policy of seeking administrative savings, despite signs that in many areas the Office's capacities already are close to the minimum level for operational effectiveness after successive biennial cuts. It will be necessary to carefully monitor performance of the ILO's governance, support and management services and to make adjustments if programme delivery is being hampered by excessive cuts in resources.

97. A second important change can be seen in table 2 (overleaf). A significant transfer of resources is proposed from programmes at headquarters to those in the regions, consistent with the increased emphasis on the regions reflected throughout these Programme and Budget proposals.

Table 2. Proposed regular budget strategic resources

| | Revised strategic budget 2002-03 | Proposed strategic budget 2004-05 |
|---|-------------------------------------|--------------------------------------|
| | (in constant 2002-03 US\$) | |
| Technical programmes | 148,514,917 | 146,938,025 |
| Standards and fundamental principles and rights at work | 31,142,508 | 30,815,020 |
| Employment | 41,666,350 | 40,727,027 |
| Social protection | 29,225,266 | 28,963,098 |
| Social dialogue | 46,480,793 | 46,432,880 |
| The regions | 134,196,042 | 140,962,952 |
| Standards and fundamental principles and rights at work | 18,357,945 | 19,739,356 |
| Employment | 48,623,902 | 50,733,843 |
| Social protection | 19,848,499 | 23,112,524 |
| Social dialogue | 47,365,696 | 47,377,229 |
| Support services | 46,595,144 | 43,356,019 |
| Standards and fundamental principles and rights at work | 8,158,441 | 7,613,162 |
| Employment | 14,881,232 | 13,773,414 |
| Social protection | 8,088,117 | 7,842,250 |
| Social dialogue | 15,467,354 | 14,127,193 |
| Total | 329,306,103 | 331,256,996 |

98. The proposed regional budgets have increased by \$6.8 million. The resources for this increase come from the \$2 million in transfers to the strategic objectives mentioned above, from important savings in support services of over \$3.2 million or some 7 per cent of the support services budget, and from a relatively modest transfer of some \$1.6 million from technical programmes at headquarters, or about 1 per cent of the technical programmes budget.

99. The transfer of resources to the regions will make it possible to expand and improve services to constituents. However, it was necessary to make sacrifices to achieve this goal. Important proposals from headquarters programmes were not retained. The large cut in support services will make some work more difficult, in particular with regard to publications, building maintenance and financial services.

100. Table 3 shows resources by strategic objective, both under the regular budget and for technical cooperation. In view of the ILO's rapidly increasing technical cooperation delivery, the technical cooperation estimates in the Programme and Budget for 2002-03 have been revised upwards from the initial figure of \$188.5 million to \$215 million in 2002-03 and \$226 million in 2004-05. The between-biennia increase in comparison to the original estimate found in the Programme and Budget for 2002-03 is \$37.5 million, despite a conservative assessment of prospects for approvals. More details are found in Information Annex 5.

101. It is also important to note how both regular budget and technical cooperation resources are distributed across the strategic objectives. For the regular budget, resources under each strategic objective increased except in the case of social dialogue. There are increases in technical cooperation resources for each strategic objective, which is, however, essentially attributable to gains under Standards and Fundamental Principles and Rights at Work. This contrasts with the situation in the Programme and Budget proposals for 2002-03 when a fall in extra-budgetary resources for employment to \$66.6 million was projected, together with a fall to \$20.2 million for social dialogue. As table 3 shows, both strategic objectives are now expected to do noticeably better, though under current circumstances the resources for 2004-05 do not increase significantly from the new estimates for 2002-03. It is hoped that this will change as new proposals reach the donor community.

Table 3. Summary of proposed strategic and estimated extra-budgetary resources

| | Revised strategic budget 2002-03 | | Proposed strategic budget 2004-05 | |
|---|-------------------------------------|-------|--------------------------------------|-------|
| | (in constant 2002-03 US\$) | | | |
| Regular budget | | | | |
| Standards and fundamental principles and rights at work | 57,658,894 | 17.5% | 58,167,538 | 17.5% |
| Employment | 105,171,484 | 31.9% | 105,234,284 | 31.8% |
| Social protection | 57,161,882 | 17.4% | 59,917,872 | 18.1% |
| Social dialogue | 109,313,843 | 33.2% | 107,937,302 | 32.6% |
| | 329,306,103 | | 331,256,996 | |
| Extra-budgetary | | | | |
| Standards and fundamental principles and rights at work | 95,009,000 | 44.2% | 104,661,000 | 46.3% |
| Employment | 72,514,000 | 33.7% | 72,703,000 | 32.2% |
| Social protection | 24,486,000 | 11.4% | 24,575,000 | 10.9% |
| Social dialogue | 23,137,000 | 10.7% | 24,061,000 | 10.6% |
| | 215,146,000 | | 226,000,000 | |

102. A breakdown of extra-budgetary resource estimates by region and strategic objective is provided in Information Annex 6. The level of such resources estimated for Africa is disappointingly low. The Office has responded with new proposals in the framework of the opportunities being created by the Monterrey Declaration, the recent G8 meeting in Canada and increasing support for action on HIV/AIDS. A number of the proposals listed in each strategic chapter under the heading “Additional extra-budgetary proposals” result from this initiative. While firm commitments have not yet been received, there is good reason to hope for an improvement in extra-budgetary funding for Africa.

103. The transfer of resources to the regions results in a decrease in regular budget strategic resources for social dialogue which, nevertheless, has the highest proposed level of resources of all the strategic objectives. However, the proposals include the same level of resources for Employers’ and Workers’ Activities at headquarters and the same number of Employers’ and Workers’ Activities specialists in the regions. Strategic resources for social dialogue – for example the inclusion of employers’ and workers’ components in projects classified under other strategic objectives – are almost certainly underestimated, a problem that will be corrected once IRIS data are available.

104. As explained in Information Annex No. 10, the International Labour Conference decided in June 2002 to retain the equivalent of \$51,300,000 of a surplus from the 2000-01 biennium. It is estimated that the surplus will be used as shown in table 4.

Table 4. Estimated use of the 2000-01 surplus (in US dollars)

| | 2002-03 | 2004-05 | Total | |
|---|-------------------|-------------------|-------------------|-------|
| Standards and fundamental principles and rights at work | 1,671,010 | 2,630,690 | 4,301,700 | 8.4% |
| Employment | 3,627,030 | 6,399,070 | 10,026,100 | 19.6% |
| Social protection | 529,140 | 1,234,660 | 1,763,800 | 3.4% |
| Social dialogue | 1,689,210 | 3,350,490 | 5,039,700 | 9.8% |
| Shared policy | 7,100,610 | 5,868,090 | 12,968,700 | 25.3% |
| Governance, support and management | 8,407,500 | 8,792,500 | 17,200,000 | 33.5% |
| Total | 23,024,500 | 28,275,500 | 51,300,000 | |

105. These figures are necessarily early estimates in many cases. Additional background on the 2000-01 surplus is provided in Information Annex 10 and under each strategic objective. Two-thirds of the resources are provided for services to constituents and one-third for investments in capacity called for under the Strategic Policy Framework, 2002-05. Without this additional capacity it would not be possible to overcome the lack of investment during

eight biennia of zero growth and real budget decline. Under all surplus items, the regions are emphasized.

106. The resources available to the ILO derive from various sources and are subject to differing rules and constraints. However, in the interests of effective pursuit of the ILO's objectives as well as financial transparency, an integrated approach has been taken throughout these proposals. A broad summary of this information is found in figures 1 and 2.

107. These figures indicate the ways in which resources from different sources are used together to achieve the ILO's strategic objectives. Very broadly, it can be seen that extra-budgetary resources are a large proportion of the ILO's work on Standards and Fundamental Principles and Rights at Work and on Employment. The 2000-01 surplus, while an important injection into high priority work, is quite small relative to other sources of funding. Its contribution is highest for employment and social dialogue. Finally, the regular budget contribution to work on Social Dialogue is especially high, and it is also a large proportion of the resources devoted to social protection.

108. With the growing emphasis on integrated programmes and projects under the Decent Work Agenda, work under one strategic objective in practice also involves complementary efforts that could be classified under another strategic objective. The strategic objectives should be seen as leading themes rather than as separate and distinct budgetary categories with no shared goals or linkages.

109. In considering the extra-budgetary resource estimates, care should be taken to distinguish between the estimated expenditure levels found in table 3 and elsewhere and the "additional proposals" for extra-budgetary resources found later under the various operational objectives. The estimated expenditures are based on existing allocations for future years and on donor commitments, together with some experience-based data. As in the Programme and Budget for 2002-03, the additional proposals concern items of work which are considered a priority and which could and should be delivered, but for which there is no donor commitment at present. The amounts identified are large. If donors could be found, these projects would represent more than a doubling of current extra-budgetary technical cooperation. The proposals relate to work of high priority, in areas where the ILO should do more for our constituents. In addition to reinforcing existing work on such under-funded topics as forced labour, discrimination, crisis response or youth employment, it would permit follow-up of recent indications of priority from the Governing Body and the International Labour Conference in areas such as social dialogue, social security and the informal economy. Finally, it is important to find adequate resources to follow up the work of the World Commission on the Social Dimension of Globalization through concrete measures.

Innovations in budgeting techniques

110. Progress has been made on a number of strategic budgeting issues since the Programme and Budget proposals for 2002-03 were prepared.

111. The Strategic Policy Framework, 2002-05 was developed during the same period as the Programme and Budget proposals for 2002-03. As a result, the Programme and Budget for 2002-03 did not include a separate analysis of the main global and regional developments that shaped them. This has been rectified in the present case through an introductory chapter.

112. In the Programme and Budget for 2002-03, the regions were described in terms of their contributions to each of the four strategic objectives. It has become clear that this approach does not adequately reflect the specificity of each region, nor does it properly take into account the fact that regional priorities are often expressed in terms of themes that cut across the strategic objectives. For 2004-05, the regions have been given greater prominence both in the procedures for preparation of the proposals and in their substance:

- Procedurally, the regions developed their proposals prior to those of headquarters programmes. Headquarters proposals took regional priorities into account, after which the regions had an opportunity to make final adjustments.

Figure 1. Summary of regular budget, extra-budgetary and 2000-01 surplus resources by strategic objective for 2002-03 (in US dollars)

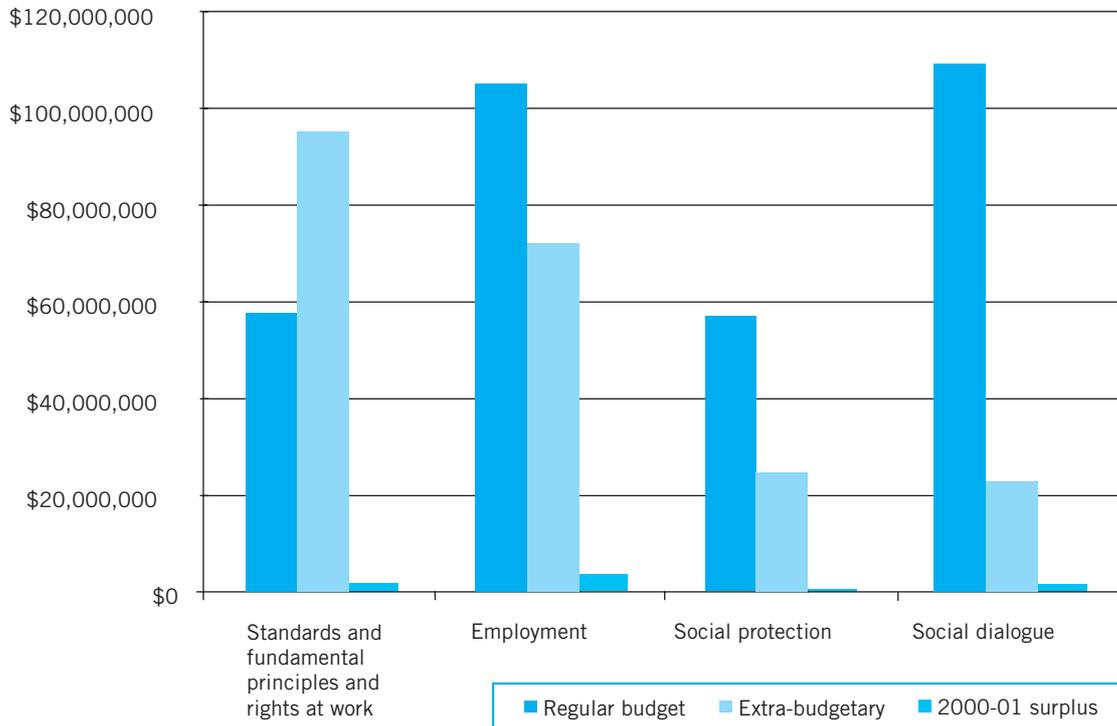
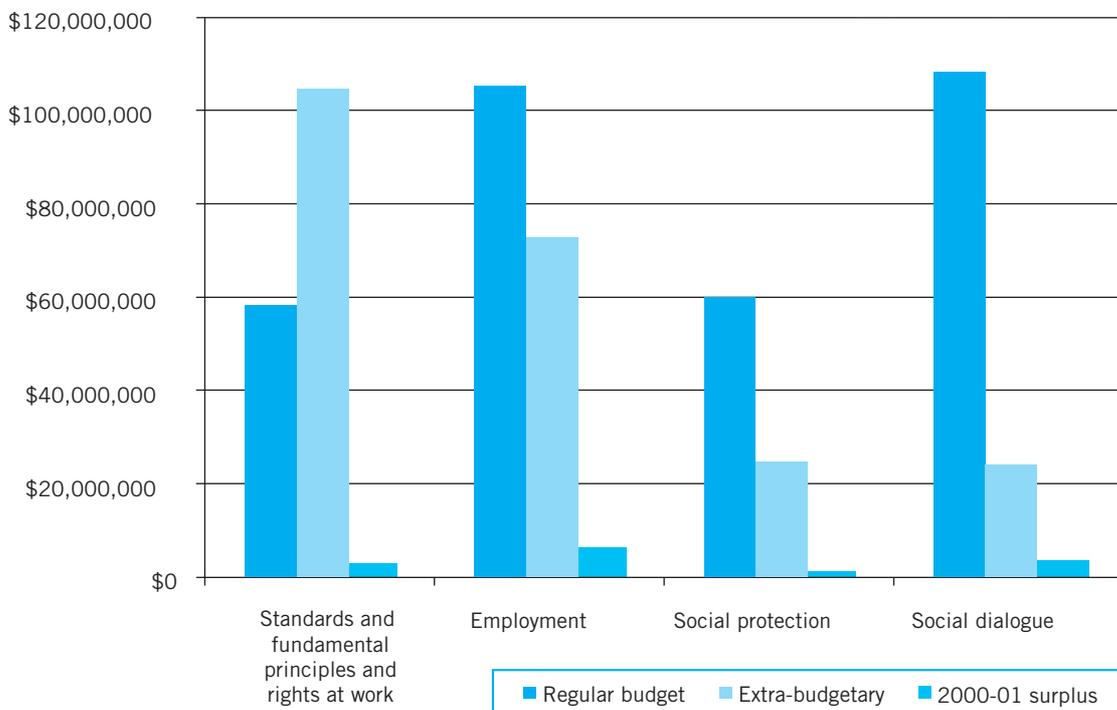


Figure 2. Summary of regular budget, extra-budgetary and 2000-01 surplus resources by strategic objective for 2004-05 (in US dollars)



- Substantively, the regions were no longer constrained to proposals that fell within the limits of one of the strategic or operational objectives. They responded by identifying regional priorities that reflect local conditions and that usually require action under more than one objective.

113. The results have led to a different way of setting out the regional proposals. First, the regional priorities are described in the introduction, before the material on strategic and operational objectives. Secondly, boxes summarize the priorities of the regions both generally and for each strategic objective. Thirdly, the regions are mentioned in illustrative terms under the implementation strategy for each objective. This “mainstreaming” of regional priorities has eliminated the need for the separate chapter on regions, though of course full structural and budgetary information is provided in Information Annex 1.

114. Cross-cutting activities were described only briefly in the Programme and Budget for 2002-03. No results-based objectives, indicators and targets were shown for these activities. In the current proposals, six shared policy objectives are identified, together with specific objectives, indicators and targets. In addition to clarifying the measurable performance that is expected, this approach has several advantages. It clarifies the integrated nature of the Decent Work Agenda; establishes the importance of poverty reduction; raises the profile of gender equality; and makes explicit the goals related to knowledge, communications and partnerships. In addition, the Turin Centre is brought more clearly within the results-based framework of the Organization as a whole, which will facilitate the process of moving towards greater integration.

115. Some progress was made in the Programme and Budget proposals for 2002-03 in integrating extra-budgetary work with that funded under the regular budget. This has been further strengthened in the present proposals, and in addition information is provided on the value added by the 2000-01 surplus. In fact, four different budgetary categories are covered under each operational objective: the regular budget, the surplus, estimated delivery of the assured extra-budgetary programme, and proposals for additional extra-budgetary resources where further priority work could be accomplished within existing delivery capabilities.

116. A number of estimations are necessary to present this strategic budgetary data, as follows:

- For the regular budget, the resources under each operational objective include those required for each programme or unit falling entirely under the objective. The proportion of technical staff positions in the regional budget that fall under the objective is used to make regional estimates. Programmes that relate to all four strategic objectives, as well as the support services are pro-rated. This methodology has been revised to eliminate the use of extra-budgetary resources in the calculation of regular budget estimates.
- For the surplus, as explained in more detail in Information Annex 10, estimates have been made for each separate item based on internal proposals received to date.
- For the assured extra-budgetary estimates, information on existing donor commitments and assurances is combined with data on historic delivery rates.
- For the proposals for additional extra-budgetary resources, estimates of the originating unit are used.

Further improvements in strategic budgeting

117. A number of measures are still needed to ensure that the ILO reaps the full benefits of strategic budgeting. These are being actively pursued. In a number of cases, solutions are being sought through the improved management information systems of Project IRIS (see box under the chapter on Governance, support and management).

118. An essential requirement of strategic budgeting is a medium-term planning perspective. Few worthwhile objectives in the social and labour fields can be achieved in a two-year time frame. The Strategic Policy Framework, 2002-05 will expire at the end of the next biennium. It will be important to have in place a new framework, approved by the Govern-

ing Body, before the detailed preparation of the next budget starts in the spring of 2004. It is therefore proposed to prepare a strategic framework for 2006-09 for discussion by the Governing Body in March 2004. That session of the Governing Body will also consider the Programme Implementation Report for 2002-03, thus permitting the discussion to concentrate on lessons learned from current performance.

119. Greater validity and reliability in performance measurement is a constant concern in strategic budgeting systems. The ILO has a particularly difficult set of measurement problems. Results concern sensitive and persistent policy problems, many of which are interrelated. The means available to the Organization are small relative to the scope of the problems at global and national levels, making it difficult to attribute success or failure to ILO action alone. Factors such as political and economic developments result in changing opportunities and constraints. To help overcome these problems, performance measurement will be more closely linked to wider improvements in management information and more concrete objectives at country and project levels. Qualitative as well as quantitative targets are being introduced. IRIS will be used to support greater transparency and comparability. Consultation with constituents will help to validate results.

120. Country programming is one of the most promising means to improve strategic budgeting. As indicated in the Introduction, it will emphasize participation of constituents and linkages with UNDAF, the PRSP process and other country-level planning.

121. The Governing Body approved an evaluation framework for the ILO in November 2002, and this will be actively implemented.

122. While budgeting techniques can do much to improve the focus on performance, more needs to be done as well in terms of operational management. Many of the measures mentioned earlier will contribute to increased accountability of ILO managers. To support this increased accountability for programme delivery, management training is being fundamentally re-thought, with greater emphasis on measurable performance.

123. The current proposals represent a sustained attempt to make further progress in the process of improving programming and budgeting techniques started in 1999. Guidance from the Governing Body and International Labour Conference will continue to be used to identify further improvements. Strategic budgeting in the ILO will be subject to an in-depth external evaluation in 2004-05, which will provide further opportunities to consolidate and refine the ILO's performance framework.

The strategic objectives

124. The information provided on the strategic objectives has been reinforced for 2004-05 to respect guidance from the Governing Body, in particular with regard to:

- greater coherence and collaboration between headquarters and ILO regions in the drawing up of proposals, and improved dialogue with constituents in this process;
- making regional priorities central to ILO programmes;
- emphasizing the goal of building and strengthening external partnerships;
- setting indicators and targets for shared policy objectives and integrating the Turin Centre more effectively in ILO programmes;
- integrating regular and extra-budgetary resources; and
- showing the linkages with work funded by the 2000-01 surplus.

125. The chapters on the four strategic objectives are organized in the following way:

- a synthesis of the regional priorities and results that constituents expect of ILO programmes under the given strategic objective;
- a brief description of the context and priorities under the given strategic objectives;
- operational objectives, performance indicators and targets, with explanatory notes on changes since the Programme and Budget for 2002-03 (in italics), and references to results reported for the same or similar targets in the report: *ILO programme implementation report 2000-01*;
- strategies showing the means of action to be taken by both ILO headquarters and the regions for achieving operational objectives, with examples of the regional priorities to which they respond;
- a brief description of projects funded by the 2000-01 surplus that relate to particular operational objectives and strategies, showing how they will add value to work to be carried out in 2004-05; and,
- summaries of high-priority unfunded projects to be considered for extra-budgetary funding.

126. There is a chapter on shared policy objectives, presented in results-based terms for the first time. Proposals for the work of the Turin Centre and the Institute are also set out in this chapter.



STANDARDS AND FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK

STRATEGIC OBJECTIVE No. 1:

Promote and realize fundamental principles and rights at work

OPERATIONAL OBJECTIVES



Operational objective 1a: **Standards and fundamental principles and rights at work**

ILO member States give effect to the principles and rights concerning freedom of association and collective bargaining and the elimination of forced labour, child labour and discrimination in employment and occupation.



Operational objective 1b: **Child labour**

Child labour is progressively eliminated through capacity building and strengthening of the worldwide movement against child labour, with priority given to the urgent elimination of child labour in its worst forms and the provision of alternatives for children and families.



Operational objective 1c: **Normative action**

International labour standards and the standards supervisory process influence legislation and policies of member States for achieving decent work and international development goals.

Strategic objective No. 1:

Regional priorities and expected results

The proposals submitted by ILO regions reflect priorities identified by constituents in ILO member States.

The following is a synthesis of the priorities and results that are expected of the ILO's work in the area of standards and fundamental principles and rights at work.

Africa

Member States draw up and/or amend labour legislation in accordance with international labour standards and in consultation with the social partners. National labour legislation addresses the challenges of the growing workforce in the informal economy

National development frameworks (e.g. PRSPs) incorporate fundamental principles and rights, and development programmes take account of international labour standards and fundamental principles and rights at work

Member States develop policies and programmes specifying time-bound targets for the elimination of child labour (paying particular attention to the girl child), and the elimination of the worst forms of child labour and the reintegration of children involved in armed conflicts

Africa's regional integration process incorporates decent work goals, and sub-regional and regional agreements reflect fundamental principles and rights at work

Americas

ILO Conventions are ratified and legislation is adapted to ensure the effective application of ratified Conventions. ILO recommendations are included in national economic policy within the framework of decent work

National development plans and Poverty Reduction Strategy Papers (PRSPs) mainstream fundamental principles and rights at work

Member States establish and apply programmes and budgets aimed at eliminating child labour, particularly in its worst forms

Regional integration processes in the Americas take into account fundamental principles and rights at work. The fundamental ILO Conventions concerning discrimination in employment are ratified and applied by countries in the Region

Arab States

Democratic processes and good governance are instituted in member States. They take progressive action to respect fundamental principles and rights at work, in particular those concerning freedom of association, and the right to organize and collective bargaining, and to ratify the relevant ILO Conventions

New policies, measures and legislation are adopted by member States to address needs and problems identified in: annual reports submitted under the Follow-up to the Declaration; the introduction by the ILO Declaration Expert-Advisers; and plans of action adopted by the Governing Body

Children are kept out of mainstream employment or hazardous work situations and they attend schools

Asia and the Pacific

Respect for fundamental principles and rights at work is guaranteed

Fundamental principles and rights at work are applied

National policies and programmes for crisis prevention and response emphasize decent work (which encompasses standards and fundamental principles and rights at work, and gender equality)

Member States draw up policies and programmes to realize fundamental principles and rights at work, specifying time-bound targets for the elimination of the worst forms of child labour, and they begin implementing gender-sensitive technical assistance that successfully addresses needs or problems identified in annual reports submitted under the Declaration Follow-up

Europe and Central Asia

National labour legislation is improved and complied with, in accordance with international labour standards

Children benefit from actions undertaken jointly by the International Labour Office and ILO's tripartite constituents with regard to child labour

Strategic Objective No. 1:

Promote and realize standards and fundamental principles and rights at work

127. Standards and fundamental principles and rights at work set criteria that define the essential elements of decent work. The ILO's unchallenged advantage among international institutions is its global standard-setting function in the world of work. Moreover, the value of international labour standards is becoming increasingly clear to the international community. The eight core Conventions and the 1998 ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up reflect a global consensus on the elements that constitute the social floor of globalization. Sustained action to adopt and apply ILO standards requires good governance influenced by strong social partners and social dialogue. The result will be an environment that is conducive to the pursuit of sustainable strategies for achieving economic growth, poverty reduction, social protection and social inclusion. The ILO has a demonstrable contribution to make through its standards and related tools in the international search for appropriate strategies to achieve the Millennium Development Goals (MDGs) and maximize economic and social benefits for all. The ILO's role in advancing the debate on how best to address the social and economic dimensions of globalization has been fully recognized by major international conferences (e.g. Doha WTO Ministerial Declaration, Monterrey Consensus, and the Johannesburg Declaration on Sustainable Development).

128. The 2002 Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, *A Future Without Child Labour*, documents the remarkable achievements made in the ten years since the establishment of the International Programme on the Elimination of Child Labour (IPEC). That decade saw the development of a worldwide movement against child labour. In addition, the knowledge base about child labour has grown as a result of an increasing number of comprehensive surveys and studies that have revealed the sheer scale of the problem and the enormity of the challenges. Even so, gaps remain.

129. According to a joint ILO-UNICEF-World Bank research project (2001), there is "no *prima facie* evidence that globalization will necessarily result in more child labour. Indeed, there are signs that international trade and economic integration offer governments the opportunity to *reduce* child labour". Still, there are concerns that intense competitive pressures may lead to more exploitative forms of child labour, especially in low-skilled activities. Recent ILO research has shown that a much higher proportion of children are working in dangerous and hazardous conditions than previously assumed.

130. Three factors will affect the ILO's work on standards and fundamental principles and rights at work in 2004-05. First, the rate of ratification of the eight fundamental Conventions has been unprecedented. This means that, increasingly, the expected strong support from donors through extra-budgetary resources will focus on specific national, subregional and regional opportunities to translate the ratification of these Conventions into their practical application. The Office will adopt comprehensive approaches for responding to constituents' priorities in all regions.

131. Secondly, the sharp increases in ratifications of the child labour and other fundamental Conventions put greater demands on the Office's supervisory processes and promotional activities. Other Conventions also continue to attract ratifications. The ILO will therefore have to process considerable and growing numbers of reports and service effectively the supervisory bodies, with less resources. It will also have to make the results of the work of the supervisory machinery more widely known so that it can have a greater influence on the concrete application of standards to achieve decent work and international development goals.

132. Thirdly, there is growing demand among tripartite constituents for tools to ensure that economic globalization moves in parallel with social progress. In response, information will be provided on the relevance of ILO standards and fundamental principles and rights at work in this respect. The Office will devote more attention to developing such tools, including by the upgrading and better management of its knowledge base on interna-

tional labour standards, so that these instruments and their relevance to people's daily lives will become better known and implemented.

133. An important step in ensuring the continued relevance of standards has been the conclusion of work undertaken between 1995 and 2002 by the LILS Working Party on Policy regarding the Revision of Standards. As a result 71 Conventions and 73 Recommendations are recognized as up to date, 24 Conventions and 15 Recommendations are to be revised, and 55 Conventions and 30 Recommendations are considered to be outdated. This process has resulted in greater clarity and sharper focus.

134. The aim is to strengthen the influence of international labour standards and fundamental principles and rights at work in national policies and programmes (including those that are being drawn up within development frameworks such as PRSPs) as well as in regional and subregional economic integration processes. The ILO will foster strong partnerships with other international organizations, especially the international financial institutions, with a view to having them undertake more initiatives along the lines of its work; for example, with the Asian Development Bank on introducing core labour standards in its activities, or with the World Bank on the Core Labour Standards Toolkit. Avenues for further partnerships with these institutions in relation to priority Conventions will be explored.

135. Since the adoption of the Declaration on Fundamental Principles and Rights at Work and its Follow-up in 1998, the ILO has made substantial progress in obtaining ratifications of the eight fundamental Conventions. During the 2004-05 biennium the Office will provide advisory services to member States that have not yet ratified all of these Conventions, with a view to encouraging more ratifications. The Office will pursue its work on the three areas of follow-up to the Declaration: the annual reviews; preparation of global reports; and their follow-up through technical cooperation. Technical cooperation and promotional work will respond to the priorities of member States. Observance of the Declaration and fundamental standards will be encouraged as part of broader efforts to improve governance and institute participatory processes that involve the social partners in the making and implementation of national policies.

136. The Worst Forms of Child Labour Convention, 1999 (No. 182) requires that member States implement time-bound measures for eliminating the worst forms of child labour. Assisting member States to formulate and implement time-bound programmes represents a logical progression of the ILO's work and draws on the experience gained in the last decade. The ILO has a key role to play in contributing to the progressive elimination of child labour by strengthening and empowering national institutions and the worldwide movement against child labour. In order to do this, it will combine policy-related upstream interventions aimed at creating an environment conducive to the elimination of child labour, with downstream service-oriented community-based activities designed to achieve comprehensive coverage at the country level. This approach is proving to be a model for carrying out these programmes effectively. With support from the technical sector, the regions are well-placed to take the lead in programme development and implementation as well as resource mobilization.

137. Fundamental principles and rights are increasingly recognized as important elements for addressing the social impact of globalization and incorporating a social pillar in regional and subregional economic integration arrangements. In all regions, the ILO's work will be geared to supporting the practical application of fundamental principles and rights in national policies and programmes for achieving decent work, reducing poverty and dealing with economic and political crises. The Office will support tripartite constituents as well as institutions that are tackling these issues by providing, inter alia, reliable information that demonstrates the economic and social effects of respecting fundamental principles and rights at work in different contexts. This will enable member States and institutions to construct a solid basis for enhancing the social dimensions of globalization and regional integration.

Table 5. Strategic resources for Standards and Fundamental Principles and Rights at Work by operational objectives

| Operational objective | Proposed regular budget strategic resources (in constant 2002-03 US\$) | Estimated extra- budgetary expenditure (in US\$) | Estimated 2000-01 surplus expenditure (in US\$) |
|--|--|--|---|
| 1a Standards and fundamental principles and rights at work | 4 564 773 | 12 484 000 | 890 690 |
| 1b Child labour | 10 131 266 | 88 883 000 | — |
| 1c Normative action | 43 471 499 | 3 294 000 | 1 740 000 |
| Total 2004-05 | 58 167 538 | 104 661 000 | 2 630 690 |
| Total 2002-03* | 57 658 894 | 95 009 000 | 1 671 010 |

* Revised regular budget strategic resources (new methodology) and updated estimates for extra-budgetary resources.

138. This table gives the total strategic resources available for work on Standards and Fundamental Principles and Rights at Work. The slight increase of \$0.51 million under the regular budget is the result of an additional \$1.38 million in the regions following the transfer of resources to expand and improve services to constituents offset by a decrease of \$0.33 million in headquarters technical programmes, and of \$0.54 million in the corresponding cost of support services.

139. The increase in extra-budgetary expenditure amounts to some \$9.65 million. This is mainly due to the rapid expansion of IPEC.

140. Resources from the 2000-01 surplus will be used to strengthen the development of integrated approaches to standards setting, enhance standards promotion and improve the capacity of member States to give effect to standards.

141. The proposals under this strategic objective are based on resources under the regular budget, the 2000-01 surplus and estimated extra-budgetary expenditure. Additional unfunded priorities are identified at the end of the text on each operational objective.

Operational objective 1a: Standards and fundamental principles and rights at work

ILO member States give effect to the principles and rights concerning freedom of association and collective bargaining and the elimination of forced labour, child labour and discrimination in employment and occupation.

Indicator 1a.1: Ratification of fundamental Conventions

Member States that have ratified either:

- (i) all eight fundamental Conventions; or
- (ii) at least one Convention in each of the four categories of fundamental principles and rights.

Targets

- (i) two-thirds of member States (116);
- (ii) 155 member States.

Target (i) represents an increase over the 2002-03 target which is 50 per cent of member States (87). There was no such target for 2000-01.

Target (ii) represents an increase over the target of 135 member States for 2002-03. In 2000-01 the target was 122 member States and the outcome was achieved in 124 member States.

Strategy

142. The ratification of fundamental Conventions remains an important aspect of the ILO's work. The campaign for the ratification of these Conventions will be maintained.

However, given the relatively small number of additional ratifications that are expected, the Office will focus its attention on the situation of individual countries. These initiatives will be linked to broader ILO programmes in the countries concerned and they will be guided by the recommendations of the ILO Declaration Expert-Advisers under the annual review process. The comments of employers' and workers' organizations submitted for the annual review will also help to shed light on progress made in respecting, promoting and realizing fundamental principles and rights, as well as on other challenges to be addressed. The social partners will be fully involved in Declaration-related advocacy work and technical cooperation programmes.

Work funded by the 2000-01 surplus: The surplus will be used in *Colombia* to give effect to the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87). These resources will contribute to mechanisms being established to safeguard the lives of trade union leaders and ensure the practice of freedom of association and the right to organize. The surplus will also be used for work related to fundamental principles and rights at work and for improving capacity to implement standards in the *Arab States* region.

Indicator 1a.2: Realizing fundamental principles and rights at work

Member States introduce significant changes in their policies, legislation or institutions in order to realize fundamental principles and rights at work, as indicated in annual reports or Global Reports under the follow-up to the Declaration.

This is a revised indicator. The indicator in the Programme and Budget for 2002-03 reads as follows: "Member States in which there are positive changes, as noted in the ILO Declaration Expert-Advisers' introduction to the compilations of annual reports on the Declaration." However, the Expert-Advisers concluded that they were not in a position to "note" such changes.

Target

10 member States.

The target for 2002-03 is 20 member States. The new target for 2004-05 reflects the decline in the number of States covered by the annual review process and the more demanding requirements for determining "significant changes".

Strategy

143. The ILO will focus on member States that have expressed a willingness to address key elements in those fundamental Conventions that they have not yet ratified. The annual and Global Reports under the Declaration follow-up will identify significant and definite steps being taken to observe fundamental principles and rights. They will include the following, undertaken during a pre-defined 12-month period: new or actual policies; practical measures such as programmes for spreading information on recent policy changes or training to implement policies; legislative changes and/or judicial decisions bringing member States closer to realizing the principles and rights; and new expressions of willingness to enter into a dialogue with the ILO on these issues. Where positive changes are the results of ILO technical cooperation, this will demonstrate the virtuous cycle built into the Declaration and its follow-up.

144. The following examples are illustrative. In the *Arab States* the ILO is engaged in a dialogue with several member States of the Gulf Cooperation Council (GCC) on the relevance of fundamental principles and rights for achieving decent work. This dialogue, which came about as a result of the annual review process, will be pursued in 2004-05 backed by technical advisory services. Similarly, contacts have been made with certain *European* countries with economies in transition to address the issues of collective bargaining and forced labour, with a view to initiating technical cooperation projects. In *Asia and the Pacific*, the emphasis will be on supporting efforts to encourage the observance of fundamental principles and rights in the informal economy; and in the *Americas*, one of the priorities will be to include fundamental principles and rights at work in economic integration processes.

Indicator 1a.3: Implementing gender-sensitive technical cooperation under the Declaration

Member States that have begun implementation of gender-sensitive technical cooperation that specifically addresses needs or problems identified in reports submitted under the Declaration, in the introduction by the ILO Declaration Expert-Advisers and in plans of action adopted by the Governing Body.

Target

20 member States.

There is no change to either the indicator or the target for 2002-03. In 2000-01 the target of ten member States was largely exceeded, with results having been attained in 29.

Strategy

145. Technical cooperation under the InFocus Programme on Promoting the Declaration is largely decentralized to the regions. In order to enhance the impact and sustainability of projects, ongoing projects will be reinforced in 2004-05 and integrate, through inter-sectoral cooperation, different components of decent work (e.g. strengthening social dialogue, supporting freedom of association and collective bargaining, and gender mainstreaming).

146. Technical cooperation projects in the 2004-05 biennium will increasingly address country-specific challenges to, and opportunities for, applying the Declaration. For example, information, training and technical support will be provided in *Asia and the Pacific* to promote the observance of the Declaration and international labour standards. The subject of fundamental principles and rights at work will be included in programmes in public training institutions and institutions of higher education. In response to regional priorities relating to the informal economy, poverty reduction and trafficking in human beings (e.g. *Europe and Central Asia*), the ILO's Special Action Programme to Combat Forced Labour will generate new projects on bonded labour and/or trafficking in human beings. Gender equality will be a central feature of all technical cooperation projects and this focus will be further reinforced after the discussion of the Director-General's Global Report on discrimination at work at the International Labour Conference in 2003 and the submission of the related Action Plan to the Governing Body in November 2003.

147. The Office will launch new projects on freedom of association and collective bargaining that pay attention to the questions of poverty reduction, gender equality, the situation of workers in export processing zones, and agricultural, migrant and domestic workers. Innovative approaches will be sought to encourage respect for fundamental principles and rights in workplaces, through projects involving medium-sized enterprises in selected developing countries that may serve as models for other workplaces. The new generation of projects will be underpinned not only by on-the-spot research but also broader studies examining the economic and social effects of globalization and fundamental principles and rights at work.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- The technical cooperation programme in support of the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up would be pursued and expanded with donors being proposed to fund country programmes in various regions. Specific attention would be given to formulating national development plans to combat forced labour, with focus on the prevention of forced labour as an integral aspect of poverty reduction. In addition, extra-budgetary resources would be required to backstop, support and develop a Special Action Programme to combat Forced Labour at the regional and interregional levels. **(Additional resources proposed: \$15 million)**
- Following the discussion of the Director-General's Global Report on discrimination at work in 2003, the Office would engage in the implementation of an Action Plan containing several elements for which extra-budgetary support would be sought. Part of this would be for work concerning indigenous and tribal peoples, where the application of the relevant Conventions would involve access to resources and improvement in incomes under poverty reduction schemes. **(Additional resources proposed: \$5 million)**
- Work on different questions related to freedom of association and the right to collective bargaining is being pursued on the basis of the Action Plan adopted in 2000; this Plan would be reviewed after the Conference discussion in 2004 on the second Global Report which would update the actual global situation on this topic. **(Additional resources proposed: \$8 million)**

Operational objective 1b: Child labour

Child labour is progressively eliminated through capacity building and strengthening of the worldwide movement against child labour, with priority given to the urgent elimination of child labour in its worst forms and the provision of alternatives for children and families.

This is a revised version of the operational objective in the Programme and Budget for 2002-03 which states: "Child labour is progressively eliminated, priority being given to the urgent elimination of its worst forms and to the provision of alternatives for children and families". The rewording reflects the ILO's intention to achieve both the upstream strengthening of policies and institutions as well as downstream service-oriented activities.

Indicator 1b.1: Ratification of Convention No. 138

Member States that ratify the Minimum Age Convention, 1973 (No. 138).

This indicator differs from the one set for 2002-03. It no longer includes a ratification target for the Worst Forms of Child Labour Convention, 1999 (No. 182) because universal ratification is very likely to be achieved by the end of 2003.

Target

20 additional member States (this would bring the total number of member States that have ratified the Convention to 150).

The target for 2002-03 for the ratification of this Convention is 30 additional member States. For the 2000-01 biennium, the target of 20 additional member States was exceeded, as there were 32 new ratifications.

Strategy

148. Promotional efforts in the past biennium have resulted in a sustained ratification rate for the two fundamental Conventions concerning child labour. Universal ratification of Convention No. 182 is within reach; consequently, the ILO will step up efforts to encourage more member States to ratify the Minimum Age Convention, 1973 (No. 138). The aim will be to make the number of ratifications of Convention No. 138 comparable to that of other fundamental Conventions. At the same time, the emphasis will be on assisting member States that have ratified the two instruments.

Indicator 1b.2: Generating and using knowledge on child labour

Member States that use methodologies, approaches and information developed and produced either by the ILO or with ILO support, concerning: global trends and measurement of child labour; research on the causes and consequences of child labour; good practices and models of intervention to combat child labour; and guidelines and training packages.

The indicator for 2002-03 reads as follows: "Member States that carry out national quantitative and qualitative studies on the extent of child labour". This revised indicator more accurately captures the ILO's leading role and the broader scope of its impact as a knowledge generator in the field of child labour.

Target

30 additional member States.

The target for 2002-03 is 32 additional member States. In 2000-01 the target of 30 additional member States was exceeded with results having been obtained in 37 member States (and in territories under the Palestinian Authority).

Indicator 1b.3: Making progress through time-bound programmes

Member States that have drawn on ILO support to make significant progress in applying Conventions Nos. 138 and 182 as reflected in the implementation of at least two interventions associated with time-bound programmes.

The indicator for 2002-03 refers only to the number of member States that formulated time-bound targets, while the indicator for 2004-05 recognizes that supporting countries in implementing time-bound programmes to eliminate the worst forms of child labour entails a much broader range of activities. The new indicator now focuses on the ILO's contribution to political commitment and improved policy frameworks and substantive programmes.

Target

40 member States.

Indicator 1b.4: Benefiting from ILO action and support

Children who benefit from ILO action with a particular focus on the worst forms of child labour and the girl child, as reflected by:

- (i) those benefiting directly from pilot projects executed by the ILO;
- (ii) those indirectly benefiting from initiatives executed by other development partners (member State, organizations and other agencies) as a result of ILO support and advocacy.

The indicator for 2002-03 refers simply to the number of children benefiting from ILO action. It states: "Children who benefit from ILO action in particular in regard to the worst forms of child labour and the girl child." The revised indicator differentiates between: (i) children benefiting directly from ILO pilot projects (through the direct provision of services); and (ii) children benefiting from projects designed and implemented by other organizations (national or international), with the ILO's support.

Targets

- (i) 300,000 children;
- (ii) 1 million children.

Strategy

149. In order to improve the application of Conventions Nos. 182 and 138, the ILO will integrate upstream policy-related work with traditional downstream projects adapted to local conditions. The ILO's role will gradually change from that of direct project implementation to that of facilitator and provider of policy/technical advisory services. It will support countries in the following areas:

- formulation, promotion, enforcement and monitoring of relevant national legislation;
- collection and analysis of data on the worst forms of child labour and the development of credible monitoring and reporting mechanisms; and
- development and implementation of comprehensive frameworks for time-bound policies and programmes.

The interventions associated with time-bound programmes will include the adaptation of the national legal framework to international standards, and the definition of a list of hazardous occupations for children; the formulation of policies and programmes that are specific to the worst forms of child labour, considering the special situation of the girl child and setting time-bound targets; the inclusion of child labour concerns, considering the special situation of the girl child, in relevant development, social and anti-poverty policies and programmes; the collection and analysis of data on child labour and the establishment of comprehensive monitoring and reporting mechanisms.

150. The ILO will encourage national agencies and institutions to take the lead in programme development and implementation, as well as resource mobilization. The Office will strengthen its technical capacity as facilitator and provider of advisory services. In response to constituents' priorities, and drawing on successful innovative approaches, models and tools will be developed in collaboration with other units at headquarters and in the regions, with a particular focus on:

- tackling problems that regions have identified, as appropriate, relating to children involved in armed conflict, domestic child workers, child trafficking, and the exposure of children to health and safety hazards at the workplace, including HIV/AIDS;
- enhancing opportunities for skills training for children, particularly in the informal economy, e.g. through apprenticeship schemes and cost-effective vocational training programmes;
- mainstreaming child labour issues by integrating them into national programmes for poverty reduction, education and training, occupational safety and health, and social protection, as well as into development frameworks such as PRSPs, UNDAF and *Education for All* (EFA); and
- integrating the comprehensive time-bound approaches to child labour with other decent work initiatives by the ILO and social partners.

151. For example, certain projects in *Africa* will address the situation of children in post-conflict situations, including children involved in armed conflict; while in *Asia and the Pacific* the focus will be on links between child labour and the region's large informal economy. At the global level, there is still the major challenge of generating relevant information, especially on the worst forms of child labour. The ILO will generate reliable, relevant and comprehensive information on this subject, including through the preparation of reports on global trends and indicators, support for national surveys and empirical studies. This will expand the ILO's knowledge and support its position as a global clearinghouse for child labour data and research. Partnerships with national, regional and international institutions will be reinforced to ensure that policy-makers and advocates make use of the information and that the information meets their needs. The ILO will intensify its efforts to disseminate and exchange information to increase awareness of child labour in communi-

ties, schools and workplaces. This will be supported by expanded and upgraded public and Intranet web sites.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- Additional time-bound programmes could be prepared and started. Resource level would depend on the size and complexity of the child labour situation at country level. **(Additional resources proposed: \$16.5 million for five countries)**
- Increased mainstreaming of child labour in national and international development frameworks such as PRSPs, UNDAF and EFA could be better ensured. **(Additional resources proposed: \$4 million)**
- Strengthening the capacity of the ILO Programme to support member States' efforts to fulfil their obligations under Conventions Nos. 138 and 182. **(Additional resources proposed: \$5 million)**
- Enhancement of the ILO's capacity to deliver products and services in the following areas: education and training; children involved in armed conflicts; domestic workers; child trafficking and work-related exposure of children to health and safety hazards; and HIV/AIDS. **(Additional resources proposed: \$6 million)**
- Collection, analysis and dissemination of information on the worst forms of child labour. **(Additional resources proposed: \$4 million)**
- Reinforcement of the role of employers' and workers' organizations to combat child labour. **(Additional resources proposed: \$4 million)**
- Provision of advice and the facilitation of sectoral and thematic partnerships, especially those of the private sector with trade unions and other organizations combating child labour; providing them with robust data and other relevant information; offering them sound and credible monitoring systems; pilot activities; and advising them on various aspects of partnerships. **(Additional resources proposed: \$4 million)**

Operational objective 1c: Normative action

International labour standards and the standards supervisory process influence legislation and policies of member States for achieving decent work and international development goals.

The operational objective for 2002-03 reads as follows: "Services are provided to the supervisory bodies, constituents and the Governing Body and the International Labour Conference, enabling existing standards to be supervised and new standards to be set." The text has been revised to highlight both the services that enable the ILO to act on its standards-related responsibilities as well as the value of enhancing its influence as the primary source of comprehensive knowledge on labour standards and related issues.

Indicator 1c.1: Improving the application of standards

Cases in which member States improve the application of standards.

The new indicator has a more outward-looking formulation. It is now placed first to show the importance given to focusing on changes taking place in member States. The revised text integrates indicators 1c.5 and 1c.6 for 2002-03 that differentiated between cases of improvement noted in relation to fundamental Conventions and all other Conventions. For 2000-01, the corresponding indicators were 1c.3 and 1c.4. The results worked out to 73 cases of improvement noted "with satisfaction" and 296 cases of improvement noted "with interest". Also integrated in the new text is indicator 1c.7 for

2002-03 concerning cases of progress noted by the Committee on Freedom of Association (CFA) which are measured under target (ii).

The "processing-related" information in indicators for 2002-03, 1c.2 "Reports processed for the Committee of Experts" and 1c.3 "Complaints examined by the Committee on Freedom of Association" are matters that will be dealt with as part of the strategy for achieving the targets set under the new indicator 1c.1. Indicator 1c.4 for 2002-03, which dealt with the rate of response from governments to complaints addressed by the Committee of Experts, has been deleted.

Targets

- (i) 350 cases of improvement noted by the Committee of Experts;
- (ii) 50 cases of improvement noted by the Committee on Freedom of Association.

Strategy

152. In order to achieve this objective, Office-wide collaboration involving headquarters services, the regions and member States will be required. Much of this work will take place through technical advisory services and technical cooperation designed to address particular national challenges. The Office will also promote Conventions and the use of the supervisory system as guideposts for rights-based strategies to influence globalization. Progress in attaining the targets will demonstrate how normative action contributes to decent work goals.

153. The number and complexity of reports will continue to rise due to the sharp increase in the ratification of fundamental Conventions as well as others. Governing Body decisions concerning improvements in the presentation of reports should enable governments to submit reports of better quality. This will be supported by larger-scale efforts in regions such as **Europe and Central Asia** to strengthen the capacity of labour ministries. All of these efforts will facilitate the work necessary to support the Office-wide collaboration in following up on the conclusions and recommendations of the standards supervisory system.

154. Technical assistance and advisory services will be carried out in collaboration with other units of the ILO and regional offices. In addition, the Office will give wide publicity to the results of the work of the Committee on Freedom of Association. The completion of a database on freedom of association will make the Committee's recommendations more accessible.

155. Complaints, both those under articles 24 and 26 of the Constitution and those to the Committee on Freedom of Association, are becoming more complex. The numbers for the CFA are increasing – e.g. between 15 and 20 per cent in 2000 and 2001, respectively. The Office will therefore intensify efforts to promote a better understanding of the procedures and their application. It will work closely with governments to obtain more timely and complete replies. This, for example, has been identified by the **Americas** as an important part of initiatives for improving the functioning of labour ministries. In order to manage better the volume of complaints, the ILO will inform constituents of other available ILO mechanisms that are appropriate for dealing with certain labour matters.

Indicator 1c.2: Increasing the influence of standards

Increased account taken of international labour standards in international development assistance.

This is a new indicator. The aim is to gauge the influence of the ILO's normative work in development initiatives.

Target

All PRSPs to which the ILO contributes refer to international labour standards.

Strategy

156. Rights and freedoms provide a basis for sustainable development and the goals and principles underlying international labour standards are of major importance in this regard. Security and empowerment are becoming the focus of anti-poverty strategies rather than simply economic measures. Poverty is a manifestation of inequality. The ILO is ideally placed to enhance development debates, by virtue of its long experience in the field of labour rights and freedoms, and its tripartite structure. It will reinforce a rights-based approach which aims to reduce vulnerability, increase respect for rights at work and enhance the capacity of constituents to implement labour standards by promoting the use of this approach by other development institutions.

157. These improvements are part of a broader effort to have ILO standards influence strategies for achieving decent work and reducing poverty. These strategies will benefit from enhanced synergies across the Office and with the International Training Centre of the ILO in Turin. They will be reinforced by efforts to expand the knowledge base on international labour standards by developing coordinated databases and more diversified materials.

Indicator 1c.3: Standards policy

Improved effectiveness of service to ILO policy-making bodies in relation to standards policy.

Targets

- (i) the supervisory bodies complete reviews of their work methods;
- (ii) the progress made in the review of standards-related activities is in line with the timeframe decided by the Governing Body;
- (iii) the results of the review are given increased effect by all parts of the ILO.

These are new targets.

Strategy

158. Most of the work under this operational objective supports the supervisory work relating to Conventions. As such, it is carried out with regular budgetary resources for reasons of transparency and credibility. This underlines the importance of improving effectiveness through the work method reviews by the supervisory bodies. Furthermore, the ongoing implementation of an integrated approach to standards-related activities, which was approved by the Governing Body in November 2000, is essential for improving the coherence, relevance and impact of these activities.

159. The Office will follow up on the work of the supervisory bodies to identify improvements to their work methods. Further development of the integrated approach to standards-related activities will continue. As a follow-up to the work of the Working Party on the Revision of Standards, targeted promotion of up-to-date Conventions and Recommendations – including through technical staff in the regions – will improve the implementation of ILO instruments. The promotion of the ratification of the 1997 constitutional amendment which would enable the Conference to abrogate obsolete Conventions is also pursued by technical staff in the regions. There will be an increased examination by all sectors and the field offices of ways in which international labour standards can be more integrated into ILO activities and how the standards process can better meet the needs of constituents as they address many challenges, including the consequences of globalization, regional economic integration and the growth of the informal economy.

Work funded by the 2000-01 surplus: Three major areas of improvement in standards-related activities are being funded by surplus resources. The first relates to the development of an integrated approach to ILO's standards-related activities and also that of a consolidated instrument covering 68 existing standards in the maritime field. The surplus is being used to cover the costs of extensive technical preparatory work and consultations with tripartite constituents to pursue work in three areas: occupational safety and health; migrant workers; and maritime standards. A fourth area will be selected later. Secondly, the Office will promote selected up-to-date standards and their incorporation in decent work country programmes, national economic policies and poverty reduction strategies. In order to service better the ILO's supervisory bodies, the Office will strengthen its capacity to deal with all of the reports to be examined. Thirdly, at the regional level, surplus funds will be used to enhance the capacity of member States to apply international labour standards.

Indicator 1c.4: Standards-related information and training

Increased use of international labour standards information resources by constituents and the public and in training on human rights and other rights at work.

This is a new indicator intended to measure the increased visibility of international labour standards.

Targets

- (i) 100,000 average visits per month to international labour standards (ILS) databases;
- (ii) 30 documented cases of integration of ILS information resources in training programmes, seminars, web sites and publications.

Strategy

160. In order to become more influential, international labour standards must be widely known and visible. The Office will strengthen its knowledge base on international labour standards, improve access to that knowledge for constituents, the supervisory bodies, relevant partners in civil society and the general public, and develop tools for targeted promotion. This will enable constituents and other actors to link standards to their work relating to globalization and regional and subregional economic integration initiatives. Constituents will be provided with a solid knowledge base to support their policy measures, and workers' and employers' organizations will have better access to the information needed for a better understanding of their rights and obligations.

161. By upgrading its information and knowledge base on international labour standards, the ILO will develop not only its internal capabilities, but will also meet user needs more effectively.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- The Office is increasingly requested to provide assistance to constituents for improving the application of international labour standards, both before and after ratification. Extra-budgetary funding would be sought to respond to such requests in general and for country-specific assistance in a number of member States. The Office would need to continue and expand its advisory services to constituents, both in follow-up to the comments of the standards supervisory bodies and in response to changes brought about in labour markets in the light of economic globalization. Further specific projects for training and capacity building on international labour standards can also be programmed. **(Additional resources proposed: \$4 million)**
- The potential influence of international labour standards depends on their accessibility to the tripartite constituents and the general public. The development of reliable, user-friendly databases and related information products would help to promote material that raises awareness about standards and their relevance to social and economic policy-making. In addition to the core work funded from the regular budget, the Office seeks to reach out to a wider audience on international labour standards. Extra-budgetary funds are being used to develop brochures, posters and interactive web sites, and additional resources would be required to create an integrated knowledge base on international labour standards and to make it widely available. **(Additional resources proposed: \$500,000.)**



EMPLOYMENT

STRATEGIC OBJECTIVE No. 2:

Create greater opportunities for women and men to secure decent employment and income

OPERATIONAL OBJECTIVES



Operational objective 2a: **Employment policy support**

ILO constituents are better equipped to analyse trends in national and global employment and labour markets, and to elaborate, advocate and implement effective strategies for the promotion of decent employment for men and women.



Operational objective 2b: **Knowledge, skills and employability**

ILO constituents invest more in training and skills development to provide men and women improved and equal access to decent jobs.



Operational objective 2c: **Employment creation**

ILO member States and constituents are better equipped to design and implement employment promotion programmes in the areas of enterprise development and employment-intensive investment, including in post-crisis situations, paying particular attention to the situation of women.

Strategic objective No. 2:

Regional priorities and expected results

The proposals submitted by ILO regions reflect priorities identified by constituents in ILO member States. The following is a synthesis of the priorities and results that are expected of the ILO's work in the area of employment.

Africa

National development frameworks and tools (e.g. PRSPs) integrate ILO's policy advice on employment and social programmes

Member States amend their labour legislation to address the challenges of the growing workforce in the informal economy and they include HIV/AIDS concerns in their employment and macroeconomic frameworks

Labour market access is facilitated for the poor, the disadvantaged, youth and women, through decent work programmes

Member States in crisis and post-crisis situations incorporate decent work goals in policies for defusing crises and reintegrating workers into the labour force in post-crisis situations

Africa's regional integration processes, in the framework of the African Union and NEPAD, incorporates decent work goals

Member States improve access to labour markets for vulnerable groups and ex-combatants by extending credit, implementing appropriate training programmes, and adopting gender-sensitive employment-promotion policies and programmes. Regional and sub-regional plans of action encourage cross-border skills development schemes, employment promotion and access to markets

Americas

Member States acquire a better capacity to develop and integrate economic and labour policies for achieving decent work and poverty reduction. ILO recommendations on employment and the development of human resources are included in these policies

ILO Conventions are ratified and legislation is adapted with a view to ensuring the effective application of ratified Conventions

Member States put in place effective policies and programmes for: promoting more and better jobs in more and better enterprises; gradually reducing informal work and unemployment; and improving working conditions and labour market access for rural, indigenous and migrant populations, and other vulnerable groups

National institutions improve their labour market information and training systems

National institutions, financial agencies, and social partners support programmes for the promotion of micro and small enterprises through linkages to the productive systems of medium and large enterprises

Americas (cont'd)

National tripartite strategies and programmes, as well as public and private initiatives are put in place to facilitate access of women and youth to the labour market. Training institutions utilize appropriate tools for dealing with gender and youth-related issues

Arab States

Member States facilitate labour market access for the unemployed and under-employed (especially for youth, women, and people with disabilities), through the provision of micro-finance, mutual guarantees, vocational training and entrepreneurship development. There is increased access to employment opportunities for women in non-traditional sectors

Labour market information systems in member States are capable of monitoring labour market trends and providing statistical data for the effective functioning of labour market institutions, including employment services

Member States are better equipped to implement post-crisis reconstruction and rehabilitation programmes for the short-term and long-term socio-economic reintegration of vulnerable groups and their families

Tripartite partners and stakeholders are involved in implementing labour market reintegration programmes through vocational rehabilitation, training and entrepreneurship development

Asia and the Pacific

ILO constituents adopt employment and human resources development policies and invest in improving the quality and effectiveness of skills development and training programmes

Policies and programmes focusing on the informal economy promote its integration with the formal economy through, inter alia: the development of organizations such as cooperatives; self-employment; the creation of micro-enterprises; the provision of micro-finance; and opportunities for decent work

Member States create an environment that is conducive to business development, job creation, entrepreneurship, training and labour-intensive work

Asia and the Pacific (cont'd)

Policies and programmes for crisis prevention and response emphasize decent work, gender equality and social dialogue. They are supportive of emergency employment schemes, the provision of micro-finance, training and other means of economic re-integration and reconstruction

National policies and programmes are designed and implemented with a view to promoting socio-economic participation and social inclusion

ILO constituents adopt labour market strategies, including innovative approaches to skills development, effective employment services, and other measures for increasing the labour market participation of youth, people with disabilities and other disadvantaged women and men

Europe and Central Asia

Tripartite constituents strengthen the environment for the development of socially responsible businesses and the achievement of decent work, paying due attention to the issue of equality of opportunity for men and women

Tripartite constituents promote employment, job creation, and equal treatment for men and women, through labour market policies that include vocational training and skills development programmes, with special emphasis on youth

Strategic Objective No. 2:

Create greater opportunities for women and men to secure decent employment and income

162. Employment is a key element in the fight against social exclusion and poverty. During the 1990s, global unemployment rose from 100 to 160 million. A further 24 million people are estimated to be at risk of job loss or declining incomes, while the number of working poor, most of whom live in rural areas, is on the increase. The Global Employment Agenda is the ILO's response to the United Nations General Assembly's resolution of 2000 calling for a coherent international strategy on employment, and to the Millennium Development Goal of halving the number of people in extreme poverty by 2015.

163. The Global Employment Agenda is an integral part of the Decent Work Agenda. It places employment at the centre of economic and social policies, both at the national level through frameworks such as PRSPs and UNDAF, and at the level of multilateral institutions through the establishment of global strategic alliances. The promotion of rights-based decent work as a productive factor is central to this strategy. The ILO's work in furthering the Global Employment Agenda will focus on promoting:

- entrepreneurship and private investment;
- employability through the improvement of knowledge and skills;
- decent jobs for the working poor; and
- building a macroeconomic framework conducive to employment growth.

164. The employment strategies to address these issues take into account different national and regional contexts, as is the case with the Jobs for Africa programme. The ILO will pay specific attention to concerns that are common to many countries and regions, such as crisis and post-crisis interventions, the informal economy and poverty reduction. Youth employment policies will be addressed through ILO participation in the Youth Employment Network set up by the United Nations Secretary-General, the President of the World Bank, and the ILO Director-General. In line with the shared policy objective on gender equality, gender-sensitive employment policies and programmes and related interventions that seek to redress inequalities and gender discrimination in respect of employment and occupation, are a consistent priority. Employment strategies facilitate the poor's access to financial services in the form of microfinance. Employment policies must account for the foreseeable impact of the HIV/AIDS pandemic on the labour force and the care economy.

165. The ILO's employment-related strategies will be put into effect through ILO-wide collaboration and the forging of strong partnerships with other United Nations agencies and the international financial institutions.

Table 6. Strategic resources for Employment by operational objectives

| | Proposed regular budget strategic resources (in constant 2002-03 US\$) | Estimated extra-budgetary expenditure (in US\$) | Estimated 2000-01 surplus expenditure (in US\$) |
|--|---|---|---|
| Operational objective | | | |
| 2a Employment policy support | 36,501,002 | 10,707,000 | 1,439,690 |
| 2b Knowledge, skills and employability | 31,970,004 | 17,047,000 | 639,590 |
| 2c Employment creation | 36,763,278 | 44,949,000 | 4,319,790 |
| Total 2004-05 | 105,234,284 | 72,703,000 | 6,399,070 |
| Total 2002-03* | 105,171,484 | 72,514,000 | 3,627,030 |

* Revised regular budget strategic resources (new methodology) and updated estimates for extra-budgetary resources.

166. This table gives the total strategic resources available for work on employment. The slight increase of \$0.06 million under the regular budget is the result of an additional \$2.11 million in the regions following the transfer of resources from headquarters to expand and improve service to constituents, offset by a decrease of \$0.94 million in headquarters technical programmes, and a decrease of \$1.11 million in the corresponding cost of support services.

167. Revised extra-budgetary expenditure estimates for 2002-03 are higher than the original projections in the Programme and Budget for 2002-03. Estimates for 2004-05 show only a small further increase. Renewed efforts are under way to develop new proposals for extra-budgetary funding. Particular attention will be given to youth employment, training policies and small enterprise development.

168. Substantial 2000-01 surplus funding is earmarked for work in the regions on employment, training, small enterprises and poverty alleviation. Surplus funds will also be used to make employment a central feature of post-crisis reconstruction strategies.

169. The proposals under this strategic objective are based on resources under the regular budget, the 2000-01 surplus and estimated extra-budgetary expenditure. Additional unfunded priorities are identified at the end of the text on each operational objective.

Operational objective 2a: Employment policy support

ILO constituents are better equipped to analyse trends in national and global employment and labour markets, and to elaborate, advocate and implement effective strategies for the promotion of decent employment for men and women.

Indicator 2a.1: Using employment policy knowledge

ILO constituents that make use of the ILO knowledge base.

This indicator was introduced in the 2002-03 biennium.

Target

Constituents in 35 member States.

The target for 2002-03 is constituents in 30 member States.

Indicator 2a.2: Applying employment policy recommendations

Global and national employment policies that are influenced by recommendations of ILO policy advice.

Target

National employment policies in 10 member States.

The target for this indicator for 2002-03 is six member States. The target for a broadly similar indicator (2a.1) for 2000-01 was 12 member States. Results were achieved in 13.

Strategy

170. The ILO's work in this area continues to be guided by the Employment Policy Convention, 1964 (No. 122). The ILO will assist policy-makers to implement the Global Employment Agenda through new approaches that place employment at the centre of economic and social policies. The ILO (headquarters and field structure) will disseminate research findings on the key components of the Global Employment Agenda through technical advisory services and advocacy. The aim is to improve the capacity of member States to develop and integrate economic and labour market policies.

171. Through national decent work programmes and contributions to the PRSP process, the ILO will meet its constituents' priorities. ILO technical assistance will provide support for drafting National Action Plans for Youth Employment in the "champion" countries under the Youth Employment Network and for National Plans on More and Better Jobs for Disadvantaged Women.

172. The ILO will strengthen its knowledge base to enhance its advisory services on economic and employment growth and poverty reduction. Gender concerns will be mainstreamed, so that employment policies promote equality between women and men. Research will be carried out in three key areas. The first will focus on developing a comprehensive view of global and national policies for maximizing job creation in a context of trade and investment liberalization. The second will expand to developing countries the ILO's work on labour market policies that allow firms to adjust to rapidly changing economic conditions while providing security to workers. The third will address macroeconomic and development policies (e.g. microfinance and improved market access) that contribute to increasing incomes and the productivity of the working poor, particularly those in the informal economy. In collaboration with the UNDP, research will be undertaken on employment-poverty linkages and factors influencing the integration of the poor in the process of economic growth. This work will build on the findings of the *World Employment Report 2003* regarding the linkages between productivity, employment and poverty.

173. The results of this research will facilitate follow-up to the recommendations of the World Commission on the Social Dimension of Globalization and related policy debates. This will enable the ILO to play a greater role in international debates on the effects of macroeconomic policies on employment, poverty, gender equality, and strategies for achieving the MDG of halving poverty by 2015.

174. The Key Indicators of the Labour Market (KILM) programme will improve and expand the availability, comparability, scope and geographical coverage of labour market indicators disaggregated by sex. It will, in collaboration with other ILO statistical programmes and the regions, provide practical support on labour market information and indicators to constituents. Activities with the field structure will focus on developing and supporting region-specific labour market information projects.

175. The *World Employment Report* is a regular ILO publication surveying global employment and labour market trends. It will continue to be the main vehicle for making known the ILO's position on topical employment issues. A major information drive will be carried out to reach the general public. Seminars and workshops will be organized with the field structure around the Report.

Work funded by the 2000-01 surplus: Sound national employment policies and the creation of opportunities for decent employment are priorities for all ILO regions and will be funded by the surplus. For example, in *Africa*, the ILO's work will be carried out primarily through the Jobs for Africa country action programmes, while support will be given to the *Americas* to establish national, subregional and regional networks for employment development policies. Labour market reforms will also be analysed and the results disseminated. National institutions in Lebanon (*Arab States*) will be assisted in carrying out labour market surveys and analysing labour market trends. Technical support will be provided to several countries in *Asia and the Pacific* for the development and application of employment strategies as part of overall efforts for achieving decent work, while labour market flexibility and employment security will be addressed in *Europe and Central Asia*.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- In 2001 the United Nations Secretary-General asked the ILO to promote “decent and productive work” for young people under the Youth Employment Network. The Network High-Level Panel called on ten countries to come forward as “champion” countries and draw up National Action Plans for youth employment. Hungary, Indonesia, Namibia, Senegal and Sri Lanka have already responded to this call. So far, the ILO has carried out a broad-based consultation with different stakeholders in several countries, paving the way for the development of their National Action Plans. Global analysis and other knowledge work, as well as initial technical support at the country level, are foreseen under the regular budget. Substantive national programmes on youth employment in ten countries would be initiated. **(Additional resources proposed: \$10 million)**
- Labour market and employment policy tools:
 - ILO research has shown that a certain pattern of stability and flexibility correlates with higher growth, productivity and workers’ security. But this pattern which has been verified at the macroeconomic level also needs to be tested at the micro level before a strong message can be issued. A research project is proposed to examine how private companies organize their internal labour markets by using stable and flexible forms of employment, and their relationship with employment, productivity and job satisfaction. The policy objective is to find stability/flexibility patterns that provide “best practice” combinations of workers’ security/decent work and economic performance. Results would be used to advise constituents on how best to establish labour market regulations that result in positive labour market outcomes.
 - In order to achieve the MDG on poverty reduction, the linkages between growth, productivity, employment and poverty must be reflected in PRSPs and reviews of strategies for achieving MDGs. The ILO proposes to provide constituents with policy guidelines for improving incomes, working conditions and the productivity of the working poor. Extra-budgetary funding would enable the ILO to strengthen the employment component, including gender concerns, in the analysis of country-level reviews of MDGs and PRSPs.
 - Extra-budgetary funding is required to expand the Labour Market Indicators Library Network (LMIL). The Network would be used by ILO field offices to strengthen national and regional capacities to access, analyse and disseminate labour market information. An Internet-based database system has been developed to support this. The Network has been of vital importance for flagship publications such as the *World Employment Report* and the KILM. The geographical coverage would be expanded, the number of labour market indicators would be increased, and further technical assistance would be provided to field offices.
 - UNFPA support would be sought to improve the effectiveness and efficiency of national population and development programmes. This would include the development of tools to address the impact of HIV/AIDS on: employment; the care economy and labour market policies; and age- and sex-specific labour force participation rates. **(Additional resources proposed: \$2 million)**

Operational objective 2b: Knowledge, skills and employability

ILO constituents invest more in training and skills development to provide men and women improved and equal access to decent jobs.

Indicator 2b.1: Applying skills and training policies

ILO constituents that adopt policies and invest in improvements in the quality and effectiveness of skills development and training.

This indicator has been revised with the deletion of the words "... and employment services" which appeared at the end of the text in the Programme and Budget for 2002-03.

Target

Constituents in 15 member States.

This target is unchanged from 2002-03. The result for a broadly similar indicator (2b.1) for 2000-01 was 22 member States (which far exceeded the target of eight).

Strategy

176. The ILO's work for attaining operational objective 2b will be carried out in the framework of the InFocus Programme on Skills, Knowledge and Employability (IFP/SKILLS). Poverty reduction, social inclusion and gender equality are central to this programme. Its relevance was highlighted by the Conclusions concerning human resources training and development, which were adopted at the 88th Session of the International Labour Conference in 2000. These Conclusions note that low incomes and the lack of appropriate public policies prevent people from investing in the development of skills that would boost their employability and productivity. Promoting employability by improving knowledge and skills is therefore one of the pillars of the Global Employment Agenda. It is also central to the Decent Work Agenda and the ILO's contribution to the MDGs.

177. Changes in the labour market affect different categories of workers as well as job-seekers. Therefore, opportunities for lifelong learning must be provided to workers, young people entering the labour market, older workers who need to renew their skills and vulnerable groups. The ILO has a crucial role to play in supporting its tripartite constituents in developing and adapting policies and programmes for lifelong learning and training, including in the framework of employment services. Particular attention will be given to the mainstreaming of excluded groups into general training programmes and labour market services. The 2004 Conference discussion on human resources development will provide further guidance on the ILO's means of action in this area.

178. Major technical cooperation projects will focus on strengthening national vocational education and training policies, strategies and delivery mechanisms. National training and employment institutions will be strengthened in the framework of the Decent Work Agenda and PRSP process. Particular attention will be paid to the needs of youth, the working poor, disabled persons and other socially disadvantaged women and men.

179. The ILO will help member States to reform and strengthen their national training policy frameworks and improve training systems, including the design and delivery of skills development programmes. Training for the working poor will be a high priority in the programme's technical advisory services. The ILO will engage all major stakeholders concerned with skills development. Subject to the availability of additional resources, the ILO, together with UNESCO, will undertake joint national learning and skills policy reviews. Recommendations will be made to assist constituents in implementing policy reforms to improve productivity and expand opportunities for women and men to escape poverty through decent work.

180. The ILO's work will focus on investments in training, differentiated by region, enterprise size and industry, as requested by the 2000 Conference Conclusions concerning human resources training and development. Particular emphasis will be placed on

innovative learning and training strategies in the workplace. Social dialogue on training will play an important role in workforce development. This work will be carried out jointly with IFP/DIALOGUE. Cooperation with UNESCO, OECD, WAPES (World Association of Public Employment Services), other agencies and groups such as the G8 will further strengthen ILO's role in meeting the challenges of human resources development.

Indicator 2b.2: Applying labour market policies

ILO constituents adopt labour market strategies, including innovative approaches to skills acquisition, effective employment services and related support, to promote greater labour market participation of young persons, people with disabilities and other disadvantaged women and men.

This indicator, which was introduced in 2002-03, has been revised. For 2002-03 it states: "ILO Constituents that adopt strategies to ensure that women in general, and persons with special needs, such as disabled, displaced and young and older workers, have access to training and skills development".

Target

Constituents in 15 member States.

The target is the same as for 2002-03.

Strategy

181. All regions have highlighted the need to improve labour market and training services for women, youth and other disadvantaged groups. Support will be provided to constituents for developing innovative approaches to address these concerns, including through appropriate labour market services and programmes. The Code of Practice on Managing Disability in the Workplace adopted in 2001 will be the major source of guidance for initiatives aimed at people with disabilities.

182. The ILO's work will contribute to the strengthening of national public employment services. It will promote the Public Employment Services Convention, 1948 (No. 88), as central to the implementation of national labour market policies and programmes for disadvantaged groups. Similarly, the Private Employment Agencies Convention, 1997 (No. 181), will be used to enhance cooperation between public and private employment agencies.

183. The ILO will give effect to recommendations of the Youth Employment Network, emphasizing innovative skills development programmes for disadvantaged young women and men, especially in the transition from school to work, and for young people with disabilities.

Work funded by the 2000-01 surplus: Training and skills development are an integral part of employment projects in all ILO regions. For example, in Brazil (**Americas**) the link between training and employment will be strengthened through social dialogue, and support will be provided to institutions for developing training programmes targeting youth, women and vulnerable groups. The capacity of national institutions in **Asia and the Pacific** to develop and deliver vocational training will be reinforced, including through the Asia and Pacific Skills Development Programme (APSDEP).

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- Many member States are requesting advice on efficient systems of career information, employment counselling and job-search assistance to improve labour market access for jobseekers, including youth. A major programme for extra-budgetary funding is proposed to bring together best practice from around the world to improve and develop such systems in ten developing countries. Donor countries would be requested to contribute funding and to make expertise available. This programme would complement work on youth employment. It would collaborate with the private sector and employers' organizations to create innovative placement schemes. **(Additional resources proposed: \$500,000 to initiate this work and \$3 million for an expanded programme)**
- The experience of countries that have recently undertaken major reforms of their training policies and systems, including Australia, Canada, Mauritius, Singapore, South Africa and Ukraine, would be used to assist constituents in other countries to reorient their national systems and facilitate innovative partnerships. This would be achieved by conducting a series of learning and skills policy reviews that would make policy recommendations and propose strategies for reform. Experts from the countries that have successfully implemented major policy reforms would participate in the work. For the countries most in need, it is a priority to assist constituents in the design and implementation of integrated training activities to give the working poor opportunities to enhance their employability and productivity. This would be achieved through field research and the upgrading and development of innovative approaches to training for the working poor, building upon existing ILO products. This work would be conducted in close collaboration with the Subregional offices, regional programmes such as the Inter-American Research and Documentation Centre on Vocational Training, CINTERFOR, APSDEP, UNESCO and the Turin Centre. **(Additional resources proposed: \$1 million to initiate this work and a further \$4 million would be required for an expanded programme)**

Operational objective 2c: Employment creation

ILO member States and constituents are better equipped to design and implement employment promotion programmes in the areas of enterprise development and employment-intensive investment, including in post-crisis situations, paying particular attention to the situation of women.

Indicator 2c.1: Applying enterprise development policies

ILO constituents and other institutions that apply ILO advice and practical tools for enterprise development.

Target

Constituents in 60 member States and institutions in 30 member States.

This target is unchanged from 2002-03 when the current indicator was established.

Strategy

184. The promotion of entrepreneurship and private investment is a key element of the Global Employment Agenda. Work in this area will encourage the creation of decent employment through entrepreneurship, business investment and growth, and management practices that show the positive linkages between competitiveness, productivity, job quality and workers' rights. For example in *Asia and the Pacific* this work will help support efforts

to reduce decent work deficits in the informal economy, and promote socio-economic participation and inclusion. These efforts will be an integral part of broader development frameworks at the country level, such as the decent work country programmes and poverty reduction strategies. They will include support to member States to reduce poverty through local development and employment creation in rural and urban areas, as a means of attaining the MDG on poverty alleviation. The work will be guided by the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), the new Promotion of Cooperatives Recommendation, 2002 (No. 193), and the resolution concerning Decent Work and the Informal Economy adopted at the 2002 International Labour Conference.

185. ILO's field structure, with the support of headquarters, will raise awareness among government policy makers at national and local levels of the positive contribution of productive enterprises. To meet requests in the regions, there will be a strong focus on producing analytical and comparative country case studies and on disseminating "best practice" principles and experiences. Particular attention will be paid to women's entrepreneurship, improving micro and small business access to wider markets, and youth employment, in response to regional priorities (e.g. *Africa* and the *Arab States*). Work in the *Europe and Central Asia* region will focus on enhancing the capacity of tripartite constituents to carry out socially sensitive enterprise restructuring.

186. Tools and services will be developed in collaboration with the regions and ILO constituents. Emphasis will be given to creating an enabling environment for entrepreneurship, enhancing market access, developing small and medium-sized enterprises (SMEs) and cooperative enterprises, fostering local economic development, and integrating informal business units and their workers into the mainstream economy. Support will be given for effective tripartite policies and the management of productivity at national and enterprise levels.

187. The ILO will undertake further research on responsible corporate citizenship and productivity practices to showcase examples of good practice in areas such as socially sensitive enterprise restructuring and supply chain management that reflect ILO values and are in line with fundamental principles and rights at work. To strengthen its advocacy at the policy level, the ILO will continue to play an active role in the United Nations Secretary-General's Global Compact and more effectively promote partnerships in keeping with the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

188. Through the InFocus Programme on Boosting Employment through Small Enterprise Development (IFP/SEED), the ILO will work with tripartite constituents in creating policy environments that enable small enterprises to provide more women and men with better jobs in an equitable manner.

189. Training will be carried out with a view to supporting efforts by policy-makers and the social partners at the national, regional and local levels, to integrate the informal economy into the formal economy. These programmes will cover issues such as the lowering of costs for the legal registration of businesses, and improved access to markets, credit and protection. They will be underpinned by integrated research and field projects on business training, financial services and the provision of affordable market information to would-be entrepreneurs and small business owners. The lessons learnt from technical cooperation projects will be used to demonstrate how modest investments in improving working conditions, social protection and management practices in micro-enterprises, can enhance the quality of work and outputs. Workers' and employers' organizations will play a key role in these projects. The ILO will work closely with its tripartite constituents to remove the barriers that women face in financial and product markets as well as the barriers to their participation in representative associations on an equal basis.

Work funded by the 2000-01 surplus: In *Africa*, efforts will be increased to design country action programmes for employment generation and poverty reduction in the framework of Jobs for Africa, with a focus on small enterprises. Research on productivity, competitiveness and decent work will be carried out in the *Americas* and the results published for dissemination. Small business development services will be strengthened in the *Arab States*. In *Asia and the Pacific*, the emphasis will be on enhancing the national capacity to meet the need for productive employment creation, including through Start your Business/Improve your Business projects.

Indicator 2c.2: Applying employment-intensive investment policies

ILO member States that adopt or implement employment-intensive approaches and related ILO policies in national and local level public investment programmes in the infrastructure and construction sectors.

This is a revised indicator that is more explicit about the implementation of approaches and policies at different levels, and is specific about sectors of activity. The indicator for 2002-03 (2c.2) reads: "ILO member States that apply the ILO approach to employment-intensive investment, particularly in post-crisis situations".

Target

15 member States (new programmes or major new elements in existing country programmes).

The 2002-03 target for indicator 2c.2 was 15 member States. The result for a broadly similar indicator in 2000-01 (2c.2) was 20 member States, which was double the target of 10 member States.

Strategy

190. The ILO recognizes the need for strategies to generate more employment equitably for women and men. It will demonstrate the potentially positive effects of investing in infrastructure and construction projects for creating decent jobs and reducing poverty. Lessons will be drawn from successful initiatives, particularly in *Asia and the Pacific* and *Africa*.

191. The ILO will advocate the integration of employment objectives into economic and investment policies and support its constituents' efforts in this regard. The aim is to make employment-intensive, gender-sensitive and pro-poor investments a part of the HIPC (Heavily Indebted Poor Countries) initiatives, PRSPs, and similar development frameworks (UNDAF). It will encourage participatory approaches for selecting investment schemes that are responsive to women's priorities and support employment-generating reconstruction programmes following man-made or natural disasters. At the enterprise level, the ILO will support measures for combining job creation with decent working conditions. At the community level, organization and collective negotiation (e.g. community-contracting) in the informal economy will be promoted.

Indicator 2c.3: Applying post-crisis reconstruction policies

ILO member States and institutions that include the ILO's approach to post-crisis reintegration and reconstruction in their policies and programmes.

This is a new indicator.

Target

Four new crisis-affected member States; five crisis-affected member States and ten institutions.

This is a revised target that formed part of the single target for Indicator 2c.2 in the Programme and Budget for 2002-03.

Strategy

192. Crises, armed conflicts, natural disasters, financial and economic crises and difficult political and social transitions, continue to be widespread in the world, normally accompanied by massive unemployment and decent work deficits. Recently, the ILO has shown that it is increasingly able to respond to this alarming trend. It has demonstrated the advantages of the components of the Decent Work Agenda for addressing the socio-economic challenges of post-crisis reintegration and reconstruction as well as some of the structural causes of these crises. This work includes: rapid needs assessment and programme development exercises in post-crisis countries; country responses using ILO seed funding from the Rapid Action Fund; research and tools development; crisis response capacity building; advocacy and close partnerships with relevant United Nations and non-UN actors in the crisis contexts. Together, these elements have laid a strong foundation for the ILO and its constituents to play a major role in responding to different crises.

193. A major feature in 2004-05 will be to strengthen further the ILO constituents' involvement in crisis response, as well as its collaborative work with the UN humanitarian and development organizations and their structures at various levels. As crises undermine not only opportunities for women and men to secure decent employment and income, but also ILO's other strategic objectives, collaboration will be reinforced with all the technical sectors and the ILO field structure to address poverty, promote gender equality and reduce the vulnerability of people in crisis situations.

194. Among the key expected outputs will be: strengthened ILO approach to post-crisis reintegration and reconstruction; expanded knowledge base, tools and crisis response; greater visibility and recognition of ILO's role in tackling crises; improved institutional capacity of country-level actors to handle the employment and other social aspects of crises; reinforcement of the established ILO-wide crisis focal point network and the external research network and their active involvement in the ILO's crisis response work; and extra-budgetary funding for more ILO programmes for crisis-affected countries.

Work funded by the 2000-01 surplus: Projects that respond to crises and emergencies constitute the second largest item of expenditure under the 2000-01 surplus. They cover all regions. Skills development and training, micro-financing for enterprise development, and productive labour-intensive employment, are predominant themes in post-crisis reconstruction (e.g. East Timor and Sri Lanka). Strategies for reducing vulnerability, including through the setting up of employment and social protection funds, are an integral part of several projects (e.g. southern Africa, territories under the Palestinian Authority). In Belarus, the emphasis is on strengthening the capacity of workers' organizations to cope with crisis situations.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- National poverty reduction strategies do not reach many rural and urban producers excluded from new market opportunities at national and global levels. In response, the ILO has piloted locally driven development approaches which combine expertise on the development of cooperatives, enterprise promotion and productivity improvement with comprehensive local economic development strategies that aim at making globalization work for smaller rural and urban producers. This approach holds great potential when combined with sector-specific upgrading strategies in sectors such as agro-processing. Moreover, it provides ample job opportunities for youth and women trapped in poverty. Extra-budgetary resources are required to develop further and replicate comprehensive local

economic development programmes in 12 developing and transition countries. **(Additional resources proposed: \$5 million)**

- Advocating and replicating a comprehensive approach to promote decent work through small enterprise development, as successfully piloted in Viet Nam. This integrated approach would be applied to the decent work country programmes addressing poverty in ten countries. The focus would be: on enabling policies; improved market access; more representative member-based organizations; and effective business development services. It would create the conditions for thousands of new decent work opportunities to help women and men move out of the informal economy. Additional resources are required for ten countries (in southern and eastern Africa, West Africa, Indonesia, Mekong Delta countries, Bolivia, Peru and Central America). **(Additional resources proposed: \$5 million)**
- Country-level promotion and implementation of the Promotion of Cooperatives Recommendation, 2002 (No. 193). This includes advisory services to constituents in at least 30 member States supporting the adoption of policies and laws on cooperative development that are consistent with the provisions of the new Recommendation, and the development and delivery of management tools and training programmes for group-based entrepreneurship. The objective is to create conditions that allow cooperatives to develop fully their inherent potential for decent (self)-employment creation in rural and urban areas. **(Additional resources proposed: \$2 million)**
- A key component of any strategy for poverty reduction in Africa is an improvement of productivity in agriculture, industry and services. It is central for the creation of national wealth, which is needed to address social and economic deficits, and to meet the challenges of globalization. This was acknowledged by Heads of States at the SADC Summit in July 1999, at which the ILO was called upon to assist in developing strategies for national and regional policies, as well as strategies for enhancing productivity, including the implementation of the SADC Declaration on Productivity. Countries belonging to other subregional organizations
- in Africa have expressed similar concerns, shared by tripartite partners. **(Additional resources proposed: \$3 million)**
- It is important to give appropriate attention to the ILO's fundamental labour standards and the provisions of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy in the global debate on corporate social responsibility. Resources under the regular budget are insufficient to meet the increasing demands from tripartite constituents for information and advice in this area. Extra-budgetary funds would therefore be sought to improve the ILO's capacity to gather and disseminate relevant information through the continuous updating of its unique Business and Social Initiatives database and to promote the use of training materials for managers and constituents on fundamental labour standards in the context of ILO's participation in the Global Compact. **(Additional resources proposed: \$2 million)**
- In response to the Governing Body's call for integrating microfinance systematically in ILO programmes to reduce poverty and create employment (GB.285/13), the ILO proposes to launch several initiatives. These are based on its comparative advantage, long-standing partnerships with the international financial institutions and the results of innovative schemes tested in earlier biennia:
 - microfinance to combat debt bondage (expansion from South Asia to four new countries);
 - observatories on microfinance and poverty impact in central banks in SADC member States;
 - stable access to affordable financial services so that workers in precarious situations (people living with HIV/AIDS, young workers, migrant workers, recently laid-off workers) can make a more decent living (credit, savings, insurance, guarantees, payment services);

- debt relief work for the poor (“debt-swaps”, an initiative to bolster microfinance institutions catering to the poor in Africa), building on a project funded by the Government of France. **(Additional resources proposed: \$17 million)**
- There is increasing awareness of decent work as a major dimension of the international Crisis Response Agenda. The ILO has participated in more than 20 major crisis response operations since 2000. Engagements and commitments are increasing due to the participation of the ILO in different crisis-response networks (such as UN Disaster Assessment & Coordination Team, Framework Team for Early Warning, Conflict Prevention and Reconstruction Network, UNHCR and UNOCHA, and bilateral frameworks developed with major crisis-response agencies). The allocation of substantial surplus funds for crisis response operations, underscores the need for the dissemination of knowledge and relevant experiences to reinforce the capacity of ILO constituents and field structures so that they can respond to this challenge in an effective manner. For this purpose, extra-budgetary funds are needed to organize six regional/subregional capacity-building training programmes and to publish relevant methodological materials and tools. The complexity of gender issues in crisis situations was well documented through ILO studies and the preparation of guidelines during the two preceding biennia. Follow-up work on gender would be carried out through pilot activities in three crisis-affected countries (Argentina, Democratic Republic of the Congo and Sri Lanka). **(Additional resources proposed: \$1.6 million)**
- The ILO is actively taking part in the International Crisis Response Framework and regularly participating in several Consolidated Appeal Processes. Recent experiences have shown, as in the cases of Afghanistan and Argentina, that having immediate funds available as seed money for Rapid Employment Impact Projects (each costing US\$200,000 on average), is highly effective. Extra-budgetary funds are required to ensure the continuation of the ILO IFP/CRISIS Rapid Action Fund for five new crisis-response operations. **(Additional resources proposed: \$25 million)**
- Strategies to achieve higher labour-intensity in both public and private investments need to be actively promoted and implemented in order to tap the considerable employment creation potential of such investments. Extra-budgetary funding would be required for the three regional ASIST programmes (Advisory Support, Information Services and Training for Employment-Intensive Infrastructure development) in Asia and Pacific, Africa and the Americas. These are the centres of excellence on employment-intensive programmes and policies that directly influence the major investment programmes of the Bretton Woods institutions and regional development banks. In addition to ongoing country programmes, new initiatives to increase the employment generation of public sector investment would be launched in three least developed countries in Africa, as an integral part of the national PRSP process. **(Additional resources proposed: \$30 million)**



SOCIAL PROTECTION

STRATEGIC OBJECTIVE No. 3:

Enhance the coverage and effectiveness of social protection for all

OPERATIONAL OBJECTIVES



Operational objective 3a: **Social security**

Member states broaden the scope and the instruments of social security schemes (including for the informal economy and the poor), improve and diversify benefits, strengthen governance and management, and develop policies to combat the adverse effects of social and economic insecurity.



Operational objective 3b: **Labour protection**

ILO constituents target and take effective action to improve safety and health and conditions of employment with special attention to the most hazardous conditions at the workplace.

Strategic objective No. 3:

Regional priorities and expected results

The proposals submitted by ILO regions reflect priorities identified by constituents in ILO member States. The following is a synthesis of the priorities and results that are expected of the ILO's work in the area of social protection.

Africa

Member States' poverty reduction strategies include decent work policies and programmes

Social protection instruments in the framework of poverty reduction programmes are broadened to cover the informal sector, women, and vulnerable groups, including persons in post-crisis situations

Tripartite strategies and policies are developed and implemented in line with the ILO Code of Practice on HIV/AIDS and the World of Work, to address the impact of HIV/AIDS on workers and their families, and discrimination at the workplace. National legislation and programmes, and sub-regional social protection arrangements are consistent with the Code

Labour ministries and the social partners participate effectively in national and regional initiatives for developing sustainable social security schemes and systems, and improving their governance

Africa's regional and sub-regional integration, in the framework of the African Union and NEPAD, incorporates decent work goals and facilitates the harmonization of social protection arrangements

Americas

Member States acquire a better capacity to develop and integrate economic and labour policies for promoting decent work and poverty reduction. ILO recommendations on social protection are included in these policies. Member States ratify ILO Conventions and revise their legislation accordingly

The scope and coverage of social protection systems and schemes are broadened to include groups that have no social protection coverage, youth and women (especially with respect to maternity protection). Social protection networks are enhanced to handle crisis situations. Social security, financial, statistical and actuarial services are improved

The social and labour dimensions of the economic integration process in the Americas as well as national development policies are strengthened

Member States adopt policies and programmes for improving working conditions

Tripartite plans of action and measures to improve occupational safety and health and working conditions are developed and implemented, and the issue of HIV/AIDS in the workplace is addressed

Arab States

Workers are provided with socio-economic security and labour protection through legislative and institutional frameworks that are in conformity with international labour standards for social protection

Constituents adopt approaches for extending social protection to sections of the population that are not covered by any scheme, including the self-employed, persons with disabilities, migrant workers and persons in crisis-affected areas

Member States establish legislative frameworks and labour inspection systems to protect all workers and vulnerable groups in hazardous work situations

Asia and the Pacific

ILO constituents acquire the capacity to respond effectively to the labour and employment challenges of economic recovery and globalization

Social protection systems (including social security) are strengthened as part of the economic recovery process, and better systems are developed to deal with future economic crises

Policies and programmes focusing on the informal economy promote its integration with the formal economy through, inter alia, improvements in working conditions and access to social protection

Policies and programmes for crisis prevention and response emphasize decent work, gender equality and social protection

Labour and employment policies and programmes prevent social exclusion and discrimination in employment (including for people living with HIV/AIDS). They facilitate reintegration into mainstream social and economic development

Europe and Central Asia

National labour legislation is improved and complied with, in accordance with international labour standards for social protection

The coverage and financial sustainability of social security systems are enhanced and workers have access to decent work and better social protection

Working conditions and occupational safety and health are improved and the capacity of the social partners to address issues is strengthened

Policies and programmes to combat HIV/AIDS and human trafficking are established at the national and sub-regional levels, with a focus on awareness raising, tripartite action and observance of the relevant ILO instruments

Strategic Objective No. 3:

Enhance the coverage and effectiveness of social protection for all

195. Globalization, the transition to a market economy, persisting or spreading poverty, growing awareness of the social toll of fatal and disabling accidents and diseases and HIV/AIDS are putting severe pressures on social protection systems. As the deficiencies in their scope and coverage become more evident, there is growing public concern about the need to reconcile the relationship between pro-growth economic policies and adequate social protection and to define a stronger role for social protection in the framework of decent work.

196. Economic progress cannot be dissociated from social stability. Social stability requires simultaneous action on three fronts: guaranteeing access to essential goods and services for the economic security of workers and their families; providing protection against discrimination in the world of work and preventing accidents and diseases; and promoting opportunities for individuals and society as a whole to realize their potential.

197. Extension of adequate social protection is increasingly recognized as an extremely powerful tool for combating the causes and effects of poverty. At the country level, ILO constituents are moving towards integrated policy approaches to social protection. Social security, working conditions, occupational safety and health, migratory flows, the fight against HIV/AIDS and social exclusion are no longer perceived as being in isolation from each other. In addition, policy initiatives in the field of social protection are being accompanied by efforts in other areas, including employment creation, social dialogue and international labour standards.

198. Integrated policy approaches are being advocated at the regional and subregional levels. They are seen as a means of reinforcing national efforts for attaining development goals agreed in the framework of major international conferences and initiatives, and for putting human beings at the centre of globalization.

199. During the 2004-05 biennium, the ILO's strategy will focus on promoting social protection as a key component of national and regional initiatives for implementing the MDGs, the follow-up to the World Summit on Sustainable Development, as well as the PRSP and UNDAF processes. The Global Campaign on Social Security and Coverage for All, launched in 2003, will play an important role in reducing decent work deficits in social protection and in alleviating poverty. The long-term objective of the Campaign is to extend social security to non-covered groups and to achieve universal access to health care as well as basic income security for all.

200. Programmes for achieving the ILO's strategic objective in the field of social protection will constitute part of an integrated approach for making decent work a reality in member States, and a central feature of the ILO contribution to international development initiatives. The ILO's wealth of knowledge and long-standing experience in this field will be used to put in place new or revised ILO instruments and innovative approaches for promoting social protection. Comprehensive and appropriate strategies will be designed and technical support provided to make social protection a tool for combating poverty and social exclusion. Social dialogue will be a distinctive feature of all social protection strategies. To ensure that social protection programmes in both the formal and informal economies are gender-sensitive, efforts will be made to collect and analyse data disaggregated by sex and to carry out systematic gender analysis, planning and monitoring in their design and implementation.

201. The ILO's social protection programme aims to enhance the coverage and effectiveness of social protection for all men and women. This strategic objective consists of two operational objectives. One of them relates to social security, including socio-economic security. The other concerns labour protection which comprises occupational safety and health and the environment, working conditions, labour migration, and the combating of HIV/AIDS at the workplace.

202. The importance of social security for sustainable development has been recognized in major international conferences and initiatives (e.g. Monterrey Consensus, Johannesburg Plan of Implementation). For ILO constituents the priorities are to make social security systems broader in coverage, efficient and viable. The ILO has a key role to play in enabling member States either to improve the scope and coverage of existing social security schemes or to put new arrangements in place, based on efficient management, and democratic, participatory processes. The ILO will, as urged by the Governing Body (March 2002), promote the ratification and application of social security standards, in particular the Social Security (Minimum Standards) Convention, 1952 (No. 102).

203. The ILO's competence in the field of labour protection is acknowledged by the international community. The Johannesburg Plan of Implementation provides for the strengthening and promotion of "ILO and WHO programmes to reduce occupational deaths, injuries and illnesses and link occupational health with public health promotion ...". For ILO constituents the improvement of all aspects of terms and conditions of employment is essential for achieving decent work and long-term development. Member States that have ratified a large number of the ILO's Conventions on occupational safety and health, maternity protection, workers with family responsibilities, wages and working conditions, and apply them, have relatively low rates of occupational accidents and enjoy improved levels of productivity. Countries and companies that have a low rate of occupational accidents and diseases are also ranked as the most competitive. Decent work, a motivated workforce and safety, do pay. In spite of this however, concerns about the quality of work persist, and new challenges have emerged as a result of the expansion of the informal economy, new forms of work organization and new psychosocial factors (e.g. stress, violence, drug use).

204. The situation of migrant workers cannot be separated from the denial of fundamental principles and rights at work and social protection, rising and persistent poverty, insecurity and the inadequacy of national institutions. Moreover, the international community is being urged to deal with the rising incidence of trafficking in human beings, especially women, for the purposes of forced labour, including prostitution. This issue is repeatedly raised at global conferences, and there is a consensus that action has to be taken at the country, regional and international levels. Member States often ask the ILO for advice on labour migration policies. Even though all countries have immigration controls, not many of them actually have appropriate structures and the capacity for making sound policy decisions with respect to labour migration and its governance. The ILO's work will respond to these demands.

205. Global estimates of the pandemic as of end of 2002 indicate that 42 million people are living with HIV/AIDS. The ILO estimates that this total includes about 29 million workers, most of them in their productive prime (15-49 years of age). HIV/AIDS is a major workplace issue with serious consequences for long-term economic and social development. The ILO aims to make the workplace a catalyst for efforts to prevent the spread of HIV/AIDS and reduce its devastating impact.

206. HIV/AIDS is addressed in all major ILO programmes, thereby making it possible to adopt an integrated approach for dealing with its social and labour consequences. The ILO's contribution to achieving the MDG relating to HIV/AIDS is confirmed in the Johannesburg Plan of Implementation, an outcome of the World Summit on Sustainable Development, that notes the importance of "... protecting the health of workers and promoting occupational safety, by, inter alia, taking into account, as appropriate, the voluntary ILO Code of Practice on HIV/AIDS and the World of Work, to improve conditions of the workplace". The Code is a blueprint for non-discriminatory policies and support for workers affected by HIV/AIDS.

Table 7. Strategic resources for Social Protection by operational objectives

| Operational objective | Proposed regular budget strategic resources (in constant 2002-03 US\$) | Estimated extra-budgetary expenditure (in US\$) | Estimated 2000-01 surplus expenditure (in US\$) |
|-----------------------|--|---|---|
| 3a Social security | 25,697,956 | 14,324,000 | 348,180 |
| 3b Labour protection | 34,219,916 | 10,251,000 | 886,480 |
| Total 2004-05 | 59,917,872 | 24,575,000 | 1,234,660 |
| Total 2002-03* | 57,161,882 | 24,486,000 | 529,140 |

* Revised regular budget strategic resources (new methodology) and updated estimates for extra-budgetary resources.

207. This table gives the total strategic resources available for work on Social Protection. The increase in regular budget resources of \$2.76 million is the result of an additional \$3.26 million in the regions due to the strengthening of the composition of subregional offices in the area of social protection, offset by a decrease of \$0.26 million in headquarters technical programmes, and of \$0.24 million in the corresponding cost of support services.

208. Revised extra-budgetary resources for 2002-03 show an increase as compared to the projections in the Programme and Budget for 2002-03, primarily due to increased funding for the STEP programme on the extension of social protection and for work on HIV/AIDS. Estimates for 2004-05 show only a negligible further increase. Further efforts are being undertaken to attract additional donor support, especially by designing components of larger programmes such as social protection and poverty alleviation or occupational safety and health in programmes on hazardous child labour.

209. Resources from the 2000-01 surplus will be used to strengthen the capacity of constituents' organizations to deal with social security issues, to improve working conditions and occupational safety and health in specific industries and sectors, and to address the challenges of HIV/AIDS in the workplace.

210. The proposals under this strategic objective are based on resources under the regular budget, the 2000-01 surplus and estimated extra-budgetary expenditure. Additional unfunded priorities are identified at the end of the text on each operational objective.

Operational objective 3a: Social security

Member States broaden the scope and the instruments of social security schemes (including for the informal economy and the poor), improve and diversify benefits, strengthen governance and management, and develop policies to combat the adverse effects of social and economic insecurity.

This text of operational objective 3a in the Programme and Budget for 2002-03 has been revised. The only change is the use of the broader term "... the informal economy and the poor" to replace "... the informal sector and the working poor".

Indicator 3a.1: Social security schemes to combat poverty and social exclusion

Member States that adopt voluntary or public schemes, including the improvement of existing social security schemes, to extend social security coverage to previously uncovered sections of their populations.

Target

25 member States.

This target has been constantly increased by five countries since 2000-01. For that biennium it was 15 countries and the desired outcome was achieved in 13 of them. For 2002-03 the target is 20 countries. An increase to 25 countries is proposed for the 2004-05 biennium.

Strategy

211. The Global Campaign on Social Security and Coverage for All, launched in 2003 to encourage the extension of social security coverage as a means for combating poverty and social exclusion, will be continued. It is expected to start producing significant effects at the beginning of the biennium. A knowledge base will be developed. National strategies for extending social security coverage will be drawn up based on a comprehensive analysis of social protection needs and capacities of the various actors. Innovative schemes and information on best practices at both the national and community levels will be disseminated. Technical support will be given to improve access to health protection (particularly for women workers and workers in the informal economy), develop statutory social security schemes, set up community-based schemes and provide social assistance to vulnerable groups. This will involve support in developing and applying social protection performance expenditure reviews and social budgeting exercises, and improving financial and other aspects of governance as well as accountability.

212. Countries will be supported in applying an integrated approach to reducing decent work deficits (e.g. advice to the **Arab States** for drafting social security legislation, setting up protection systems for employed persons, and developing social safety nets for vulnerable groups, including people affected by crisis; advice to countries in **Europe and Central Asia** for extending social security schemes and introducing new systems that cover the working poor and rural workers).

213. Partnerships with donors will either be established or strengthened to mobilize resources for work in the regions. A project to extend the coverage of health protection in Latin America has already been drawn up with the Pan-American Health Organization (PAHO), and similar initiatives are planned for Africa, South Asia and countries that are candidates for accession to the European Union (EU).

214. Most of the social security projects scheduled for implementation in 2004-05 will be linked with the Global Campaign on Social Security and Coverage for All. They will include three inter-related pilot projects initiated in the 2002-03 biennium: the Global Social Trust, designed to mobilize resources for financing essential social protection benefits in the poorest countries; a related research project, analysing possibilities for lower- and middle-income countries to finance basic universal pensions for combating poverty among families at risk; and the continued activity of the STEP (Strategies and Tools against Social Exclusion and Poverty) programme initiated in 1997.

Indicator 3a.2: Improved governance and sustainability of social security schemes

Member States or regions that initiate actions based on ILO advice or support either to improve or establish the financial, economic and fiscal sustainability of national social security schemes and systems, and their governance.

This revised indicator corresponds to indicator 3a.2 in the Programme and Budget for 2002-03, which reads as follows: "Member States that initiate actions to improve the financial architecture and governance of their national social security schemes and systems". It has been amended to take into account proposals for the ILO to address social security issues from a regional perspective, which could help to reinforce initiatives taken at the country level. The text is also explicit about the advisory and supportive roles of the ILO at both the country and regional levels, and recognizes the importance of the financial, economic and fiscal dimensions of national social security schemes/systems.

Target

15 member States.

The target is the same as that which has been set for 2002-03. There was no corresponding indicator for the 2000-01 biennium.

Strategy

215. Improving the governance of national social security systems requires supportive action by governments, the social partners, and other stakeholders, including parliaments. The ILO will continue to provide assistance on good governance for social security schemes ranging from the development of national social security strategies, the preparation of legislation in conformity with international labour standards and the administration of schemes. Additional tools and methodologies for modern financial planning and the management of social protection will be developed. They will be backed by training and advice on the management and mobilization of resources. The setting up of a network of collaborative public and private sector agencies is one innovative way in which the ILO will respond to the growing demand for sound, affordable actuarial and financial advice.

Supporting implementation: New methodological tools

- The Social Protection Sector has developed a series of products to improve the governance of national social protection systems. The aim is to complete in 2004-05, a series of textbooks on Quantitative Methods in Social Protection. A fifth book on Financing Social Protection will be published and disseminated.
- The joint ILO-Maastricht University Master's Programme in Social Protection Financing will continue to train about 50 highly competent experts from 15 to 20 countries per biennium. It is expected that in the next ten years, about 500 well-trained financial managers in social protection will be functioning in national systems and able to make measurable improvements to the financial governance of these systems.

Indicator 3a.3: National data development and monitoring of social protection

Member States in which improved data are generated and comprehensive social policies are developed as a result of tripartite consultations that take into account ILO policy recommendations.

This revised indicator replaces the 2002-03 version which reads as follows: "Member States where data are generated and used to develop strategies and policies to combat economic and social insecurity".

Target

20 member States.

Strategy

216. ILO constituents recognize the importance of making economic and social protection an integral part of social and economic development. For example, in *Africa* and the *Americas* social protection is considered to be central to national decent work policies and poverty reduction strategies, while in *Asia and the Pacific* the importance of social protection systems for coping with the effects of economic shocks is underscored. The ILO will develop and provide constituents with methodologies and tools for the design and monitoring of integrated, gender-sensitive social protection policies and strategies. The aim is to strengthen the social protection component of national economic policies, poverty reduction strategies, and other measures for achieving the internationally agreed goals of the Millennium Summit, major United Nations conferences and regional initiatives.

217. Statistical data disaggregated by sex on the social protection deficit in decent work will be collected and analysed as part of Office-wide initiatives to develop comprehensive decent work statistical indicators. In addition to social and economic security, they will cover workplace safety and health, including reporting and notification of accidents and diseases. Constituents will be provided with tools, instruments, guidelines adapted to national realities, as well as information on social protection through the upgraded Website

and multi-lingual publications. They will be apprised of lessons learnt from the experiences of countries that have adopted an integrated approach to social protection

218. Information on socio-economic security will be collected and disseminated through the InFocus Programme on Socio-Economic Security. The Programme has a strong technical cooperation component primarily in information gathering through the development of the Socio-Economic Security (SES) Indicators database, the People's Security Surveys (PSS) and Enterprise Labour Flexibility and Security Surveys (ELFS) that are carried out in ILO member States. The information will be used to promote different forms of social and economic security that are compatible with dynamic economic growth and development. The emphasis is on providing basic security for the poor and disadvantaged.

219. Based on regional pilot training projects developed with the International Training Centre of the ILO (Turin) in the 2002-03 biennium, the ILO will work with tripartite constituents to set social protection goals that are underpinned by national legislation and in line with the relevant international labour standards.

220. The ILO will support member States' efforts to reduce the social protection deficit in the informal economy and among groups of persons who have inadequate or no coverage. It will contribute to the development of regional and subregional social protection arrangements through joint projects with regional institutions and groupings (e.g. *Africa* and the *Americas*). Projects to develop vulnerability reduction strategies, including through employment and social protection funds in crisis-affected regions are being implemented in the framework of crisis response projects funded by the 2000-01 surplus (e.g. southern Africa and territories under the Palestinian Authority). In addition, the ILO will continue to play a major role in monitoring social and economic security, generating policy-oriented information and knowledge, and providing technical advice and support to constituents.

Work funded by the 2000-01 surplus: This will be used for regional-level projects to strengthen the capacity of workers' organizations in the *Americas* to deal with social security issues as a key facet of social justice. Support will be given to tripartite constituents in four countries (Argentina, Chile, Paraguay and Uruguay) to enable them to integrate social protection policies with active labour market policies. In the *Arab States*, staff in national institutions will be trained to give appropriate actuarial advice.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- **Knowledge base:** Meaningful analyses of national social protection systems and the identification of social protection deficits require international statistical performance and expenditure benchmarks. Their establishment necessitates substantial investments. Extra-budgetary resources are being sought to strengthen the knowledge base on social protection. The ILO would gradually build a universally accessible international data base of indicators that describe social conditions, social protection deficits, and national social protection systems. The database would be useful for national and international policy formulation and research. This initiative would complement the Office's work to strengthen its statistical capacity with respect to decent work and fill a major knowledge gap. **(Additional resources proposed: \$1.5 million)**

- **A special initiative for Africa:** Member States would be assisted in developing national social protection strategies, within the framework of sectoral programmes and complementary to the Jobs for Africa programme. The aim is to understand better the reasons for exclusion and its impact and to develop different approaches for combating it. Weaknesses in the structure and governance of existing systems would be identified in consultation with governments, the social partners and representatives of civil society. An innovative approach would be adopted to address the relevance and structure of statutory schemes and the role of community-based schemes. Tools would be developed for improving their performance, sustainability and coverage. The work would initially be carried out in five countries and the outcome would be presented both nationally and at a tripartite regional seminar with a view to developing social protection development strategies relevant to other countries. **(Additional resources proposed: \$2 million)**
- **Governance and the extension of social security:** Many workers in regular employment are excluded from social security coverage. This is due to many reasons including evasion, the growth of flexible working conditions and weaknesses in the governance of social security schemes. This major issue would need to be addressed by the Global Campaign. Additional resources are therefore required to finance a project in five countries, each in a different region. The aim is to examine the causes, nature and impact of exclusion from social security coverage and to devise appropriate policy and administrative responses, based on tripartite consultations, which would ensure greater levels of coverage. **(Additional resources proposed: \$1 million)**
- **Priorities for the excluded:** Initiatives for extending the coverage of social protection programmes must be preceded by an assessment of the needs of the target groups and an analysis of the modalities for extension. Resources are needed to undertake a project that would, inter alia, test new methods for determining needs and identifying different policy options. This knowledge base would be used for implementing projects. In the initial phase four countries would be covered and the target groups would include rural or agricultural workers and persons in crisis situations. **(Additional resources proposed: \$1 million)**
- **Development of STEP:** Additional resources are sought to develop and strengthen the work under the STEP Programme (Strategies and Tools against Social Exclusion and Poverty) which is currently operational in over 40 countries. STEP is a powerful vehicle for extending social protection coverage and reducing poverty among persons who earn their living in the informal economy. Demand from constituents for technical assistance to extend social protection to the informal economy has been increasing significantly. The Programme is already supported by various donors as well as from the regular budget of the ILO but additional resources are more than ever required to meet this increasing demand. **(Additional resources proposed: \$10 million)**
- **Decentralization of actuarial and financial services:** The decentralization of technical advisory services and product delivery requires substantial investment in staff training and the upgrading of infrastructure. Extra-budgetary resources would be needed for up to five years. A pilot project will be launched in the Caribbean region where services are already delivered in a decentralized way in the framework of an actuarial multi-island project. Similar capacity-building activities would be needed for technical staff in Bangkok, Santiago and Moscow, and in two regions (*Africa* and the *Arab States*). **(Additional resources proposed: \$600,000)**

- **The Global Social Trust:** This initiative would require resources for backstopping. It would be funded by modest voluntary contributions from individuals and other sources (e.g. institutions, corporations and foundations, mainly in industrialized countries). These resources would be invested in developing countries to constitute, and temporarily support, social security systems/schemes. **(Additional resources proposed: \$400,000)**
- **Universal non-contributory basic pensions:** These are potentially powerful instruments to combat old-age poverty in developing countries. Experience from South Africa and Brazil shows that such schemes have beneficial effects for whole families. Additional resources would support exploring the financial feasibility and sustainability of such benefit systems in at least five African countries with high old age poverty ratios. **(Additional resources proposed: \$700,000)**

Operational objective 3b: Labour protection

ILO constituents target and take effective action to improve safety and health and conditions of employment, with special attention to the most hazardous conditions at the workplace.

This operational objective now refers to "conditions of employment".

Indicator 3b.1: Improved national programming and reporting on occupational safety and health

Member States that make major progress in their occupational safety and health policies or capacities through ratification or application of ILO standards, implementation of ILO codes or guides, or launching of national programmes of action.

This is a revised indicator that merges indicator 3b.2 in the Programme and Budget for 2002-03, which reads as follows: "Member States in which national programmes of action are launched for selected industries and hazardous agents", and indicator 3b.1: "Member States in which constituents strengthen their occupational safety and health capacity through ratification and application of ILO standards, and the implementation of codes and guides, as well as information and statistical tools and methods on safety and health". In the Programme and Budget for 2000-01, the indicator was 3b.1 and it stated: "The number of member States in which national SafeWork programmes of action for selected industries and hazardous agents such as construction, chemicals, mining and silicosis are launched". Another indicator 3b.2 dealt with the statistical coverage of occupational accidents and diseases.

Target

32 member States.

This is a new target. For the 2000-01 biennium the target for the corresponding indicator (3b.1) was eight member States, and it was fully achieved. In the case of indicator 3b.2, the target of five member States was largely surpassed, with results having been attained in 11 member States.

Strategy

221. The International Labour Conference will discuss the integrated approach to standards-related activities in the field of occupational safety and health in 2003. In the light of these discussions, the ILO's work in this field will be streamlined to maximize the impact on enterprises and countries. While ILO standards will play a key role, and their ratification and implementation will be encouraged, other ILO means of action such as codes of practice, guides and information tools will also be promoted. The ILO's 2001 Guidelines on Occupational Safety and Health Management Systems will be adapted to local contexts and used to encourage corporate social responsibility. Through its International Occupational Safety and Health Information Centre (CIS), the ILO will further enhance its

knowledge base by strengthening links with CIS National and Collaborating Centres, to meet rising demand for information. It will serve as a clearing house, providing constituents with relevant information, statistical data and solutions for particularly hazardous sectors, occupations and jobs. Special attention will be given to certain groups (e.g. workers and enterprises in the informal economy, vulnerable groups and women workers). Member States will be encouraged to launch national SafeWork programmes with ILO technical cooperation.

222. Cooperation with other international and regional safety and health institutions has had significant achievements in a number of areas. This will be reinforced, including in the framework of the Inter-Organization Programme for the Sound Management of Chemicals (IOMC), support for national labour inspectorates together with the International Association of Labour Inspection, and the organization of the ILO/ISSA World Congress on Occupational Safety and Health and International Conference on Occupational Respiratory Diseases.

223. The InFocus Programme on Safety and Health at Work and the Environment concentrates on protecting workers in hazardous occupations through preventive policies and programmes as well as extending the coverage of such protection to vulnerable groups of workers. It also has a capacity-building component aimed at enabling tripartite constituents to address these issues more adequately. Raising awareness about the linkages between social and economic policies and improved occupational safety and health, is another key function of the Programme. All ILO regions recognize the importance of improved safety and health at work for member States.

Indicator 3b.2: Improved terms and conditions of employment

Member States in which ILO tools, research, methodologies and legal instruments are used to improve terms and conditions of employment, protect maternity and reconcile work and family, including in small-scale enterprises and the informal economy.

This is a new indicator that takes into account constituents' calls for a comprehensive approach to labour protection. It is a combined and revised version of indicators 3b.3 and 3b.4 in the Programme and Budget for 2002-03. They state, respectively: "Member States in which local institutions are using ILO tools and methodologies to improve working conditions in small-scale enterprises and the informal sector"; and, "Member States that ratify and apply ILO standards on work and family, maternity protection, and working time, and in which relevant data on these issues are generated and used in policy formulation". ILO action related to wages will henceforth be included in this indicator.

Target

20 member States.

The target is set slightly higher than that which was set for 2002-03 to cover action in the area of wage reform and monitoring.

Strategy

224. The ILO will either initiate or strengthen partnerships with local institutions that deal with small enterprises, the informal economy (including in agriculture), and vulnerable groups. The aim is to encourage them to integrate terms and conditions of employment (working conditions, working time, work organization and wages) into their programmes and to support their efforts in this regard. Cooperation with other international organizations will be furthered, to contribute to the MDG of improving maternal health through maternity protection.

225. Promotional activities and advocacy will be intensified to raise awareness of and encourage respect for the Workers with Family Responsibilities Convention, 1981 (No. 156). This will coincide with the 10th Anniversary of the United Nations International Year of the Family (in 2004). Drawing on lessons learnt so far, the ILO's Work Improvements in Small Enterprises Programme will be revised and applied in different countries. The ILO

will provide: training to enhance the contribution of tripartite constituents with respect to terms and conditions of employment; technical support for the drafting of relevant national legislation; and information and practical tools for improving working conditions in small and medium-sized enterprises and the informal economy (e.g. safety, health and working conditions in the informal economy in the *Asia and Pacific* region will be evaluated with the aim of making them better. Similar work will be done in the *Arab States* focusing on hazardous agricultural and industrial occupations, as well as groups and categories of workers considered to be at risk).

226. Additional work on wages and incomes will complement existing programme areas to promote decent work at the workplace more comprehensively.

Work funded by the 2000-01 surplus: Several projects are to be carried out over the two biennia with the aim of improving working conditions (including occupational safety and health) in specific industries/sectors. Special attention will be given to the situation of certain groups or categories of workers. The mining industry is the focus of work in four countries in the *Americas* (Bolivia, Colombia, Ecuador and Peru). The ILO is supporting the development of a national SafeWork Programme in *China* covering this industry. Working conditions in agroindustry are being addressed in *Turkey*, with emphasis on SMEs, women workers and child labour. The aim is to document the situation with a view to influencing new labour legislation. ILO constituents consider it a priority to enhance the capacity of the social partners to deal with occupational safety and health issues. To this end, training is to be delivered by a workers' institute in the *Syrian Arab Republic*.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- **Inter-sectoral Programme on Hazardous Child Labour:** The identification of hazardous child labour is often limited to the level of economic sectors. To complement ILO's ongoing work, additional resources would support development of tools and methods for adequately identifying hazardous child labour based on occupations, specific jobs, processes and operations. **(Additional resources proposed: \$1 million)**
- **The Joint ILO/WHO Global Programme on Elimination of Silicosis:** Additional resources are needed to launch national action programmes to eliminate silicosis in an additional four to six countries. Methodological guidelines would be developed jointly with the WHO to strengthen national capacities to prevent pneumoconiosis. **(Additional resources proposed: \$1.5 million)**
- **Ship breaking:** Ship breaking is one of the most dangerous operations. The levels of fatalities, injuries and work-related diseases are unacceptably high. In a number of countries these activities are carried out in the informal economy and involve migrant workers. Additional resources are required to contribute to the establishment of national frameworks to promote responsible ship dismantling and to provide support for improved safety and health in ship-breaking operations in the informal economy. **(Additional resources proposed: \$3 million)**

- **Strengthening labour inspection systems:** Labour inspection systems can have a pivotal role in promoting, monitoring and ensuring compliance with core ILO standards, including flagship Conventions such as Conventions Nos. 81 and 155. However, in many member States, labour inspectorates are politically and structurally weak, and the concept of monitoring, which has recently been developed between SafeWork, IPEC and DECLARATION, is as yet unfamiliar. Additional resources would be used to implement a pilot programme in ten countries representing different systemic approaches to labour inspection to develop sustainable capacity for monitoring and effectively implementing core Conventions. **(Additional resources proposed: \$3.85 million)**
- **National OSH programmes and promotion of management systems:** Additional resources are required to support national efforts for the development and implementation of National SafeWork Programmes in a number of member States and to exchange experiences. Potential countries include: Brazil, China, Kazakhstan, Philippines, Senegal. **(Additional resources proposed: \$4.5 million)**
- **Accident prevention in mining and construction:** Mining and construction are two of the most dangerous industries, causing many fatal accidents and economic loss. The ILO has adopted several standards including Conventions, Recommendations, and codes of practice related to these industries. Additional resources are required to support developing and transition countries to establish stronger mining and construction safety programmes and practical improvement measures. **(Additional resources proposed: \$4 million)**
- **Inter-sectoral Programme on Safety and Health in Agriculture:** An estimated 1.3 billion workers are active in agriculture and a large number of people below the poverty line live in a rural environment. Agriculture is one of the most hazardous occupations worldwide. In several countries the fatal accident rate in agriculture is double the average for all other industries. Occupational safety and health in agriculture needs to be addressed with a well-defined strategy. Additional resources are needed to launch national programmes on safety and health in agriculture which would include: formulation of national policies in line with Convention No. 184 and Recommendation No. 192; establishment and extension of occupational safety and health services to cover, in particular, temporary, women and child workers; improvement of technical capacities among constituents in developing sustainable national programmes on safety and health in agriculture. **(Additional resources proposed: \$2 million)**
- **Psychosocial issues at work:** Drugs and alcohol, violence, stress, tobacco and HIV/AIDS are major threats at the workplace. A methodology known as SOLVE (Managing Emergency Health-Related Problems at Work) guides enterprises in addressing these psychosocial issues as part of an overall corporate policy and framework for integrated preventative action. Already tested and supported by regional networks of resource persons, it is now proposed to apply the methodology to develop a global response to psychosocial issues within a comprehensive occupational health and safety approach. The programme would draw upon existing ILO codes of practice on alcohol and drugs and on HIV/AIDS; it would also develop additional guidelines where necessary (e.g. the effects of passive smoking at the workplace). The eventual aim will be capacity-building at the national level in order to develop enterprise-level action. **(Additional resources proposed: \$2.5 million)**

- **Working conditions and other terms of employment in micro and small enterprises:** Additional resources are needed to develop, implement and evaluate a new action programme in five countries for enhancing conditions of work and other terms of employment in small enterprises and the informal economy. It would focus more sharply on poverty reduction through: reducing vulnerability caused by the poor working and living conditions of women and men; improving their access to and use of productive resources; and promoting gender equality by addressing the different problems and priorities of men and women workers – especially within family-based businesses. Issues related to gender and family would be covered. **(Additional resources proposed: \$1 million)**
- **Reconciling work and family responsibilities:** Even though women are contributing an increasing share of family income, they are still concentrated in the least protected forms of work, while having to balance work and family responsibilities. Efforts to improve women's status and reduce their vulnerability at work must be linked to measures to improve their status and reduce their vulnerability at home. Additional resources would support the development of practical measures to encourage labour policies and practices that make for the better integration of women in the workforce and men into family life. Particular attention would be given to poor urban communities and industries/sectors with a predominantly female workforce. **(Additional resources proposed: \$600,000)**
- **Extending maternity protection to women in the informal economy:** As part of the ILO's contribution for attaining the MDG on maternal protection, it will promote the implementation of the Maternity Protection Convention, 2000 (No. 183). This Convention calls for the extension of maternity protection to women in atypical forms of dependent work. Micro health insurance schemes for workers in the informal economy regularly provide for maternity protection. Guidelines related to the health and safety of pregnant and breastfeeding workers and their children are being prepared. This work in the current biennium would be capitalized and used as a basis for developing an innovative joint technical cooperation programme as concerns health protection and health services for pregnant and breast-feeding women workers in the informal economy. It would be piloted in three countries. **(Additional resources proposed: \$1.2 million)**

Indicator 3b.3: Protection of the rights and equal treatment of migrants

Member States that establish policies and programmes for the protection of the rights and equal treatment of women and men migrants, and against their trafficking.

This is a modified version of indicator 3b.5 in the Programme and Budget for 2002-03 which reads: "Member States that establish policies and programmes for equal treatment of women and men migrants and against their trafficking".

Target

Ten member States.

Under the indicator for 2002-03 this target is eight member States. In the 2000-01 biennium the target of five countries was achieved, with respect to the corresponding indicator that stated: "The number of member States with new national legislation reflecting ILO standards on the recruitment and treatment of migrant workers".

Strategy

227. The preparation of, and follow-up to the June 2004 International Labour Conference addressing, in an integrated manner, the issues linked to international labour migration will boost this Programme, and help to enhance its visibility and recognition worldwide.

228. The ILO will prepare for its constituents, comparative information on migration policies, national law and practice and the results of studies assessing their impact. Constituents will be assisted in the use of statistical indicators to monitor progress in integrating immigrants. Since the successful integration of immigrants is often considered a pre-condition for more liberal admission policies, examples of “model” practices will be collected, disseminated and discussed at national tripartite seminars. For example, technical assistance will be provided to the *Arab States* to facilitate policy dialogue between labour-receiving and labour-sending countries both within and across regions and subregions.

229. Collaboration with other United Nations, international and regional institutions working in the field of migration will be strengthened. For instance, the ILO, together with the OECD and World Bank, will prepare a global report on the effects of globalization on migration. The research findings will be discussed at a technical symposium.

230. The ratification rates for the migrant workers’ Conventions are very low. In order to stimulate interest in the Migration for Employment Convention (Revised), 1949 (No. 97), and the Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143), country reports on the conditions of employment of migrant workers will be prepared and discussed, together with these two Conventions, at national tripartite seminars. This will be followed up by technical advisory missions to address the factors that stand in the way of ratification.

231. In response to growing concern about trafficking in human beings, especially women, the ILO will improve its documentation on this subject, with a view to using this knowledge base to advise constituents and launch awareness-raising campaigns.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- **Towards an international framework for sharing the benefits from the migration of the highly skilled:** This work programme is prompted by the need to find solutions to inequities created by losses of highly-skilled manpower which have undermined the growth prospects of many developing countries. The ILO should play a major role in formulating internationally acceptable principles and mechanisms for ensuring that source countries also gain in their investments in human capital. This programme would aim to attract international donor support and involve consultations with ILO constituents at national, regional, and international levels over a four-year period starting in 2004. **(Additional resources proposed: \$500,000)**
- **Promoting productive investments of migrants’ remittances:** Previous ILO studies have shown that for many developing countries migration, rather than trade or foreign aid or FDI, is the main source of foreign exchange. However, large flows of migrants’ remittances are no guarantee of sustained economic growth. This programme aims to provide insights and better understanding of the processes by which remittances could enhance growth. The programme, envisaged to require two years of work, would involve studies of several large remittance-receiving countries (e.g., Bangladesh, Bulgaria, Ecuador, Egypt, Ghana, Indonesia, Mexico, Morocco, Poland, Romania, Senegal, Sri Lanka). They would evaluate macroeconomic policies which influence the allocation of remittances and their productivity, and their impact on employment and equity. The findings of the studies would be used to advise member States on appropriate policies and practices. **(Additional resources proposed: \$900,000)**

- **Managing labour migration:** Extra-budgetary resources would be sought for regional projects to develop and promote the adoption of new frameworks, strategies, systems and mechanisms for organizing and managing labour migration as an instrument of development. The projects would identify, review and draw lessons from past experiences of bilateral labour migration programmes and mechanisms within Europe, between Europe and third countries, and in other regional and inter regional contexts. The Office would develop options for future policy and mechanisms to organize orderly labour migration. It would produce technical manuals on labour migration management, organize and conduct technical advisory missions to assess national conditions and needs, and establish priorities and plans of action. The ILO would provide technical assistance for the development and implementation of policies, definition of administrative structures and operational measures. **(Additional resources proposed: \$3 million)**

Indicator 3b.4: National plans for combating HIV/AIDS in the world of work

Member States that have incorporated a world of work component for both the formal and the informal economy, and workplace initiatives involving ILO tripartite constituents, into their national action plans to combat HIV/AIDS.

This is a revised version of indicator 3b.6 in the Programme and Budget for 2002-03. The reference to the informal economy has been added, to reflect constituents' concerns.

Target

20 member States.

This target is the same as for the 2002-03 biennium.

Strategy

232. The ILO will provide policy guidance and technical support to constituents for dealing with issues of non-discrimination in employment and occupation for people living with AIDS, job security, social protection, and support for AIDS-prevention programmes. Governments will be advised on the development of national policies and legislation on HIV/AIDS and employers will be supported in forming coalitions to promote advocacy among their peers and establish workplace programmes based on the ILO Code of Practice on HIV/AIDS and the World of Work.

233. The ILO will carry out research and policy analysis on the impact of HIV/AIDS in the world of work. This will enable tripartite constituents to have a better appreciation of the effects of the pandemic on workers and enterprises. The results of this work will be used for developing guidelines on workplace policies and programmes. In **Europe and Central Asia**, for example, four countries will develop workplace policies that will be tested at pilot enterprises and replicated throughout the countries concerned. In **Africa** the focus will be on including people living with HIV/AIDS in social protection schemes for vulnerable groups. Tripartite constituents will be trained to implement these policies and programmes, including in the informal economy, and carry out legal reforms.

234. Through advocacy, effective communication and stronger external partnerships, the ILO will garner national, regional and international support for the following: mobilizing human and financial resources for projects and programmes; disseminating information; and sharing experiences on "best practices" for combating discrimination and social exclusion.

Work funded by the 2000-01 surplus: Projects addressing the challenges of HIV/AIDS in the workplace are being carried out in *Africa* and the *Arab States*. In *Africa* the capacity of the social partners is being strengthened to address problems related to HIV/AIDS in the workplace. In the *Arab States*, the accent is on raising awareness among tripartite constituents on this issue, using information resources in Arabic.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- **HIV/AIDS prevention in Arab States:** Several countries in the Arab region are concerned that the reported low prevalence of HIV/AIDS may stem from poor surveillance systems; this in turn hinders the mounting of an effective response. This situation is compounded by lingering denial among both social and political leaders. Representatives from 11 countries recently participated in a meeting that called on the ILO to launch programmes and campaigns on HIV/AIDS at the workplace and to strengthen the capacity of governments, employers' and workers' organizations to combat HIV/AIDS. Additional resources would be used to create early workplace intervention programmes, focusing on decreasing vulnerability to infection, reducing risk-taking behaviour, building capacities among ILO constituents and social partners, and sensitizing political and community leaders. Surveillance systems will be introduced to monitor the prevalence rate and impact of workplace intervention (**Additional resources proposed: \$1.5 million**)
- **Reducing the impact of HIV/AIDS on vulnerable groups:** Additional resources would be used to support technical cooperation projects in Africa, Asia and the Pacific, Latin America and the Caribbean. The aim is to strengthen the capacity of government and the social partners to prevent the spread of HIV/AIDS and to mitigate its impact on youth, women, the mobile population and other vulnerable groups, including those working in the informal economy. The ILO Code of Practice on HIV/AIDS and the World of Work would serve as the overall framework for addressing discrimination and social exclusion, and for defining the rights and responsibilities of workers and employers in relation to prevention, care and support. (**Additional resources proposed: \$3.5 million**)



SOCIAL DIALOGUE

STRATEGIC OBJECTIVE No. 4:

Strengthen tripartism and social dialogue

OPERATIONAL OBJECTIVES



Operational objective 4a: **Social partners**

The representation, services and influence of the social partners are strengthened.



Operational objective 4b: **Governments and institutions of social dialogue**

The legal frameworks, institutions, machinery and processes for social dialogue are strengthened and used.

Strategic objective No. 4:

Regional priorities and expected results

The proposals submitted by ILO regions reflect priorities identified by constituents in ILO member States. The following is a synthesis of the priorities and results that are expected of the ILO's work in the area of social dialogue.

Africa

The capacity of labour ministries and social partners (workers and employers) to participate effectively in social and economic policy making is strengthened - (Governance)

Labour laws are revised in conformity with international labour standards and in consultation with the social partners

Tripartite labour bodies adopt provisions of the ILO Code of Practice on HIV/AIDS and the World of Work

Representative workers' and employers' organizations broaden their membership and increase the representation of women in their membership and executive councils

Africa's socio-economic integration through the African Union and NEPAD incorporate decent work goals. The social partners contribute to policies, action plans and institution building within the framework of regional or sub-regional programmes

Americas

Member States acquire the capacity to develop and integrate economic and labour policies for promoting decent work and poverty reduction

ILO Conventions are ratified and legislation is revised to ensure the effective application of ratified Conventions. Mechanisms are set up to enable workers and employers to participate in the supervision of compliance with labour standards

There is increased consensus and collective bargaining

The social and labour dimensions of the economic integration of the Americas and national development policies are strengthened through social dialogue

Tripartite constituents make progress in engaging in social dialogue and there is effective participation of employers' and workers' organizations when formulating labour, economic and social policies and programmes

Arab States

Legal frameworks and institutional structures are developed in member States for the effective functioning of tripartite mechanisms for social dialogue, within the framework of relevant ILO Conventions and Recommendations

Employers' organizations genuinely represent member enterprises and provide services that are relevant to the changing business environment. Workers' representation in policy debates on social economic issues is improved

Rights-based and participatory approaches are instituted in member States for the formulation and implementation of sound social and labour policies and for political stability. Member States develop employment-centred social and economic policies, based on social dialogue

Asia and the Pacific

The participation of employers' and workers' organizations in the development of policies relating to growth and globalization is enhanced through social dialogue in the PRSP process and improved labour relations

Policies and programmes focusing on the informal economy facilitate its integration with the formal economy, through, inter alia, the promotion of organizations representing workers and enterprises

Workers' education programmes address the issues of representation of workers and enterprises in the informal economy

The situation of disadvantaged groups is addressed in workers' education programmes and the legal and institutional arrangements governing social dialogue are more responsive to the needs of these groups, paying attention to the gender dimension.

Policies and programmes for crisis prevention and response emphasize decent work, gender equality, and social dialogue

Europe and Central Asia

ILO constituents strengthen their legal framework, institutions and procedures for social dialogue and adopt legislation based on ILO standards and advice

Countries strengthen the representation, services and influence of all tripartite constituents

Countries develop efficient institutions and mechanisms for engaging in meaningful social dialogue, including for the settlement of labour disputes

Strategic Objective No. 4:

Strengthen tripartism and social dialogue

235. Social dialogue is not only a component of the Decent Work Agenda, it is also a process for achieving decent work. This notion was reinforced by the Resolution concerning tripartism and social dialogue that was adopted by the International Labour Conference in 2002. It recognized the critical role of social dialogue for promoting and strengthening fundamental principles and rights at work, achieving employment goals and improving social protection.

236. The relevance of social dialogue is increasingly recognized as the international community searches for appropriate responses to the challenges of globalization. With its time-honoured tradition and competence in this area, the ILO is well placed to play a leading role in fostering the dialogue, partnerships and participatory approaches to decision-making that are being repeatedly advocated at major multilateral conferences (e.g. Monterrey Consensus, World Summit on Sustainable Development).

237. The proposals from ILO regions show that tripartite constituents see social dialogue as a prerequisite for good governance and democratic development. They call for a broadening of the scope of social dialogue, in order to address priority issues – e.g., poverty reduction strategies, attaining the Millennium Development Goals, meeting the needs of people in the informal economy, and integrating decent work into national and subregional development policies and programmes. In certain ILO member States, social dialogue institutions and processes may need to be created where they do not exist. In others, they may have to be either strengthened or adapted to cope with new circumstances. The reform of labour laws and other employment-related legislation, as well as capacity-building programmes for labour ministries and the social partners, are necessary in a number of countries if employers and workers are to participate fully in the making of major economic and social policy decisions.

238. ILO constituents have been clear that they place a high value on policy and technical advice in the areas of labour law and labour administration and on the creation or reform of social dialogue institutions and processes at the national and subregional levels. The ILO will continue working to ensure consistent and integrated assistance in these inter-related areas. To support this process, authoritative social dialogue indicators will be developed as part of the ILO's overall decent work indicators. The ratification and application of key instruments such as the Tripartite Consultation Convention, 1976 (No. 144), the Labour Administration Convention, 1978 (No. 150), and the Collective Bargaining Convention, 1981 (No. 154), will help to deepen and widen the use of social dialogue as a means of building consensus, managing change and promoting good governance.

239. Many labour issues are sector-specific. In addition, the effects and implications of economic and social developments (e.g., globalization, technological change and new forms of work organization) may differ across sectors. The sectoral approach has particular relevance for the ILO's Decent Work Agenda because it addresses the causes of decent work deficits in different economic sectors and the policy responses for closing those deficits. The ILO has a vital role to play in providing sectoral constituents, at the national and international levels, with technical and advisory services. This support is essential if they are to participate meaningfully in complex policy discussions and in efforts to reach tripartite consensus on matters of sectoral and national interest.

240. The Governing Body is reviewing the ILO's sectoral activities programme with a view to taking a decision at its 286th Session (March 2003) on the implementation of a new approach in the 2004-05 biennium. The aim is to apply the most appropriate means for addressing sectoral issues and trends in order to maximize the impact of the ILO's work.

241. With regard to gender, the ILO will continue its commitment to improving the participation of women in all its activities. While significant progress in gender mainstreaming has been made during the 2002-03 biennium, work is still needed on measuring progress in this regard in both quantitative and qualitative terms. An innovative approach to following up on and moving beyond the issue of representation is needed, with the aim of increasing

the quality of the participation of both men and women. Using the knowledge base developed during the 2002-03 biennium, practical tools could be developed to assist ILO constituents to better mainstream gender. Work on promoting social dialogue through gender institutions will also be continued.

Table 8. Strategic resources for Social Dialogue by operational objectives

| Operational objective | Proposed regular budget strategic resources (in constant 2002-03 US\$) | Estimated extra-budgetary expenditure (in US\$) | Estimated 2000-01 surplus expenditure (in US\$) |
|--|--|---|---|
| 4a Social partners | 69,538,429 | 6,871,000 | 1,943,000 |
| 4b Governments and institutions of social dialogue | 38,398,873 | 17,190,000 | 1,407,490 |
| Total 2004-05 | 107,937,302 | 24,061,000 | 3,350,490 |
| Total 2002-03* | 109,313,843 | 23,137,000 | 1,689,210 |

* Revised regular budget strategic resources (new methodology) and updated estimates for extra-budgetary resources.

242. This table gives the total strategic resources proposed for Social Dialogue. In spite of the modest decrease in strategic resources available for this objective (\$1.38 million as compared to 2002-03), it remains the objective with the most resources under the regular budget, including the largest share of RBTC resources. In addition, social dialogue and the participation of employers' and workers' organizations is mainstreamed in work under other strategic objectives. There is no reduction in the budgets of the Bureau for Employers' Activities, and the Bureau for Workers' Activities, and the numbers of employers' and workers' activities specialists in the regions remain the same as in 2002-03.

243. Estimated extra-budgetary resources show an increase of \$0.92 million for 2004-05 and estimates for 2002-03 have been revised upwards as well. Further efforts will be made to attract additional donor funding. In addition, all ILO technical cooperation projects are expected to include a social dialogue component and where possible to identify resources supporting the participation of employers' and workers' organizations.

244. Resources from the 2000-01 surplus will facilitate work on new internationally accepted systems of security in shipping and ports, and for responses to negative employment impacts in industries directly affected, by terrorist attacks on and since 11 September 2001. Development of a consolidated instrument in the maritime sector will benefit from surplus funds. Following a Governing Body decision, substantial surplus funds will be used to strengthen social dialogue activities, including with respect to the Global Compact, the informal economy and the PRSP process.

245. The proposals under this strategic objective are based on resources under the regular budget, the 2000-01 surplus and estimated extra-budgetary expenditure. Additional unfunded priorities are identified at the end of the text on each operational objective.

Operational objective 4a: Social partners

The representation, services and influence of the social partners are strengthened.

Indicator 4a.1: New or improved services

Employers' or workers' organizations that provide new or improved services to their members or strengthen their capacity to provide such services.

Targets

- (i) Employers' organizations in 35 member States;
- (ii) Workers' organizations in 40 member States.

The targets for 2002-03 are: "employers' organizations in 20 member States and workers' organizations in 30 countries." The targets (and outcomes) for the corresponding indicator, which was 4c.1 in 2001-02, were: employers' organizations in 20 member States (outcome, more than 40) and workers' organizations in 30 countries (outcome, more than 50).

Indicator 4a.2: Expanded representation

Employers' or workers' organizations that take policy or practical initiatives to extend representation of their organizations.

Targets

- (i) Employers' organizations in 20 member States;
- (ii) Workers' organizations in 40 member States.

The targets for 2002-03 are: "employers' organizations in ten member States and workers' organizations in 30 countries." The targets (and outcomes) for the corresponding indicator, which was 4c.2 in 2001-02, were: employers' organizations in ten member States (outcome, 13) and workers' organizations in 30 countries (outcome, more than 50).

Indicator 4a.3: Influencing social policy

Member States in which the social partners have greater capacity to influence economic and social policies and programmes.

Target

30 additional member States.

This indicator was introduced in the Programme and Budget for 2002-03 with a target of "15 additional member States".

Strategy

246. Tripartism and social dialogue are integral components of decent work and essential channels for achieving it. The Resolution concerning tripartism and social dialogue, adopted by the 90th Session of the International Labour Conference, invited the governments of member States to ensure that the necessary preconditions exist for social dialogue, including respect for the fundamental principles and the right to freedom of association and collective bargaining, a sound industrial relations environment, and respect for the role of the social partners.

247. Tripartism and social dialogue, in addition to being a strategic objective in its own right, should be mainstreamed in all the work of the Office. This applies in particular to the social partners and will be supported by work funded by the 2000-01 surplus to give effect to the Resolution concerning tripartism and social dialogue adopted by the International Labour Conference in 2002. In November 2002, the Governing Body requested the Director-General to put in place a comprehensive cross-cutting plan of action for strengthening tripartism and social dialogue.

Work funded by the 2000-01 surplus: Following up on the Resolution concerning tripartism and social dialogue which was adopted by the International Labour Conference at its 90th Session (2002), and in consultation with tripartite constituents on the use of the surplus, the Office will be investing some surplus funds on capacity building. The aim is to strengthen the participation and influence of the social partners in key social and economic policy processes: contributing to the Global Compact; addressing decent work deficits in the informal economy; and participating in the PRSP process.

Employers' organizations

248. The survival and prosperity of enterprises depend on their competitiveness. Effective employers' organizations influence regulatory and policy environments with a view to improving the performance of enterprises, which in turn creates employment opportunities. By providing enterprises with information, advice and training, employers' organizations contribute to the operational efficiency of enterprises. As partners in tripartism and social dialogue, employers' organizations have a major contribution to make in building the relationships and understanding that must underpin the Decent Work Agenda. For the ILO, the strengthening of the capacity of employers' organizations to deliver appropriate services and technical support to enterprises will remain a high priority.

249. The ILO will intensify its capacity-building programmes to strengthen the capacity of employers' organizations to deliver information, advisory and training services to improve the operational efficiency of enterprises. They will be supported in their advocacy and participation in tripartite discussions for influencing public policies. The ILO's technical cooperation will address the most pressing concerns for employers and assist their representative organizations to provide the appropriate advice and technical support as well as new or improved services, when feasible. The ILO's success in exceeding its targets in the 2000-01 biennium was largely due to progress in helping employers' organizations adopt a strategic approach to their own management and development. This method will continue to be used.

250. The concerns of enterprises cut across all four major dimensions of the Decent Work Agenda. They also encompass the shared policy objectives. Consequently, the employers' activities programme of the ILO will work with all the technical sectors, including in the development and implementation of a number of technical cooperation projects.

251. The ILO will strengthen existing partnerships with international organizations working on the subjects of HIV/AIDS and the promotion of the Global Compact. It will seek to boost the contribution of employers in the PRSP process, with the aim of showing the positive contribution of social dialogue for the resultant programmes and the outcomes of these processes.

252. Equal opportunities for women in the labour market will be promoted, especially in the light of more flexible forms of employment and work organization. Measures will be taken to promote women's leadership in business which will result in enhancing their position in employers' organizations.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposal identifies a priority should additional funding become available.

- **Employers' organizations:** The ILO would seek extra-budgetary resources to finance technical cooperation activities to strengthen employers' organizations. Such financing is necessary to support the regular budget resources and enhance the impact of technical cooperation. They would reinforce efforts to achieve Strategic Objective No. 4 and operational objective 4a in two broad areas. First, they would be used to strengthen the systems and processes of employers' organizations, and thereby improve their operational efficiency. Second, they would be used to assist employers' organizations to face issues and challenges that have an impact on business, thus building their knowledge and skills base and making them more relevant to their membership. Such issues generally relate to competitiveness, and cover subjects as diverse as productivity, industrial relations and social dialogue, HIV/AIDS, corporate social responsibility, Global Compact and the ILO Declaration, the informal economy, enterprise development (especially SMEs), and child labour. **(Additional resources proposed: \$5.4 million)**

Workers' organizations

253. As the ILO pursues an integrated approach to reinforcing the links between good governance, poverty reduction and respect for fundamental principles and rights at work, it will support efforts by workers' organizations to provide their members with improved and new services. The aim is to enable these organizations to play a meaningful role in the economic and social policy debates at the national and international levels, to extend their representation, and to contribute to strategies and programmes for attaining internationally agreed development goals and regional priorities. The ILO is committed to enhancing the role of trade unions in fostering the social dimension of globalization.

254. The ILO will support workers' organizations to respond to their members' requests to advance the Decent Work Agenda based on strategic planning, as well as general capacity- and institution-building training activities. Experience has shown that the main areas of interest are: strategic planning; support in using the Declaration on Fundamental Principles and Rights at Work; and fundamental Conventions. A rights-based development strategy will be put in place, based on promoting 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). The focus will be on countries that have a high incidence of violations of fundamental workers' rights. The work will be carried out with Office-wide collaboration.

255. Longer term technical cooperation programmes will be developed, with a view to strengthening the participation and influence of workers' organizations in national tripartite policy-making bodies. In cooperation with the Turin Centre, possibilities will be offered for innovative education and distance learning courses, networking with academic circles, and access to applied research on subjects of interest. The aim is to enable workers' organizations to: play a meaningful role in addressing social and labour issues (e.g. globalization, HIV/AIDS, the informal economy, working conditions in EPZs, the situation of disadvantaged groups); analyse labour market trends better; draw up employment policy proposals; and participate in the PRSP process. Gender mainstreaming by trade unions will be an essential strategic element to better involve women in trade union activities. Equity between women and men as regards issues of collective bargaining and working conditions of women workers (particularly in EPZs) will be high on the priority list.

256. Workers' education programmes will be tailored to regional priorities. For example, in *Europe and Central Asia* they will address the issues of freedom of association, collective bargaining and social protection, including for migrants workers. In *Asia and the Pacific*, the main concerns are about creating and strengthening social dialogue institutions and social protection. Freedom of association, collective bargaining and the addition of a social pillar to economic integration are key issues in the *Americas*. Greater participation of trade unions in the PRSP process and the addressing of HIV/AIDS at the workplace are priorities in *Africa*; the promotion of fundamental principles and rights at work and social protection are key objectives in the *Arab States*.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposal identifies priorities should additional funding become available.

- **Workers' organizations:** Increasing access to training, education and strategic planning for workers' organizations at all levels – using ICT, distance learning and train-the-trainers – to ensure that workers' representatives would be influential social partners in national policy formulation and implementation. This would include the possibility of the development of a Global Labour University. Specifically, such capacity building would include the subjects of: core labour rights; social dialogue to improve labour relations; the informal economy; gender equality; child labour; and HIV/AIDS. **(Additional resources proposed: \$6.8 million)**
- Additional training would be offered to promote and implement core labour rights, the MNE Declaration, decent work in agriculture and the informal economy and social dialogue institutions in EPZs. **(Additional resources proposed: \$6.5 million)**
- Proposals have been developed to enable workers to participate more effectively in employment promotion, employment policy formulation and implementation, particularly those workers in crisis-affected countries or those countries emerging from armed conflict, and to utilize joint trade union-cooperative action. **(Additional resources proposed: \$2.9 million)**
- Additional resources would be used to assist workers' organizations in providing new/improved services in social protection, including safety and health, social security, the promotion of the Safety and Health in Agriculture Convention, 2001 (No. 184) and HIV/AIDS prevention. **(Additional resources proposed: \$6.5 million)**
- Finally, additional resources would be directed to enabling workers' organizations to contribute effectively to sustainable social and economic development, poverty alleviation and fair governance, including issues of globalization, the informal economy and bridging the digital divide. These issues would be addressed through applied research and publications on topical issues. **(Additional resources proposed: \$1.5 million)**

Operational objective 4b: Governments and institutions of social dialogue

The legal frameworks, institutions, machinery and processes for social dialogue are strengthened and used.

The objective has been revised with the addition of the words "and used". The aim is to focus on the practical application of social dialogue for the purposes defined in the corresponding indicators.

Indicator 4b.1: Applying social dialogue Conventions

Member States that ratify and effectively apply ILO Conventions addressing the institutions or practice of social dialogue.

Targets

- (i) 3 ratifications of Convention No. 144;
- (ii) 5 ratifications of Convention No. 154;
- (iii) 5 member States implement Convention No. 144 more effectively;
- (iv) 15 ratifications of Conventions in specific sectors.

Two targets for this indicator were first introduced in the 2000-01 biennium and maintained in the 2002-03 biennium. They are: ten ratifications of Convention No. 144 and 15 ratifications of Conventions covering specific sectors. The outcomes in 2000-01 were

seven ratifications of Convention No. 144 and 35 ratifications of Conventions covering specific sectors. The other two targets (ii) and (iii) are new for 2004-05.

Strategy

257. During 2004-05, the focus of the ILO's work in relation to the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), will move from ratification to more effective application. Promotional material developed in the 2002-03 biennium will be widely distributed and serve the basis for engendering a culture of social dialogue in member States in all regions. In response to regional requests for support in strengthening bipartite collective bargaining, the ILO will encourage the ratification of the Collective Bargaining Convention, 1981 (No. 154), which has not been widely ratified. Using appropriate material, this advocacy initiative will help to raise constituents' awareness of the aims and provisions of this instrument and its corresponding Recommendation (No. 163).

Indicator 4b.2: Adopting legislation using social dialogue

Member States that adopt legislation based on ILO standards and advice, with the involvement of the social partners.

Targets

Ten additional member States that adopt labour laws or other employment-related legislation based on ILO advice and involving a tripartite consultative process.

The number in this target remains unchanged; however, both the areas of action and the means are now explicitly identified.

Strategy

258. The ILO will continue to fulfil member States' requests for technical support for adopting, reforming and enforcing labour legislation. The focus in some regions, particularly in **Asia and the Pacific** and the European Union Accession countries will be to find a balance between statutory protection, flexibility and stability of employment relations within the context of ILO standards and the Declaration and through the strong and active involvement of the social partners. In other regions, in particular **Africa**, the ILO will support efforts to address the integration of the informal economy and support the shared policy objective of gender equality as well as the issue of HIV/AIDS through appropriate legislation.

Indicator 4b.3: Establishing institutions and frameworks for social dialogue

Member States that establish or strengthen legal frameworks, institutions, machinery or processes for bipartite and tripartite social dialogue.

This indicator was first introduced for 2002-03. It has been revised, with the inclusion of the words "bipartite and tripartite".

Targets

- (i) 5 member States establish or strengthen tripartite institutions;
- (ii) 5 member States improve the collective bargaining framework and processes;
- (iii) 5 member States establish or strengthen dispute prevention or resolution mechanisms so that disputes are dealt with more efficiently, effectively and equitably.

For the 2002-03 biennium there was a single target of 20 additional member States.

Strategy

259. Considerable ILO technical assistance, through extra-budgetary funding, has been devoted to establishing or strengthening tripartite bodies, collective bargaining and dispute settlement mechanisms. Nevertheless, in a number of ILO member States the legal and institutional frameworks for social dialogue are still weak. Consequently, the ILO will initi-

ate additional projects with a view to strengthening frameworks or establishing new ones in these countries, drawing lessons from its experiences with similar projects in other contexts.

Indicator 4b.4: Gender-responsive dialogue institutions

Member States where social dialogue institutions or processes, labour administrations and labour laws are more gender-responsive.

This is a revised indicator. It was introduced for the first time in the Programme and Budget for 2002-03, and reads as follows: "Member States in which social dialogue institutions or processes specifically address gender issues". It has been broadened to include specific references to labour administration and labour laws.

Targets

- (i) 5 member States increase the number of women represented in social dialogue institutions;
- (ii) 5 member States increase the number of issues that are addressed in a gender-responsive way through social dialogue institutions and processes;
- (iii) 5 member States where gender-responsive tripartite consultations are undertaken in the drafting of labour laws;
- (iv) 5 member States improve gender balance in relation to procedures established under Convention No. 150.

For the 2002-03 biennium there is a single target of 20 additional member States.

Strategy

260. An integrated approach will be adopted for improving the participation of women in social dialogue, labour administration and labour law reform processes. While there is evidence of increased awareness of the need to address gender issues as a result of past and ongoing initiatives in this regard, the ILO will use more innovative approaches to move beyond the question of balanced representation. The aim is to enhance the quality of the participation of both women and men in these processes, and to tailor training to meet the specific needs of women in the fields of industrial relations and labour administration.

Indicator 4b.5: Stronger labour administrations

Member States that strengthen labour administrations in their policy-making capacity, their responsibility for the implementation of decent work policies and their enforcement of labour law.

This is a revised indicator that goes beyond the scope of the corresponding indicators for the 2000-01 and 2002-03 biennia, which focused primarily on the number of ratifications of the Labour Administration Convention, 1978 (No. 150) and its application. In the Programme and Budget for 2002-03 it reads: "Member States that ratify or take practical steps to apply the Labour Administration Convention, 1978 (No. 150). For 2004-05 there is a link to initiatives for achieving decent work.

Targets

- (i) 5 member States modernize their labour ministries;
- (ii) 5 member States upgrade the skills of officials in labour administrations;
- (iii) 5 member States ratify Convention No. 150.

For the 2002-03 biennium there is a single target of 10 additional member States.

Strategy

261. In carrying out its long-standing commitment to strengthening labour ministries, the ILO will focus on modernizing institutions and systems, upgrading the skills of ministry officials and delivering specific services more effectively. The goal is to enable these ministries to make significant contributions to broader economic and social policy-making (e.g. PRSPs) and to carry out their regular functions with greater efficiency and impact. At the regional level, the ILO will provide assistance to the *Arab States* and *Europe and Central Asia* to facilitate the exchange of information on national experiences as regards labour administration and the promotion of ILO standards.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposal identifies a priority should additional funding become available.

- **Modernizing and extending labour administration services to the informal economy:** In line with the ILO resolution concerning decent work and the informal economy, adopted at the International Labour Conference in 2002, governments have a key role to play, in consultation with workers and employers, in promoting decent work through the extension of their services to the informal economy. This requires the development of innovative approaches and new tools which can be used by ministries of labour to provide technical assistance to small and micro-enterprises, independent or self-employed workers. This proposal is part of a more comprehensive approach that involves capacity building of the social partners to embrace the informal economy into the formal one. Extra-budgetary resources would be used to establish pilot units in a number of selected ministries. **(Additional resources proposed: \$1.5 million)**

Indicator 4b.6: Expanded use of social dialogue

Member States and regional or subregional groupings where social dialogue is more widely used for consensus building, economic and social development, and good governance.

This is a revised indicator. The corresponding text in the Programme and Budget for 2002-03 states: "International organizations and regional or subregional groupings that integrate social dialogue into labour-related policies, action plans and institution building".

Targets

- 3 regional or subregional groupings that integrate a tripartite approach to economic and social policy-making;
- 10 member States that include the social partners in the PRSP process;
- 5 member States that extend the subject matters of social dialogue.

The targets are new.

Strategy

262. The ILO will reinforce its technical support and advisory services to enable member States and regional institutions to involve the social partners in, and adopt tripartite approaches for, addressing complex problems that require collaborative efforts and responses (e.g. the ageing of the population; pension reform; the introduction of new technologies; HIV/AIDS at the workplace; the growing informal economy; lifelong learning and skills development; international competition; and subregional and regional integration). The ILO will take an Office-wide approach to promoting the meaningful participation of the social partners in the PRSP processes in *Asia and the Pacific*, and *Africa*, and in

national economic and social policy-making as a whole. Social dialogue, as a crucial vehicle for achieving decent work, will be promoted jointly with ILO programmes in the area of training and lifelong learning. The involvement of the social partners will be supported in the context of NEPAD and the African Union, as well as in the economic integration process in the *Americas*. Partnerships with the World Bank and International Monetary Fund will be pursued to carry out this work.

Work funded by the 2000-01 surplus: All the regional proposals show that member States would like greater participation by the social partners in the drawing up and implementation of policies, programmes and strategies for achieving decent work, internationally agreed development goals, and regional cooperation. In *Africa* surplus funds will be used to extend workers' representation in the informal economy in eight countries. The capacity of employers' organizations in the areas of analysis and policy development is to be upgraded and the social partners are to be strengthened. Employers' organizations in the *Americas* will be supported to assume a stronger role in the adoption of policies and strategies for employment and enterprise promotion. Young leaders in workers' organizations in MERCOSUR countries will be apprised of the ILO's Decent Work Agenda and other labour-related subjects. Tripartite institutions will be strengthened in Central America, while the capacities of workers' organizations in the Andean subregion will be reinforced to enhance their role in social dialogue and negotiations. Similar capacity-building projects for tripartite constituents are being undertaken in the Caribbean. In *Asia and the Pacific*, tripartite constituents will be involved in introducing policies and strategies to revitalize labour market institutions through an integrated approach. In *Europe and Central Asia* workers' organizations in Belarus will be strengthened to facilitate social dialogue. Strengthening employers' and workers' organizations as part of rebuilding social dialogue in territories under the Palestinian Authority is the focus of work in the *Arab States*.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- **Promoting good governance:** One of the key areas of work to be further developed is to promote the acceptance and the practice of social dialogue as an essential component of good economic and social governance. Extra-budgetary resources would be used to undertake research on the inter-relationship between social dialogue and other key governance issues such as transparency and accountability, dissemination of good practices, and technical assistance to strengthen the institutions and mechanisms of social dialogue at national level. A system of benchmarking and monitoring would be developed to measure the link between social dialogue and good governance in a number of selected countries. **(Additional resources proposed: \$1.5 million)**

- **Social dialogue and regional integration:** Economic integration is being promoted in many regions of the world without the direct involvement of the social partners. Extra-budgetary resources are required for capacity building of the social partners and for establishing and strengthening tripartite institutions within regional and subregional frameworks. This would enhance the role of the tripartite constituents in taking part – such as in the case of NEPAD – in the decision-making process aiming at: improving employment opportunities by promoting investment; increasing the employment-intensiveness of growth; reducing non-wage labour costs; increasing the effectiveness of labour market policies; and improving assistance for long-term unemployed. This calls for: research on the social dimension of regional integration; better knowledge and exchange of social dialogue practices within and between regions; and promoting harmonization of laws and practices at regional and subregional levels. The regional or subregional groupings where such work can be undertaken include SADC, UEMOA, ASEAN and MERCOSUR. **(Additional resources proposed: \$2.5 million)**

Indicator 4b.7: Improved conditions in specific sectors

Member States where constituents use social dialogue to target and take effective action to improve working and living conditions in specific economic sectors.

This is a new indicator.

Target

Fifteen cases where Conventions are ratified or legislation is adopted to provide for improved working conditions in a specific economic sector.

This is a new target that focuses not only on the ratification of sector-specific Conventions but also the adoption of legislation that would make it possible to apply their provisions in practice.

Strategy

263. The ILO has agenda-influencing opportunities in key economic sectors, such as the maritime sector. Issues affecting particular sectors and industries will be identified and analysed (e.g. HIV/AIDS at the workplace, occupational safety and health, information and communication technologies, child labour in certain sectors). They will be the subjects of policy-oriented research. The results will be made available to tripartite constituents and other institutions working on issues of relevance to the sectors concerned. One of the priorities will be to increase the dissemination of sector-specific labour information through the sectoral “one-stop window” which is Internet-based.

264. The ILO will encourage its constituents to deepen sectoral social dialogue at the country, regional and global levels. This will be done through sectoral meetings, follow-up and technical and advisory services. The primary purpose will be to strengthen the institutions of and parties to social dialogue at the sectoral level.

Work funded by the 2000-01 surplus: The repercussions of the tragic events of 11 September 2001 were particularly strong in certain economic sectors and industries. Faced with this unprecedented crisis ILO constituents called on the Office for support in addressing the labour consequences of these events with respect to ports, the maritime transport industry, tourism and civil aviation sectors. Over the 2002-03 and 2004-05 biennia, surplus funds will be used for the ILO to work jointly with the International Maritime Organization (IMO) in drawing up a globally accepted code of security to protect the rights of workers in ports. For the maritime transport industry, an international labour standard for seafarers' identification is being developed. The aim is to protect access to employment for workers from developing countries while measures for enhancing security in this industry are being put in place. Civil aviation is another hard-hit sector for which the ILO has been asked to provide policy advice. Surplus funds will finance work on developing guidelines on employment practices to be taken into account in policy-making processes in this sector.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- **Promoting decent work in particular economic sectors:** Significant progress in reducing decent work deficits can also be accomplished through focusing on improving working and living conditions in specific economic sectors. For example, in the maritime sector, additional support for the major project of consolidating 69 maritime labour standards would enhance the possibilities for a comprehensive Convention to be widely ratified, implemented and enforced. This would require the ILO's assistance in the areas of: advocacy; building the capacity of tripartite constituents; training – including the development of training materials and tools; regional and national seminars; technical advisory services; and technical assistance. **(Additional resources proposed: \$3 million)**
- Additional support in the area of seafarers' identification is needed to promote the rapid ratification of the new instrument on seafarers' identification to be adopted in June 2003 by the International Labour Conference and to maximize the possibility for its early entry in force. In July 2004, all IMO maritime security measures enter into force. Developing countries would need assistance to be able to issue the new identification document to their seafarers, have access to the technology for its issuance and put systems in place to meet the requirements of the new instrument including monitoring of national systems. **(Additional resources proposed: \$3 million)**
- Finally, consideration would be given to provide support for integrated action proposals for the promotion of decent work in particular sectors. Three specific proposals are being submitted for consideration:
 - A global programme addressing improvements in the competitiveness of the textile, clothing and footwear sectors, to be piloted in particular countries. **(Additional resources proposed: \$1.5 million)**
 - An action programme on decent work in agriculture. **(Additional resources proposed: \$3 million)**
 - An action programme on teachers for the future: meeting teacher shortages to achieve Education for All. **(Additional resources proposed: \$1.5 million)**



SHARED POLICY OBJECTIVES

OPERATIONAL OBJECTIVES

AN INTEGRATED APPROACH TO DECENT WORK

Constituents in member States adopt and apply integrated economic and social policies that promote decent work.

POVERTY REDUCTION AND SOCIAL INCLUSION

Member States include decent work goals in national poverty reduction policies and programmes.

GENDER EQUALITY

ILO constituents take positive action to increase gender equality in the world of work.

INTERNATIONAL PARTNERSHIPS

Tripartite constituents and ILO partners at the international and regional levels support integrated economic and social policies that promote decent work.

KNOWLEDGE

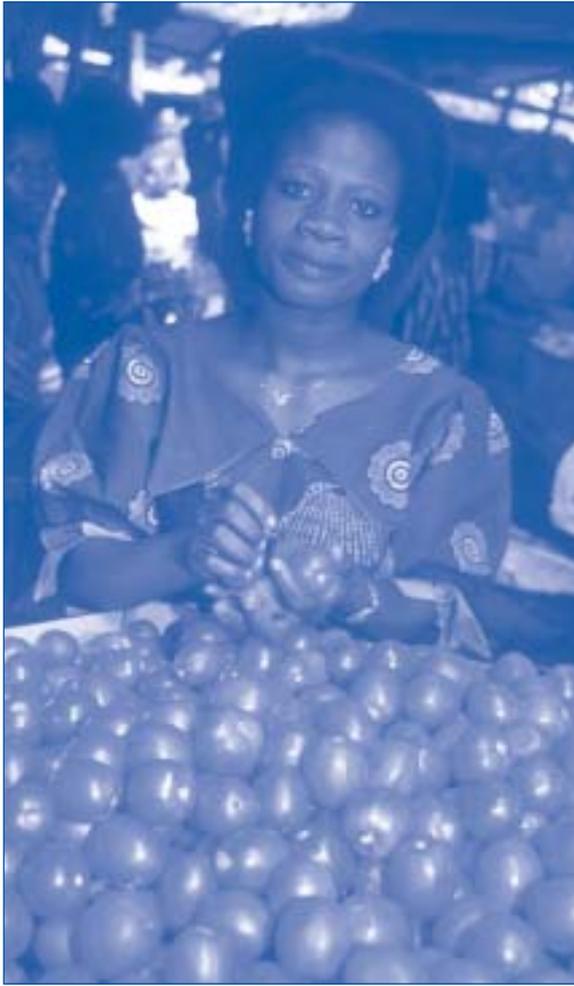
Policies to promote and realize decent work are based on sound information and gender-disaggregated statistics.

COMMUNICATION AND VISIBILITY

ILO proposals and messages shape public opinion and the views of key decision-makers.

INTERNATIONAL TRAINING CENTRE OF THE ILO, TURIN

THE INTERNATIONAL INSTITUTE FOR LABOUR STUDIES



Shared policy objectives

265. The significance of the ILO's four strategic programme objectives under the Decent Work Agenda can be fully appreciated only when taken together. In order to strengthen Office-wide collaboration, six objectives cutting across the four strategic objectives have been identified. These objectives are an integrated approach to decent work, poverty reduction and social inclusion, gender equality, international partnerships knowledge, and communication and visibility. Two of these objectives are new; they did not appear in the section entitled 'cross-cutting activities' in the Programme and Budget for 2002-03; they are poverty reduction and social inclusion, and knowledge. In the case of the latter, it was partly covered under the subject 'statistics' which is now an important component of the objectives of pursuing decent work and of strengthening the ILO's knowledge base. By virtue of the horizontal nature of the objectives, all ILO units, in the regions and at headquarters, including the International Training Centre of the ILO, Turin, and the International Institute for Labour Studies, will contribute to their realization. The six objectives are expressed in results-based terms, with all units having shared responsibility for achieving them.

Priorities identified in proposals from ILO regions

The proposals submitted by ILO regions reflect priorities identified by constituents in ILO member States. The following is a synthesis of the priorities as they relate to the shared policy objectives.

Africa

- Include decent work goals in national poverty reduction strategies and address the gender dimensions of poverty, HIV/AIDS, good governance, crisis management and peace building, and socio-economic integration.
- Consolidate partnerships with employers' and workers' organizations at sub-regional level, and build strong relationships with United Nations agencies, other multilateral institutions, bilateral donors and non-governmental organizations in Africa.
- Enhance capacities in the areas of information and communication, particularly for sharing knowledge on the impact of regional integration on decent work (e.g. SADC).

Americas

- Prepare tripartite national plans on decent work and raise awareness about decent work and its relevance to poverty reduction and development so that priority is given to the creation of productive employment and development.
- Mainstream gender equality at national and regional levels and use the conclusions and recommendations of gender audits carried out in the region as a basis for future action.
- Strengthen partnerships and capacities to generate and share knowledge.

Arab States

- Develop a platform for the regionalization of the Decent Work Agenda through national plans of action, sharing information on country experiences, and building a statistical base to identify decent work deficits and progress in reducing them.
- Address the issues of poverty and social inclusion, paying particular attention to the situation of vulnerable groups and women workers.
- Raise awareness of the relevance of social and labour rights to social and economic progress through better communication and knowledge sharing.

Asia and the Pacific

- Develop a decent work strategy for the region in collaboration with ILO constituents, and pursue poverty reduction strategies that address all areas of ILO action, and are carried out within the PRSP and UNDAF frameworks.

- Mainstream gender equality through gender analyses, gender-sensitive strategies, and collaboration with the social partners.
- Strengthen partnerships and capacities to generate and share knowledge.

Europe and Central Asia

- Develop and implement national decent work programmes with the participation of the tripartite constituents, and mainstream gender equality, including through gender analysis and the strengthening of institutional mechanisms and constituents' organizations.
- Build networks and partnerships at the national, regional and international levels.
- Strengthen capacities in the areas of knowledge, information and communication.

An integrated approach to decent work

266. Progress towards decent work requires both in-depth work on each of its different dimensions and an integrated approach that brings these dimensions together in a coherent and consistent policy framework. Inconsistencies between economic, financial and social policies are widely criticized at both global and national levels. If the social dimension of globalization and the key challenges to it are to be tackled, complementarities need to be sought. Calls for a more integrated approach to economic and social policies have multiplied, most recently at the World Summit on Sustainable Development. The Decent Work Agenda as a whole provides a framework for a more integrated approach to economic and social policies. Simultaneous action on the different dimensions of the ILO's mandate can generate outcomes which are greater than the sum of the parts, in an approach which reflects the integrated way in which people view their lives.

267. At the global level, unequal access to the benefits of globalization has led not only to protests in the streets, but also to a wider sense that the rules of the game are unfair and that alternative models are needed. The creation of the World Commission on the Social Dimension of Globalization is in part a response to this search for a fairer world. Its recommendations may sketch out the contours of new analytical and policy research on how greater coherence within the multilateral system can contribute to eliminating decent work deficits.

268. At national level, the Decent Work Agenda has been widely adopted by ILO constituents as a framework which permits them to treat their concerns and objectives in a systematic and integrated way. There is a widespread demand for ILO support to national action around the Decent Work Agenda, both in its own right, and as part of wider national development strategies – e.g. poverty reduction strategies within processes such as PRSPs, MDGs and UNDAF.

269. Such issues need to be addressed through a broad-based and integrated programme, carried out in partnership with other organizations in the multilateral system. (See more under “International Partnerships” later in the text.)

270. To build the capability of ILO constituents and the Office to carry out such a programme, new and improved approaches and tools are required. This includes indicators to measure progress made towards decent work goals. (See more on decent work statistics under “Knowledge” later in the text.) Research is needed to identify the economic and social policy packages that are most conducive to reducing decent work deficits, and policy development for specific areas, such as the informal economy (see box) and other issues of importance for development strategy. To this end, it is necessary to deepen understanding and develop consistent approaches and policy messages on a number of key issues of concern to constituents. As an example, review of developments in export processing zones would shed further light on the conditions in which these can be sound, gender-sensitive development strategies to provide decent work (see box).

Operational objective: An integrated approach to decent work

Constituents in member States adopt and apply integrated economic and social policies that promote decent work.

Indicator a: Integrated policies within the multilateral system

The global policy debate is influenced by ILO analytical work on integrated economic and social policies within the multilateral system.

Target

Three published analytical policy papers are discussed in multilateral policy fora.

Indicator b: Integrated policies for decent work

Constituents in member States that adopt integrated policies to pursue decent work goals.

Target

Constituents in 12 member States.

Strategy

271. The strategy will entail ILO-wide collaboration, including with the Institute and the Turin Centre. It will also draw on the work of the World Commission on the Social Dimension of Globalization to identify key national and international policies for promoting decent work in open economies and develop options proposed for institutional change. The aim is to work towards an integrated policy framework. Outcomes will be applied both in support of national policy development and implementation, as well as research, to show the relevance of the Decent Work Agenda at the country, regional and international levels. Elements of the work include:

- examine how greater policy coherence within the multilateral system can contribute to eliminating decent work deficits. Stress will be placed on identifying the results of current internal contradictions between trade, aid and financial policies, analyses to demonstrate the potential benefits for decent work of specific steps towards greater coherence in international economic policy formulation, and synergies between such policies and the Decent Work Agenda, including its gender dimension;
- carry out an analysis of major new policy issues for the global economy, the development of options for institutional change and the systematic review and an analysis of new ideas and proposals, following up the work of the World Commission;
- develop consistent ILO approaches on selected major issues within the Decent Work Agenda through cross-Office teams. Priority will be given to proposals made by the regions, including the promotion of decent work in the informal economy (based on the 2002 Conference resolution and requests from *Africa* and *Asia and the Pacific*); regional integration and decent work (emphasized by *Africa*, the *Americas* and to a lesser extent *Asia and the Pacific*); poverty and decent work; and sustainable development;
- analyse progress in the adoption of the decent work approach in different national and economic contexts, and relationships with other national or multilateral policy frameworks (e.g. UNDAF, PRSPs or the MDGs). Mid-term reviews of decent work pilot programmes will provide lessons on more integrated policy packages, modalities for integration at the country level as well as integrated action within the ILO. These will be widely disseminated and their methodological implications spelled out;
- translate the ILO's Decent Work Agenda into practical frameworks that address national priorities in different contexts (including the informal economy), through publications and practical tools (guidebooks, reviews of good practices, checklists), and support for constituents to formulate, monitor and analyze gender-sensitive economic and social policies that promote decent work;

- strengthen ILO capacity to support this agenda through improved collaborative working methods among sectors and regions, and including lessons learned from Decent Work Pilot Programmes (DWPPs). The capacity of ILO field structures to promote integrated Decent Work Country Programmes, and the capacity of constituents to implement them, will be developed together with the Turin Centre.

The informal economy

When the International Labour Conference adopted a resolution concerning decent work and the informal economy at its 90th Session (June 2002), it invited the Governing Body to request the Director-General to take into account the conclusions adopted by the Conference when preparing the Programme and Budget for 2004-05. The resolution called for the needs of workers and economic units in the informal economy to be “addressed with an “identifiable and highly visible programme of work with dedicated resources ...”.

The Conclusions specifically highlighted the need for tripartism in future activities. Emphasis was placed on an integrated approach, with Office-wide participation, from a decent work perspective. Furthermore, the Conference underlined that initiatives should build on existing activities such as the Decent Work Pilot Programmes and Poverty Reduction Strategy Papers and also be linked to other major initiatives. The Conference resolution has guided the formulation of proposals on the informal economy for the 2004-05 biennium. Specific proposals include: measures to assist informal economy employers and workers in organizing, programmes on combating child labour and forced labour; enhancing job quality and productivity in small informal businesses; and the extension of social protection schemes.

Mechanisms are being set up to collect and share lessons from good practice and policy across the four strategic objectives and different regions with a view to improving “know how” and “show how”. These will have to be improved in the light of experience.

Extra-budgetary resources will be sought both to support innovative approaches to the informal economy in various technical fields and to sustain an efficient network for knowledge exchange, enhancement and dissemination. Such resources will be necessary to address the concern for coherence and visibility of ILO work on the informal economy.

Work funded by the 2000-01 surplus: Surplus-funded projects will be undertaken with a view to advancing the Decent Work Agenda and showing its advantages as an approach for addressing the challenges of social and economic development in member States in all ILO regions. Decent work provides the overall ILO frame of reference for ILO support to policies and programmes in post-crisis situations. In *Europe and Central Asia*, decent work pilot programmes are planned for Kazakhstan and the northwest region of the Russian Federation. Plans are also under development for projects in *Africa, Asia and the Pacific* and the *Americas*. They include: the development of integrated approaches to decent work (e.g. in *Africa* and *Asia and the Pacific*); the establishment of networks to promote decent work including within the academic community; dissemination of information on decent work to target groups; and the provision of published research findings on decent work to ILO constituents (e.g. *Americas*). A description of the Office-wide statistical project on decent work, which is being funded from the surplus, can be found in the section on ‘Knowledge’. The aforementioned activities complement other related surplus-funded projects carried out under the ILO’s four strategic objectives.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available. Their content will be based on the experience of DWPPs - to demonstrate the operational validity of an integrated approach to decent work.

- Extra-budgetary resources would permit the launching of integrated action programmes in all regions including for building the capacity of constituents.
- Additional resources would be used for work on the international dimension of decent work to follow up on the work of the World Commission. This would encompass: monitoring of developments and international policy formulation on the social dimension of globalization; provision of technical support to tripartite constituents so that they can give practical effect to the recommendations of the World Commission; advocacy at the international and regional levels; and the forging of strong partnerships with multilateral institutions and the academic community. **(Additional resources proposed: \$12 million)**
(See also under “International partnerships” and “Knowledge”.)

Poverty reduction and social inclusion

272. Poverty reduction is today driving the international development agenda. It tops the list of the eight internationally agreed MDGs to be achieved by 2015. International strategies for debt reduction and donor aid are increasingly built around poverty reduction, notably through the PRSP process, which is influencing national development frameworks in an increasing number of countries. Globalization is also being judged by its ineffectiveness as a means to reduce poverty appreciably. The persistence of large-scale poverty is both morally indefensible and ultimately a threat to everyone’s prosperity and security. While there is some progress, the *2002 Human Development Report* suggests that at the present rate of economic growth, over 110 countries with close to 40 per cent of the world’s population will fail to meet the Millennium target of halving the proportion of people whose income is less than one dollar a day by 2015.

273. Poverty reduction and social inclusion are central to the proposals from the regions. For poverty reduction strategies to succeed, the linkages between decent work and poverty reduction are critical. Poverty disproportionately affects certain social groups excluded and marginalized from mainstream society. For such groups, discrimination and exclusion are the root cause of poverty. Poverty and work in the informal economy coincide all too frequently. Far too often, national strategies fail to take account of the direct contribution to poverty reduction of all four dimensions of the Decent Work Agenda. Employment, rights at work, social protection and social dialogue, including action in favour of gender equality, all directly reduce poverty. Beyond this, it is the combination of these different dimensions in an integrated decent work framework that is most effective as a means for lower incidences of poverty and improved social inclusion. There is an urgent need for greater policy integration to incorporate decent work goals in poverty reduction strategies.

274. The ILO is already engaged in some countries’ PRSP processes, but it needs to promote the incorporation of the Decent Work Agenda more widely and better prepare its constituents to participate meaningfully in the process. The ILO will strengthen the capacity of constituents to influence the national policy on poverty reduction on the basis of the Decent Work Agenda. Efforts to raise the visibility of decent work as a key element in the international poverty reduction agenda will continue. They will include an ongoing dialogue with the World Bank, IMF and major donors on PRSPs as well as development of national statistical capacity through the PARIS 21 consortium to monitor progress in achieving the MDGs.

Operational objective: Poverty reduction

Member States include decent work goals in national poverty reduction policies and programmes.

Indicator: Decent work and poverty reduction

Member States that include decent work goals and facilitate tripartite participation in national poverty reduction policies and programmes.

Target

20 member States.

Strategy

275. The ILO's poverty reduction strategy is an integrated Office-wide one, based on achieving the four strategic objectives. ILO support to member States for achieving national development goals includes decent work goals as anti-poverty components. For example, under the strategic objective concerning standards and fundamental principles and rights at work, poverty reduction is addressed in all technical cooperation projects on freedom of association, forced labour and child labour. This will be reinforced in the 2004-05 biennium when projects on the elimination of discrimination in employment and occupation are expected to be initiated. Adopting a rights-based approach to development implies that respect for international labour standards must be part and parcel of economic and social development policies and programmes. In order to realize these objectives, the capacities of tripartite constituents to contribute meaningfully to these policy initiatives are being reinforced through social dialogue.

276. The Office will pursue a four-fold strategy in order to:

- strengthen the conceptual and methodological framework linking decent work to poverty reduction. This will include substantive contributions from headquarters and the regions. Attention to the informal economy (identified by virtually all ILO regions) will be part of this strategy;
- develop effective and practical tools, guidelines and sourcebooks for integrating the Decent Work Agenda in country frameworks and processes relevant to poverty reduction (including multilateral frameworks such as the MDGs, UNDAF, PRSPs). In response to priorities identified by the *Africa, Americas and Asia and the Pacific* regions, this will include a review of good practices with respect to PRSPs and provide a platform for negotiation and policy integration at the country level. The lessons of the pilot programme on PRSPs undertaken in 2002-03, which showed the importance of social dialogue, will be used;
- provide technical support to the tripartite constituents to build their capacities for effective participation in the design of poverty reduction strategies;
- enlarge partnerships at the national, regional and international levels with a view to contributing to the poverty reduction agenda. This will include participation in the PARIS 21 initiative to develop national statistical capacity for monitoring this process and technical support to ILO regions (e.g. *Africa's* priority objective of supporting poverty reduction work within the NEPAD development framework).

Work funded by the 2000-01 surplus: A number of surplus-funded projects are being undertaken to lay the basis for an enhanced ILO contribution to initiatives for reducing poverty and promoting social inclusion through initiatives under the MDG and PRSP processes. Poverty reduction and social inclusion are integral to ILO programmes in all regions, under the four strategic objectives. The aim is to demonstrate the necessity of the decent work approach for tackling these issues in ILO member States.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposal identifies priorities should additional funding become available.

- Technical cooperation resources would be sought to complement and carry forward regular budget extra-budgetary activities undertaken in 2002-03. They would be used to build the capacity of constituents to participate in poverty reduction strategies in general and PRSPs and MDGs at the country level in particular, from a decent work perspective. Capacity-building initiatives undertaken in collaboration with the Turin Centre would be extended. **(Additional resources proposed: \$3 million)**

Gender equality

277. One of the key conferences underpinning the MDG process was the 1995 Fourth World Conference on Women, at which the Beijing Platform for Action was adopted. Over the years, there have been serious efforts at the national and international levels to address the issue of gender equality. However, much more still has to be done. Gender-based discrimination violates fundamental principles and rights at work, human rights and social justice. It weakens economic growth and the optimal functioning of enterprises and labour markets. This has been recognized by the international community, which is calling for gender equality to be integrated into development and poverty reduction initiatives (e.g. MDGs, Monterrey Consensus and Johannesburg Plan of Implementation). The ILO has an incontestable contribution to make in the attainment of these agreed objectives.

278. A number of high-priority gender issues are already being addressed in ILO programmes under the four strategic objectives. - In all ILO regions, gender analysis and strategies for addressing gender-based inequalities are essential for achieving ILO objectives. The need to strengthen the capacities of tripartite constituents to take effective policy and institutional measures for mainstreaming gender equality at the national, subregional and regional levels is recognized. In *Africa*, it is crucial to tackle the gender dimensions of poverty, the impact of HIV/AIDS, crisis management, peace-building and efforts to develop good governance. Employment and training projects for poor women are a priority for the *Americas* and *Asia and the Pacific*, where the emphasis is on empowering women in the informal economy. In the *Arab States* a key objective is to increase women's participation in the labour market and to promote equality between women and men for employment and social protection in crisis-affected areas. In *Europe and Central Asia* the need for gender equality and balanced representation of women and men at decision-making levels are considered important facets of governance and the rule of law.

279. The Office has adopted a gender mainstreaming strategy. This will strengthen the ILO's integrated approach to addressing gender equality issues in the world of work. Its effective implementation requires building a solid knowledge base on gender issues in the world of work through the systematic, Office-wide collection and analysis of data disaggregated by sex. Relevant gender indicators are critical for measuring and monitoring progress on gender equality. This includes action within the framework of time-bound programmes in selected countries and also to follow-up on the Global Report on discrimination under the ILO Declaration on Fundamental Principles and Rights at Work, to be examined in 2003 by the Con-

ference and the Governing Body. It will monitor, measure and report on progress made and lessons learnt using innovative and participatory methodologies such as gender audits.

Operational objective: Gender equality

ILO constituents take positive action to increase gender equality in the world of work.

Indicator a: International labour standards on gender equality

Member States that ratify at least one additional Convention with specific relevance to gender equality and all four of the key equality Conventions Nos. 100, 111, 156 and 183.

Target

25 member States have ratified at least one of the key Conventions Nos. 100, 111, 156 and 183 during the biennium, and 10 member States have ratified all four key equality Conventions.

Strategy

280. The following four ILO Conventions are considered important for achieving gender equality in the world of work: Equal Remuneration Convention, 1951 (No. 100); Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Workers with Family Responsibilities Convention, 1981 (No. 156) and the Maternity Protection Convention, 2000 (No. 183). The following means will be used to promote their ratification:

- continue the ongoing campaign for the ratification of the fundamental Conventions which include Conventions Nos. 100 and 111, and undertake advocacy work for the ratification of Convention No. 183 and Convention No. 156, to coincide with the 10th Anniversary of the United Nations International Year of the Family in 2004;
- select countries for targeted promotional and advocacy work for achieving the ratification of all four equality Conventions;
- carry out policy-oriented studies on work and family issues;
- provide technical support and advice to constituents for the design and implementation of national plans of action, and the drawing up of legislation that facilitates the ratification of these Conventions; and
- intensify the joint ILO-ICFTU campaign and Office-wide collaboration to improve working conditions in, and extend maternity protection to, the informal economy.

Indicator b: Positive change for gender equality

Constituents introduce positive changes in their policies, legislation, programmes or institutions aimed at bringing about significant improvements in equality between women and men in the world of work.

Target

In 25-30 member States policies, legislation, programmes and institutions of constituents contribute to increased gender equality with regard to rights, employment, social protection and social dialogue.

Strategy

281. The ILO will undertake the following:

- provide technical support to constituents for identifying national priority gender equality issues in the framework of the Decent Work Agenda;
- deliver gender-sensitive services and products to constituents;
- improve the capacity of institutional mechanisms within labour ministries, employers' and workers' organizations as well as tripartite commissions, to address gender equal-

ity concerns, including through gender analysis and planning, participatory monitoring and evaluation processes (e.g. gender audits/assessments);

- develop and implement time-bound gender equality programmes in selected member States, including those that have decent work pilot programmes and/or are engaged in the PRSP process;
- undertake advisory services and technical cooperation projects under the ILO's four strategic objectives - with a focus on gender equality- in specific industries, - economic sectors and certain categories of workers;
- network with relevant national organizations (e.g. associations of women entrepreneurs, institutions organizing women workers and dealing with gender issues), as well as regional and international organizations, in order to advance gender equality from an ILO perspective;

Export processing zones and the global economy

For over 20 years now, countries have been setting up export processing zones in a quest for foreign direct investment and job creation. They have invested in infrastructure and offered a range of concessions and incentives to investors. Has the EPZ strategy been a successful engine for development, when looked at from a decent work perspective (labour standards, employment, social protection, social dialogue)? Will EPZs provide a sound strategy for the future, in the context of greater trade liberalization and more fully developed multilateral and bilateral arrangements? What have been and what will be the effect of working in EPZs for women (who comprise 80 per cent of the EPZ workforce) and men? Work on these issues will include research at the macroeconomic, country and zone levels, demonstration projects in zones that have done well from both economic and social perspectives, publication of good practices, and capacity building for constituents to replicate such practices. Efforts will be made to interest other multilateral institutions in participating in the research, and to have the social partners reach out to NGOs in the context of practical activities at zone level. Extra-budgetary resources will be required to pursue this work, in which the Turin Centre will play an important role.

Indicator c: Balanced gender representation

ILO constituents make measurable progress in the representation of women at decision-making levels to attain balanced participation of men and women.

This is a long-term indicator for gender equality. In the immediate term, the targets are set on participation in ILO's governance institutions (Governing Body and International Labour Conference), and in meetings, seminars and training activities.

Target

For the 2004-05 biennium an accurate count will be made of the number and status of women and men participating in ILO meetings, seminars, training, under regular and extra-budgetary funding.

Strategy

282. The Office will take the following action:

- develop and make available to ILO constituents, statistical indicators and statistics disaggregated by sex;
- develop a methodology to collect and track participation rates in order to establish a baseline for measuring progress;

- analyse trends in participation rates and report on them regularly to the Governing Body and the International Labour Conference; and
- document and report on successful measures taken by constituents and the ILO to increase the participation of women at different levels in representative organizations and in ILO activities.

Work funded by the 2000-01 surplus: A number of - gender assessments (audits) will be carried out to strengthen the capacity of constituents to increase gender equality in the world of work and within the tripartite organizations. They represent a significant investment in building the capacity of ILO constituents in all regions to address the issue of gender inequality by taking the following measures: integrating gender equality in national policymaking and strategic planning processes in the social and economic spheres; setting up national mechanisms/institutional arrangements for social dialogue that would encompass gender equality issues; supporting associations that deal with gender equality; and increasing women's representation in all fields. All surplus-funded projects designed to make progress on decent work have a gender-equality component, as do projects in crisis-affected countries or territories.

Additional extra-budgetary proposals

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- Extra-budgetary funds would be sought to design technical services to strengthen the gender policy and strategy of constituents' organizations so that they can make gender-sensitive contributions to the PRSP process and visibly mainstream gender in decent work pilot programmes. The ILO would promote strategies that support women entrepreneurs and women workers in the informal economy, and advocate the business case for gender equality and the advantages of women's membership and leadership for enhancing the role and representation of trade unions.
- Extra-budgetary funds would be sought to launch integrated time-bound programmes on gender equality at the national level. They would draw upon gender equality technical cooperation activities implemented by the Office to address decent work deficits in relation to gender equality. The following would be covered: gender gaps with respect to pay and income; labour market participation patterns; occupational segregation; skills deficits; and social and labour protection coverage and representation.
- Extra-budgetary funds are needed to enhance gender equality through Social Gender Budgeting (SGB). Drawing on ILO experience as regards social budgeting, a policy analysis and evaluation tool would be designed for national policy planners and analysts to make social transfer policies responsive to gender inequalities in living and income standards. The Office would engage labour ministries and the social partners in a broad-based dialogue around gender equity issues in the context of people-centred budgets. The ILO's experience and tools of gender audits would be used in developing gender budgeting. Partnerships would be built at the national and international levels with the United Nations system, particularly UNIFEM and the World Bank as well as regional development banks. **(Additional resources proposed: \$5 million)**

International partnerships

283. Over the last decade the international community has reached unprecedented agreement on a wide range of commitments and plans of action for achieving economic and social development. This process, culminating in the United Nations Millennium Summit in 2000 and subsequent conferences on trade, financing for development, ageing and sustainable development, has shaped the global development agenda. To sustain this momentum, the international community needs to advance in three, mutually-reinforcing directions:

- (i) focus on implementation, moving from words to action, drawing on partnerships and alliances on the ground;
- (ii) further spell out the global agenda in regional, national and local specific terms, ensuring legitimacy and full ownership and engagement of all development actors; and
- (iii) formulate and apply coherent economic and social policies that give effect to the commitments made.

284. Multilateral organizations, including the ILO, are forming partnerships and alliances within the United Nations-coordinated development frameworks (UNDG and UNDAF) to support national development objectives. With its tripartite structure and long standing experience in the social and labour fields, the ILO is in a unique position to influence thinking and decisions of development actors in general and multilateral organizations in particular.

285. ILO constituents in all regions are committed to strengthening tripartism and social dialogue in order to address social and economic development issues and build effective partnerships with international, subregional and regional organizations, bilateral donors, and relevant non-governmental organizations (NGOs). In the *Arab States* child labour and employment are priorities for collaborative action. In *Europe and Central Asia* several organizations will be working together on human trafficking, HIV/AIDS and child labour. In *Africa*, partnerships are crucial for dealing with poverty, employment and HIV/AIDS within the framework of NEPAD. In the *Americas*, coordination on poverty policies among countries involved in the PRSP process will be pursued. A programme within the Youth Employment Network will be prepared. In *Asia and the Pacific*, ILO constituents will collaborate with regional financial institutions on poverty, gender equality, the informal economy and HIV/AIDS.

Operational objective: International partnerships

Tripartite constituents and ILO partners at the international and regional levels support integrated economic and social policies that promote decent work.

Indicator a: Global conferences promote decent work

Conclusions of global conferences and policy statements by United Nations organizations, the Bretton Woods institutions and regional organizations that make explicit reference to integrated economic and social policies that promote decent work.

Targets

- (i) Three major international policy documents (of the UN, World Bank Development Committee, and G8, G77, G15 or OECD).
- (ii) Two regional initiatives (with either AU, NEPAD and SADC in Africa, one of several sub-regional groupings in the Americas, or APEC and SAARC in Asia and the Pacific) express support for decent work policies.

Indicator b: Advocacy for decent work

Partnerships between ILO constituents and multilateral organizations, donors and civil society organizations, including parliamentarians, and faith-based groups, sup-

port the Decent Work Agenda at the international and regional levels, and ensure balanced funding for the ILO's technical cooperation programme.

Target

Two partnerships at the international level, and one at the regional level

Strategy

286. Partnerships are effective vehicles for raising awareness of the ILO's Decent Work Agenda, and mobilizing support. The strategy aims to reinforce partnerships between ILO constituents and the United Nations system (e.g. through UNDG), other multilateral institutions, the donor community and beyond. Networking and advocacy will be based on the results of in-depth research on global policy issues and analyses of options and solutions as developed throughout the ILO. The recommendations of the World Commission on the Social Dimension of Globalization, as endorsed by the Governing Body, will form an important basis for pursuing this objective. This strategy includes the following:

- strengthening contacts and alliances with key external actors, including groups that influence opinions and policies in order to engage in advocacy, mobilize support for the Decent Work Agenda and raise awareness about its relevance to major international and regional goals;
- monitoring international and regional developments, and coordinating ILO participation in and contributions to international debates, major global conferences and other international and regional forums. Within the framework of the United Nations Development Group, the ILO will play an active part, together with the United Nations funding agencies and major specialized agencies, in coordination, at the country level.
- building a consistent ILO-wide approach to relations with external partners by apprising ILO units and regions of relevant information and developments and assisting them to engage in policy dialogue with external partners;
- supplementing cooperation agreements by operational partnership programmes (e.g. within PRSP and UNDAF processes);
- undertaking, in collaboration with national and international employers' and workers' organizations, outreach on major policy issues, including proposals on follow-up to the World Commission. This will closely involve the regions and regional institutions.
- engaging advocacy of the Decent Work Agenda at the country, regional and international levels to initiatives such as the MDGs, in major international policy forums (e.g. United Nations, Bretton Woods institutions, WTO, ECOSOC and the OECD's Development Assistance Committee). This will be based on research pursued under the shared objectives of "Knowledge", "Gender", and an "Integrated Approach to Decent Work". Research findings will be presented at international technical meetings with the participation of ILO constituents and will draw on communications and visibility support.

Knowledge

287. In his report *Reducing Decent Work Deficits* to the 2001 International Labour Conference, the ILO Director-General wrote: "... At present our information systems provide only a partial, and sometimes only a rudimentary, picture of decent work deficits.... If there is one place in the world where people can turn for quality information on decent work, it should be the ILO". Knowledge generation, dissemination and sharing, in particular through training, are two important means of action of the ILO.

288. Substantial analytical and conceptual work is required to build a knowledge base from which ILO constituents can formulate policies for decent work. An integrated approach to decent work depends upon generation, collection, analysis and dissemination of information on decent work. This calls for continued work to enhance the content, coverage and accessibility of ILO textual databases in the areas of international labour standards, as well as labour and social legislation, and information on the outcomes and lessons

that may be learnt from ILO technical cooperation activities at the sectoral, country and subregional/regional levels. A modified and expanded set of gender-disaggregated statistical information as well as decent work indicators, are essential. Analytical work on decent work is carried out throughout the ILO, including-by the International Institute for Labour Studies (see box).

289. The statistical underpinnings of the Decent Work Agenda are uneven, and need to be developed. There is considerable investment in statistical work in some technical programmes. However, this leaves large gaps, and a number of coordination problems. The regional programmes, with the exception of the Americas, are severely short of statistical expertise. The statistical capabilities of ILO constituents vary, and a considerable upgrading of capacity is desirable. The 17th International Conference of Labour Statisticians, in December 2003, is likely to mobilize the international statistical community around decent work issues and identify future priorities on which some work could begin in the 2004-05 biennium.

Operational objective: Knowledge and statistics

Policies to promote and realize decent work are based on sound information and gender-disaggregated statistics.

Indicator a: National statistics programmes

National statistics systems that incorporate gender-disaggregated statistics relevant to decent work as an integral part of the national statistics programme.

Target

15 member States.

Strategy

290. The following will be carried out:

- A new data gathering, storage and dissemination strategy will ensure that constituents in member States, regional and international organizations, media and research institutions obtain, in a timely manner, statistics disaggregated by gender, relating to decent work and other labour issues. This will build on past work to improve country coverage, subject-matter coverage, and timeliness. Efforts to undertake joint data collection and improve coordination with other intergovernmental organizations will be intensified.
- Conceptual and methodological work will be carried out on international standards and guidelines for statistics relating to decent work and other labour issues, as identified by the 17th International Conference of Labour Statisticians, 2003, and under the MDGs. Advocacy work in international conferences, meetings and symposia, will be undertaken to disseminate such standards and guidelines widely.
- In collaboration with the regions and the Turin Centre, technical support will be provided to member States to develop their statistical capacity.

Indicator b: Knowledge and statistics for policy

National and international institutions that use ILO information, and gender-disaggregated statistics to design and monitor policies and programmes promoting decent work.

Target

Institutions in 20 member States and up to 5 international institutions.

Strategy

291. The ILO will take the following action:

- improve the relevance, coverage and accessibility of ILO textual and statistical databases containing information and data relating to all programmes under the four ILO strategic objectives;

- collect, synthesize and document for use in providing advisory services and disseminating information to national and multilateral institutions, examples of “best practices” with respect to: economic and industrial policies that take into account social and labour concerns; social and labour policies and legislation; exemplary institutional reforms; and successful sectoral, country and sub-regional projects involving the ILO; and
- undertake and disseminate the results of comparative policy analysis and research.

Indicator c: Decent work statistics for constituents

Constituents in member States that measure their progress in relation to achieving decent work using gender-disaggregated statistics and statistical indicators

Target

Constituents in 15 member States

Strategy

292. The strategy builds upon previous work. First, methodologies will be developed to measure decent work deficits, disaggregated by sex, in various contexts. These methodologies will be applied to some 15 countries of different development levels, and country reports will be prepared in different regions. Second, an international database on decent work deficits and measures of progress towards reducing them will be established for a larger number of countries, paying particular attention to gender inequalities and the informal economy. This will be used in analytical work, advisory services, communication with constituents and the general public, and also for preparing global reports on decent work. The products and outcomes of this work will contribute to the decent work strategies described under related indicators. It will build on and support existing statistical activities within a coherent conceptual and methodological framework.

Work funded by the 2000-01 surplus: This will be used to develop a set of statistical indicators specifically for measuring decent work, improving data collection methods and surveys in the regions, producing country-specific decent work reports and preparing a comprehensive manual on decent work data collection. As a result, ILO constituents will have better tools to measure decent work and assess progress towards reducing decent work deficits. ILO's capacity to collect and disseminate labour statistics that are more relevant to the Decent Work Agenda, will be enhanced.

Additional extra-budgetary proposals:

Use of the estimated extra-budgetary funding for the biennium has been covered in the core strategy. The following proposals identify priorities should additional funding become available.

- Extra-budgetary funds would be sought to expand advisory services for strengthening national capacity to collect gender-disaggregated statistics on decent work, for capacity-building programmes for ILO field staff, in collaboration with the Turin Centre, and for expanding data collection on child labour.
- Under the four strategic objectives, there are proposals for extra-budgetary funding either to initiate or enhance projects for the following: strengthening the ILO's knowledge base; and upgrading the supporting infrastructure, capacities and methods for collecting, analysing and disseminating information and knowledge to improve ILO products and services to its constituents. These projects would be accompanied by a screening mechanism to ensure consistency in methodology and better coordination. **(Additional resources proposed:\$1 million)**

Communication and visibility

293. Renewed efforts are required to enhance the relevance of the ILO to people's daily lives and to make it better known to key decision-makers at the national, regional and international levels, and the general public. This will ensure that the ILO's contribution to national economic and social development and the achievement of international development goals are fully appreciated. The ILO is well placed to promote the inclusion of a social pillar in national and international economic policies and institutions through its Decent Work Agenda. However, in order to exert such influence there must be a better awareness of its programmes as well as their actual and potential impact.

294. Communication and visibility is one of six shared policy objectives to which the ILO must give priority. This will require strengthening the ILO's communication capacity and modernizing the supporting infrastructure. It also has to ensure that all communications-related activity at headquarters and in the regions is outreach-oriented, global in scope, consistent, coherent and effective.

295. All ILO programmes under the four strategic objectives will contain a communications-related component that will contribute to the attainment of this objective. For the regions, the goals of *increased visibility* for the ILO and its work and the *capacity of staff* to identify and support effective communications are interlinked. All the regional proposals note the need for tripartite constituents, the general public and the donor community to be aware of the ILO's vision and objectives, the relevance of its programmes for achieving social and economic development, and their impact on people's lives. They also emphasize the importance of conveying up-to-date information in a timely, attractive and persuasive manner.

Operational objective: Communication and visibility

ILO proposals and messages shape public opinion and the views of key decision-makers

Indicator a: ILO in the media

References to and citations of the ILO that appear in the media

Target

References in professional journals, popular media, labour (workers' organizations) media and employer media (increases over a baseline to be established in 2003)

Indicator b: ILO on Internet

Number of downloads from the ILO Internet site

Target

Downloads (increases over a baseline to be established in 2003).

Strategy

296. In order to attain this shared policy objective, the ILO will take the following measures:

- consolidate, coordinate and provide focus to communications activities that are dispersed throughout ILO headquarters and the regions;
- foster strong internal collaboration to draw on the expertise and creativity of ILO staff to enhance the Organization's outreach and advocacy initiatives;
- strengthen relationships with leading mass media and related organizations in order to stimulate interest in the work of the ILO and identify opportunities for co-productions;

- increase the strategic use of issue-specific campaigns and special events; and
- upgrade the capacity of the regions by providing training, tools, and communications resources, so that they increase their advocacy and media outreach, and develop specific strategies for publicizing ILO programmes.

Work funded by the 2000-01 surplus: The upgrading of the ILO's communications capacity and services is provided for in the regular budget for 2004-05. Surplus funds will help to "jump-start" this process in the 2002-03 biennium. These resources will be used to develop and provide comprehensive tools, training and materials to the regions, and to upgrade information and communication technology to facilitate collaboration with broadcast media around the world. The aim is to enhance media outreach capacity in the regions and at headquarters. Emphasis will be placed on carrying out high-impact publicity campaigns to boost the ILO's visibility and its influence on policy decisions at the national, regional and international levels.

International Training Centre of the ILO, Turin

297. The structure and programme of work of the Centre is determined by its own Board. The Board of the Turin Centre, the ILO and its Governing Body have agreed on fostering further integration between the Centre and the ILO during the 2004-05 period. This biennium will conclude the Centre's Third Five-Year Development Plan (2001-05) aiming for a closer integration with the ILO. This will be pursued in a number of ways. At a general level, the Centre contributes to the ILO's mandate and Decent Work Agenda through its training programmes. The Centre provides training services to senior officials, policy-makers and managers from government institutions, employers' and workers' organizations as well as ILO officials. The training programmes are designed to strengthen institutional and organizational capacities in ILO member States. The Turin Centre aims to mobilize \$45 million from donors and client institutions for its training programmes for the 2004-05 period. The programmes are drawn up and implemented in close collaboration with ILO constituents and with units in the regions and at headquarters. Specific training proposals underpinning such collaboration are found under each of the four strategic objectives and under the shared policy objectives. Work identified under the 2000-01 surplus funds that include training components will be closely coordinated with the Centre. Further efforts will be made to implement in collaboration with the Centre training components of larger technical cooperation programmes and projects. Staff mobility between the Office (headquarters and regions) and the Centre will be facilitated through the harmonization of human resources policies. In preparation for the 2006 Olympic Winter Games, the City of Turin and the Olympic Committee will finance a complete refurbishment of the residential campus.

The International Institute for Labour Studies

298. The structure and programme of the work of the Institute is determined by its Board. Acknowledging the special role of the Institute as an interface between the ILO and academic institutions, the ILO and its Governing Body have supported a greater integration between the programme and budget and the activities of the Institute. This should enable the Institute to explore issues of potential relevance to the ILO in an open and challenging way. The Institute's research programme will - pursue analytical work on the relationship between decent work, economic growth and development. This programme will consist of three main components. The first will examine the conditions under which greater coherence between economic and social policies can be fostered in countries with different levels of economic development. The second will deal with the new challenges to social justice in a globalized economy. This work will be coordinated closely with initiatives under the follow-up to the recommendations of the World Commission on the Social Dimensions of Globalization. The third component will focus on analyzing the changing

role of the State, the social partners and civil society organizations in the context of policies for decent work. The Institute will collaborate closely with the regions and all units at ILO headquarters in carrying out its research activities. This will ensure greater relevance of the research outputs to the objectives pursued by the ILO. In carrying out its research programme, the Institute will build close ties with the academic community.



GOVERNANCE, SUPPORT AND MANAGEMENT

OPERATIONAL OBJECTIVES

The ILO makes the best use of its resources to achieve its objectives through improved practice in all aspects of governance, support and management.

Governance, support and management

299. The use of results-based planning and budgeting in governance, support and management services is a key part of strategic budgeting. Objectives and indicators for these services will include benchmarks and client satisfaction surveys responding to requests made in various Governing Body discussions on the Programme and Budget. Appropriate benchmarks and surveys to establish baselines will be developed and reported on in the 2004-05 implementation reports. This section contains a selection of indicators and targets reflecting proposed priorities and the Office's ability to measure results.

300. One operational objective is proposed for all governance, support and management services. Information on resources for governance, support and management programmes is found in Information Annex 1. An estimated \$8.7 million is allocated for work under this objective under the 2000-01 surplus and is described under the relevant indicators.

Operational objective

The ILO makes the best use of its resources to achieve its objectives through improved practice in all aspects of governance, support and management.

301. The ILO will continue upgrading its management practices and improving services to the fullest extent possible. Given the tight budgetary constraints, rationalization and the reduction of overhead costs will remain important goals. Over the biennium each support and management unit will consider issues such as work flow and process re-engineering, improved human resource management practices, and a more integrated and coherent use of resources.

Indicator 1: Client satisfaction

Client satisfaction with services provided by governance, support and management units.

Target

A baseline will be established with the first survey, and a target developed in relation to comparable instruments at other United Nations specialized agencies.

Strategy

302. A multi-unit team will develop and administer biennial client surveys, covering key performance areas, in consultation with the clients concerned.

Indicator 2: Results-based management

In-depth implementation of results-based management in the ILO.

Target

Implementation of major subsystems (IRIS, project assessment, country programming) by the end of the biennium.

Strategy

303. The ILO will continue to focus on developing the planning, monitoring and reporting systems of the Office, as reflected in the Programme and Budget and associated Implementation and Evaluation Reports. The IRIS system will permit, inter alia, in-depth monitoring and analysis of investment against results. An ILO-wide staff training initiative will enable officials to acquire the skills they need to design and manage results-oriented projects and programmes.

IRIS

The Director-General is committed to using new technologies to improve technical, support and management services at headquarters and in the field. The replacement of the old mainframe systems by a modern resource planning system is an essential element of the strategy for achieving the Organization's strategic objectives and implementing the Decent Work Agenda.

The implementation of the Integrated Resource Information System (IRIS), scheduled for early 2004, will enable the Office to identify better ways for realizing savings and improving the quality of services. However, based on the widespread experience of other similar organizations, the challenges of implementing the new enterprise resource planning (ERP) system will mean that cost savings are unlikely to be achieved in the immediate term.

Project IRIS has a budget of \$25 million to provide support for core processes within the following functions: accounts; budget and funds management; treasury; payroll; procurement; travel; human resources management; strategic planning and budgeting; programme and project management; and resource mobilization.

The following high-level benefits are expected from Project IRIS:

- support for organizational changes and reforms;
- streamlined and integrated business processes;
- improved integration of field and headquarters operations;
- improved management of resources and management support;
- improved access to information;
- improved planning and accountability documents to the governing organs of the ILO.

Indicator 3: External audit

Acceptance of External Auditor's Report by the Governing Body.

Target

An unqualified external audit report.

Strategy

304. The ILO's achievement of good financial performance depends, in part, on a well functioning Finance Department and the quality of its support to and oversight of line staff. Successive reductions in staff resources for the finance function over the past ten years (a 30 per cent reduction) have led to weaknesses that have been noted in internal and external audit reports. They include slower processing times, reduced maintenance of manuals and circulars, lower levels of support for the training of staff, and limited capacity to carry out the control and monitoring processes demanded by delegated authorities. The IRIS project will address a number of the processing-related issues, thereby seeking to redirect existing expertise to control and oversight functions. However, the real benefits of the project cannot be expected to accrue during 2004-05 as demands on limited resources are likely to be higher during the IRIS implementation phase. The ILO will use its available resources to provide efficient and comprehensive financial accounting and reporting. Within the reduced resource base for support activities, it will apply efficient procedures to deliver the Office's programme of work, while ensuring adequate financial controls.

Indicator 4: Savings against benchmarks

Realize savings in the costs of the logistical operations against benchmarked standards.

Target

Achievement of the savings provided for in the current Programme and Budget proposals for 2004-05.

Strategy

305. The ILO's own operational costs for buildings, servicing, communications, security and procurement have been extensively reviewed in every Programme and Budget to ensure that potential savings are identified and implemented. This practice will continue. Benchmarks will be established during the 2004-05 biennium, with reference to a baseline and external experience.

Work funded by the 2000-01 surplus. Investments in infrastructure have been systematically curtailed when shortfalls have occurred in past biennia. An amount has been transferred from the surplus to the Building and Accommodation Fund to cover recent withdrawals and to maintain the Fund at a level that would enable it to meet other potential uses, subject to prior approval by the Governing Body in accordance with the Financial Regulations.

Indicator 5: Human resource development

A human resource management and development system which ensures that the ILO has the best staff possible to carry out its work and a progressive decline in the incidence of workplace-related grievances.

Targets

- (i) Positions filled in an average of five months, through a transparent and merit-based process;
- (ii) The percentage of qualified women in higher grades, particularly P5 and above is at least 33 per cent;
- (iii) The incidence of grievances linked to policies, rules and procedures is reduced to 40 per cent of that of 2002-03.

Strategy

306. In the 2004-05 biennium the focus will be on consolidating and regularizing new approaches to human resources management and development that have been put into effect in the framework of the new human resources (HR) strategy since 2000. Funds from the 2000-01 surplus will be used to further this process.

307. Measures will be taken to increase significantly the overall percentage of women in higher grades as part of broader efforts to improve the effectiveness of recruitment (including succession planning), achieve gender equity, and enhance geographical representation. In consultation with managers, a strategy will be developed to publicize the Office's employment needs, identify potential staff and encourage applications from qualified women candidates.

308. Staff training will continue to be a top priority in 2004-05. In order to develop a sound and equitable human resource management policy, managers at all levels will be given opportunities to attend workshops on a range of human resource management subjects, including the handling of disputes at the workplace and performance management. More resources will be invested to enhance the technical capability of the Office by organizing technical upgrading courses for staff at headquarters and in the regions.

309. In order to minimize grievances related to the application of policies, rules and procedures, the Office will reinforce its partnership-based approach to dealing with these

issues. The Recognition and Procedural (Collective) Agreement negotiated by the Office and ILO Staff Union as well as the establishment of a Joint Negotiating Committee (JNC) provide a basis for developing an effective participatory employee relations system. Concrete steps will be taken to improve people-management skills and staff participation through close cooperation with the Staff Union and the implementation of various collective agreements. Employee relations systems that emphasize preventive measures will be developed. The preparation of policy guidelines for line managers and staff will be accelerated. This work will be carried out in close coordination with the Joint Panel and Ombuds-person as well as other mechanisms set up under the relevant collective agreements. Funds are provided for ensuring the ongoing operational requirements of these mechanisms, and the increased budgets of the regions will make it possible for them to cover the costs of applying these mechanisms in the field.

Work funded by the 2000-01 surplus. Due to the constraints of zero real budget growth, the institutional capacities of the ILO to implement a new human resource strategy and results-based management as foreseen under the 2002-05 Strategic Policy Framework have not been adequately supported. Three major areas of investment of the surplus are: investments in skills and capacities of managers and staff; the implementation of organizational procedures and methodologies related to results-based management; and organizational reform. These resources will reinforce, in particular, the achievement of targets under Indicators 2, 5 and 6. There will be investment in management capacity to ensure that the ILO has a modern, effective human resource management system and to support the development of a fully-functioning results-based management culture throughout the Office. Investments in developing staff skills will include technical and language training, project management and team-building. These will result in improved performance management and evaluation, proactive staff recruitment, upgraded skills, and better organization. Capacity building for enhancing results-based organizational processes will focus on target setting, performance management, and effective, independent evaluation.

Indicator 6: Technical cooperation quality

Extra-budgetary funded technical cooperation is based on well-designed project proposals that demonstrate improved focus on the Decent Work Agenda and adherence to project cycle management criteria.

Targets

- (i) All project proposals undergo a project appraisal assessment prior to implementation;
- (ii) Greater integration and coherence between extra-budgetary and regular budget programmes (benchmarks will be established).

Strategy

310. In addition to reinforcing and enhancing partnerships with donors to ensure diversified sources of funding, steps will be taken to ensure consistency between ILO programmes that are funded by extra-budgetary and regular budget resources and their relevance to the ILO's Decent Work Agenda and international development initiatives (e.g. the MDGs). The development of coherent, high-quality proposals that would be attractive to current as well as potential donors and partners will be ensured through project cycle management training for staff involved in technical cooperation and the appraisal of proposals as regards their feasibility, technical soundness, quality, and contribution to the achievement of the overall ILO programme and the specific country programmes concerned.

311. Delivery rates will continue to be closely monitored and support will be given to units and offices to ensure timely delivery of projects. This work will be supported by the following: updated systems for the design, development, monitoring and evaluation of

technical cooperation projects and programmes (supported by IRIS); mechanisms to allocate extra-budgetary resources to ILO programme priorities; training to improve managerial capacity and the ability to deliver projects effectively; and improved information flows to donors and ILO constituents.

Indicator 7: IT services

Availability of the ILO IT network and all centrally provided IT services.

Target

All centrally provided IT services are operational at least 99 per cent of the time during office hours.

Strategy

312. Capitalizing on work already done and the potential of the Internet, the ILO will keep developing its IT infrastructure to improve access to information for constituents, other organizations and the public, as well as to facilitate the sharing of information and knowledge both within and between ILO headquarters and the field.

313. In order to maintain a robust and reliable computing environment, the ILO will continue its conservative approach to the adoption of new technologies, utilizing only those that have been tried and tested. New systems will not be acquired simply because they are popular and available.

Work funded by the 2000-01 surplus. Due to zero growth, the Office has not kept pace with information and communications technology developments. An amount from the surplus has been transferred to the Information Technology Systems Fund to finance investment in the other information technology needs of the Office. The Governing Body has authorized use of the Fund to upgrade the electronic voting system used at the Conference and further proposals will be submitted to the Governing Body for its consideration once detailed cost estimates have been obtained.

Indicator 8: Documents and meetings

Timely availability of documents and provision of quality services for meetings and conferences.

Targets

- (i) Governing Body documents to be in the hands of members no later than 15 days before they are to be discussed;
- (ii) International Labour Conference and Regional Meeting documents to be with delegations within the time requirements specified in the Standing Orders;
- (iii) Documents for sectoral and/or technical meetings to be with participants no later than one month before the meeting.

Strategy

314. While the ILO has provided an acceptable level of services at costs within its budget, further improvements are possible, and indeed, necessary. The use of a comprehensive document planning and tracking system that is compatible with other new systems (IRIS) will improve the capacity to plan and monitor document production services and support other productivity enhancement initiatives. In order to ensure an appropriate match between the demand for services and budgetary allocations, service-level agreements will be used as a management tool. New forms of contracts and partnerships with selected external providers of services such as translation, text processing and printing, will enable the ILO to deliver an acceptable level and quality of services whilst targeting fur-

ther resource reductions. The ILO will move progressively towards the electronic production and distribution of documents.

Indicator 9: Legal services

Sound legal advice provided to the Organization and the Office in a timely manner, and the protection of the legal interests of the Organization.

Target

A baseline will be established with the first survey, and a target developed in relation to comparable United Nations specialized agencies.

Strategy

315. The Office of the Legal Adviser will focus on several main areas including improvements in the functioning of the constitutional organs of the ILO; drafting and interpretation of international labour standards; and legal aspects of the ILO's personnel policy and grievance procedures. It will provide high quality and appropriate responses to requests for legal advice from the governing organs of the ILO, the Office and the Turin Centre, and make use of a consolidated database for providing such services. Officials at headquarters and in the regions will be apprised of the legal aspects of the ILO's work (e.g. in the areas of technical cooperation, contracting, personnel matters and privileges and immunities) in order to improve their understanding of the issues, thereby reducing or preventing misunderstandings, errors, disputes and litigation so far as possible.

Indicator 10: Knowledge management

Common methods are applied for the organization and management of the ILO's knowledge base to facilitate access to a wide variety of information on ILO-related subjects.

Target

Standard methods for managing bibliographic (or text-based) information are in use in ILO headquarters and field offices.

Strategy

316. The primary goal is to support the development and recognition of the ILO as a knowledge-based organization through its research and publications. This will be achieved by improving access to key information and knowledge on social and labour issues, and enhancing the ILO's role as the core repository of ILO documents and other publications (including in electronic form) that are essential for the ILO's work in member States. Technological developments that have facilitated the decentralization of information resources as well as the growth of information centres, databases and web sites, will be duly taken into account. The new focus is on assisting the Office (headquarters and the regions) and constituents to access and manage information in its various forms. This will be done through: developing the *Labordoc* database to make the library's three million-volume collection, including all ILO publications, accessible to external users; promoting the use of information from both the ILO and other related sources through the Internet; and strengthening the capacity of constituents and Office staff to use web-based resources through the new virtual library facility.

Draft budget of expenditure and income for 2004-05

317. The Programme and Budget proposals for 2004-05, after providing for movements in costs, valued at the 2002-03 budget rate of exchange of 1.77 Swiss francs to the US dollar, amount to \$448,020,730. At this level the proposed budget for 2004-05 remains the same in real terms as the previous biennium.

318. Following an analysis of cost factors, both at headquarters and at field locations, cost increases have been limited to an overall rate of 3.2 per cent. Full information on movements in cost factors is provided in Information Annex 2.

319. The budget rate of exchange for the biennium 2004-05 will be set at the market rate at the time the budget is reviewed by the Finance Committee of Government Representatives at the 91st (June 2003) Session of the Conference. These proposals have accordingly been valued at the same budget rate of exchange (1.77 Swiss francs to the US dollar) as the Programme and Budget for 2002-03, both to facilitate comparison and because the cost of the proposals in both US dollar and Swiss franc terms will continue to evolve with the exchange rate changes until the budget is finalized.

320. As an indication, however, the United Nations Monthly Accounting Rate of Exchange for December 2002 was 1.49 Swiss francs to the dollar. Should this rate remain valid in June 2003, the proposed budget level in dollar terms would be some \$495.8 million with resulting assessments of some 738.7 million Swiss francs.

321. The contributions payable by member States in 2004-05 will thus depend on the overall budget level, on the budget rate of exchange which is finally set, and on the scale of contributions approved by the Conference.

322. The draft expenditure and income budget in the form required for adoption by the Conference, with the corresponding figures for 2002-03, is shown below.

| Expenditure | 2002-03 | | 2004-05 | | 2002-03 | | 2004-05 | |
|------------------------|--------------------|--------------------|----------------------------------|--------------------|--------------------|--------------------|--------------------|-----------|
| | Budget | Estimates | Budget | Estimates | Budget | Estimates | Budget | Estimates |
| | US dollars | US dollars | US dollars | SF | US dollars | SF | US dollars | SF |
| Part I | | | | | | | | |
| Ordinary Budget | 433,165,000 | 447,145,730 | Contributions from Member States | 434,040,000 | 768,250,800 | 448,020,730 | 792,996,692 | |
| Part II | | | | | | | | |
| Unforeseen Expenditure | 875,000 | 875,000 | | | | | | |
| Total Budget | 434,040,000 | 448,020,730 | | 434,040,000 | 768,250,800 | 448,020,730 | 792,996,692 | |

323. After completing its examination of the draft estimates submitted in this document, the Programme, Financial and Administrative Committee will wish to submit to the Governing Body for proposal to the International Labour Conference a draft resolution for the adoption of the programme and budget for the 69th financial period (2004-05) and for the allocation of expenses between member States for 2004-05. The proposed text of this draft resolution is as follows:

The General Conference of the International Labour Organization,

In virtue of the Financial Regulations, adopts for the 69th financial period, ending 31 December 2005, the budget of expenditure of 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.

Information annexes

Operational budget

1. This information annex provides tables showing resources according to ILO programmes. It describes the major functions of programmes, although not a detailed perspective on mandates or planned activities. Finally, it explains significant changes in resource levels. In these explanations, reference to general budgetary restriction measures reflect the fact that headquarters units submitted their initial proposals based on a 5 per cent resource reduction. These resources were subsequently reallocated to the regions and to other priority programmes.

Table A1-1. Summary of operational budget proposals for 2004-05

| | Revised ¹ budget 2002-03 | Budget proposals 2004-05 | Differences | |
|--|--|-----------------------------|-------------------|-------------|
| | (in constant 2002-03 US\$) | | \$ | % |
| PART I | | | | |
| Policy-making organs | | | | |
| International Labour Conference | 8,506,874 | 8,956,874 | 450,000 | 5.3 |
| Governing Body | 3,245,148 | 3,502,706 | 257,558 | 7.9 |
| Major Regional Meetings | 824,335 | 542,775 | -281,560 | -34.2 |
| Legal Services | 2,306,987 | 2,191,638 | -115,349 | -5.0 |
| Relations, meetings and document services | 38,178,094 | 36,269,189 | -1,908,905 | -5.0 |
| | 53,061,438 | 51,463,182 | -1,598,256 | -3.0 |
| Strategic objectives | | | | |
| Technical programmes | | | | |
| Standards and Fundamental Principles and Rights at Work | | | | |
| InFocus Programme on Promoting the Declaration | 2,556,582 | 2,428,753 | -127,829 | -5.0 |
| InFocus Programme on Child Labour | 2,776,622 | 2,637,791 | -138,831 | -5.0 |
| International Labour Standards | 16,097,302 | 15,742,086 | -355,216 | -2.2 |
| Executive Director's Office and Sectoral Operations* | 2,749,009 | 2,646,192 | -102,817 | -3.7 |
| | 24,179,515 | 23,454,822 | -724,693 | -3.0 |
| Employment | | | | |
| Employment Strategy | 8,878,542 | 8,415,198 | -463,344 | -5.2 |
| InFocus Programme on Skills, Knowledge and Employability | 5,868,849 | 5,593,784 | -275,065 | -4.7 |
| Recovery and Reconstruction | 3,046,240 | 2,907,364 | -138,876 | -4.6 |
| Job Creation and Enterprise Development | 7,596,218 | 7,231,196 | -365,022 | -4.8 |
| Gender Promotion | 1,161,489 | 1,114,368 | -47,121 | -4.1 |
| Multinational Enterprises | 890,320 | 880,320 | -10,000 | -1.1 |
| Executive Director's Office and Sectoral Operations* | 4,908,727 | 4,857,106 | -51,621 | -1.1 |
| | 32,350,385 | 30,999,336 | -1,351,049 | -4.2 |
| Social Protection | | | | |
| Social Security | 7,129,436 | 6,994,269 | -135,167 | -1.9 |
| Labour Protection | 12,933,000 | 12,737,666 | -195,334 | -1.5 |
| Executive Director's Office and Sectoral Operations* | 2,628,503 | 2,313,298 | -315,205 | -12.0 |
| | 22,690,939 | 22,045,233 | -645,706 | -2.8 |
| Social Dialogue | | | | |
| Employers' Activities | 5,136,046 | 5,136,046 | 0 | - |
| Workers' Activities | 13,237,738 | 13,237,738 | 0 | - |
| InFocus Programme on Strengthening Social Dialogue | 6,502,233 | 6,177,121 | -325,112 | -5.0 |
| Sectoral Activities | 8,433,515 | 8,011,839 | -421,676 | -5.0 |
| Government and Labour Law and Administration | — | — | — | — |
| Executive Director's Office and Sectoral Operations* | 2,778,859 | 2,779,596 | 737 | 0.0 |
| | 36,088,391 | 35,342,340 | -746,051 | -2.1 |

| | Revised ¹ budget 2002-03 | Budget proposals 2004-05 | Differences | |
|---|--|-----------------------------|-------------------|-------------|
| | (in constant 2002-03 US\$) | | \$ | % |
| Cross-cutting programmes | | | | |
| Policy Integration** | 9,767,312 | 10,553,947 | 786,635 | 8.1 |
| Follow-up to the World Commission | — | 750,000 | 750,000 | n/a |
| Gender equality | 1,850,815 | 1,850,815 | 0 | — |
| International Institute for Labour Studies | 4,499,219 | 4,024,258 | -474,961 | -10.6 |
| International Training Centre of the ILO, Turin | 5,534,701 | 5,757,966 | 223,265 | 4.0 |
| External Relations and Partnerships | 4,281,932 | 4,335,651 | 53,719 | 1.3 |
| Communications | 5,160,727 | 5,519,243 | 358,516 | 6.9 |
| ILO Web Development | 725,804 | 988,496 | 262,692 | 36.2 |
| Technical meetings reserve | 1,385,177 | 1,315,918 | -69,259 | -5.0 |
| | 33,205,687 | 35,096,294 | 1,890,607 | 5.7 |
| Total technical programmes | 148,514,917 | 146,938,025 | -1,576,892 | -1.1 |
| The regions | | | | |
| Development Cooperation | | | | |
| Executive Director's Office | 539,276 | 539,276 | 0 | — |
| Development Cooperation | 2,203,989 | 2,066,826 | -137,163 | -6.2 |
| Field Programmes in Africa | 38,642,216 | 40,824,916 | 2,182,700 | 5.6 |
| Field Programmes in the Americas | 35,903,871 | 37,564,330 | 1,660,459 | 4.6 |
| Field Programmes in Arab States | 8,126,178 | 8,582,581 | 456,403 | 5.6 |
| Field Programmes in Asia and the Pacific | 36,466,951 | 38,388,531 | 1,921,580 | 5.3 |
| Field Programmes in Europe and Central Asia | 12,313,561 | 12,996,492 | 682,931 | 5.5 |
| | 134,196,042 | 140,962,952 | 6,766,910 | 5.0 |
| Support Services | | | | |
| Library and Information Services | 6,419,475 | 6,098,501 | -320,974 | -5.0 |
| Information Technology and Communications | 9,472,807 | 8,999,167 | -473,640 | -5.0 |
| Internal Administration | 26,023,477 | 24,722,303 | -1,301,174 | -5.0 |
| Publications | 4,679,385 | 3,536,048 | -1,143,337 | -24.4 |
| | 46,595,144 | 43,356,019 | -3,239,125 | -7.0 |
| Total strategic objectives | 329,306,103 | 331,256,996 | 1,950,893 | 0.6 |
| Management Services | | | | |
| General Management | 5,707,035 | 5,421,683 | -285,352 | -5.0 |
| Human Resources Development | 14,231,220 | 15,048,457 | 817,237 | 5.7 |
| Financial Services | | | | |
| Executive Director's Office | 539,274 | 539,274 | 0 | — |
| Financial Services | 10,718,793 | 10,155,890 | -562,903 | -5.3 |
| Programming and Management | 4,327,254 | 4,110,891 | -216,363 | -5.0 |
| | 35,523,576 | 35,276,195 | -247,381 | -0.7 |
| Other budgetary provisions | 18,949,160 | 18,843,904 | -105,256 | -0.6 |
| Adjustment for staff turnover | -3,675,277 | -3,675,277 | 0 | — |
| TOTAL PART I | 433,165,000 | 433,165,000 | 0 | — |
| PART II. UNFORESEEN EXPENDITURE | | | | |
| Unforeseen expenditure | 875,000 | 875,000 | 0 | — |
| PART III. WORKING CAPITAL FUND | | | | |
| Working Capital Fund | | | | |
| TOTAL (PARTS I–III) | 434,040,000 | 434,040,000 | 0 | — |

* Includes Management support unit, RBTC and other centralized resources. ** The resources under 2002-03 include Intersectoral Operational Support for Decent Work, Statistics and the International Policy Group. (1) To facilitate comparison with 2004-05 figures, the 2002-03 budget was revised to reflect: (a) the transfer of \$1,217,184 (equivalent of 8 Professional (P) and 2 General Service (GS) work-years) from Information Technology and Communications to Human Resources Development (\$535,632 equivalent to 4 P work-years) and Financial Services (\$681,552 equivalent to 4 P and 2 GS work-years); (b) the merger of the resources for Government and Labour Law and Administration (\$2,808,649) with the InFocus Programme on Strengthening Social Dialogue; and (c) the transfer of \$400,657 from the Office of Executive Director, Social Dialogue to Sectoral Activities.

Part I

Policy-making organs

Table A1-2. Operational budget: policy-making organs

| Regular budget | Professional (work-years/months) | General Service | Staff Costs (in constant 2002-03 US\$) | Other Costs | Total Resources |
|---|-------------------------------------|-----------------|--|------------------|-------------------|
| Policy-making organs | | | | | |
| International Labour Conference | 3/6 | 0/2 | 6,310,165 | 2,646,709 | 8,956,874 |
| Governing Body | 0/0 | 0/0 | 1,673,201 | 1,829,505 | 3,502,706 |
| Major Regional Meetings | 0/0 | 0/0 | 229,838 | 312,937 | 542,775 |
| Legal Services | 13/0 | 4/0 | 2,088,684 | 102,954 | 2,191,638 |
| Relations, Meetings and Document Services | 110/0 | 213/0 | 32,727,580 | 3,541,609 | 36,269,189 |
| 2004-05 Total | 126/6 | 217/2 | 43,029,468 | 8,433,714 | 51,463,182 |
| 2002-03 Total | 136/1 | 215/0 | 43,746,229 | 9,315,209 | 53,061,438 |

2. *International Labour Conference* shows the direct costs (such as interpretation, preparation and printing of reports, rental of facilities and some staff costs) of holding two sessions of the Conference during the biennium. For budgetary purposes it has been assumed that the agenda of both sessions of the Conference will include three standing items and three items placed on the agenda by the Conference or the Governing Body. The budget is increased by \$450,000 to cover the Geneva-based costs of a Maritime Session of the ILC in 2005. This is predicated on the expectation that the Maritime Session will be hosted by a member State, which would cover the additional costs.

3. *Governing Body* shows the direct costs (such as travel and per diem for delegates as well as interpretation) of holding six sessions of the Governing Body during the 2004-05 biennium. The budget is increased by some \$73,000 due to the increase in the number of deputy members of the Committee of Freedom of Association and an additional \$184,000 to provide increased interpretation services, in particular for government group meetings.

4. *Major Regional Meetings* provides for the costs associated with holding the Sixth European Regional Meeting in 2004 and the Fourteenth Asian Regional Meeting in Bangkok in 2005. The duration of these meetings is assumed to be four days. The budget is reduced by some \$281,000 because the European Regional Meeting will be convened in Geneva where servicing can be provided at a lower cost.

5. *Legal Services* carries out legal work pertaining to the Constitution and policy-making organs. It participates in the preparation and examination of International Labour Conventions, Recommendations and other instruments. It also provides legal expertise on personnel matters, commercial or technical issues and contracts. As part of budgetary restriction measures, resources of this programme have been reduced by \$115,000. This represents a reduction in 2/00 General Service work-years offset by an increase of some \$30,000 in non-staff costs.

6. *Relations, Meetings and Document Services* provides services to conferences and meetings, including translating, processing, printing and distributing documents, and provides interpretation services, and maintains official relations with member States. As part of the budgetary restriction measures, resources for this programme have been reduced by some \$1.9 million. This reduction is based on the assumption that the number and length of papers to the Governing Body will be substantially reduced. It also includes changes in work practices, increased productivity and a number of other internal efficiency measures. The adjustments comprise a decrease of 11/00 Professional work-years, an increase of 4/00 General Service work-years, an increase of some \$233,000 in other staff costs and a decrease of some \$504,000 in non-staff costs. Every effort has been made to protect services to the Governing Body and the Conference, in particular by increasing resources for interpretation services shown under the Governing Body.

Strategic objectives

Technical programmes

Standards and Fundamental Principles and Rights at Work Sector

Table A1-3. Operational budget: Standards and Fundamental Principles and Rights at Work

| Regular budget | Professional (work-years/months) | General Service | Staff Costs (in constant 2002-03 US\$) | Other Costs | Total Resources |
|--|-------------------------------------|-----------------|---|------------------|-------------------|
| Strategic objectives – Technical programmes | | | | | |
| Standards and Fundamental Principles and Rights at Work | | | | | |
| InFocus Programme on Promoting the Declaration | 12/0 | 6/0 | 2,129,260 | 299,493 | 2,428,753 |
| InFocus Programme on Child Labour | 16/0 | 2/0 | 2,344,488 | 293,303 | 2,637,791 |
| <i>International Labour Standards</i> | | | | | |
| Equality and Employment | 16/6 | 4/0 | 2,501,322 | 53,295 | 2,554,617 |
| Social Protection and Labour Conditions | 32/0 | 4/0 | 4,576,896 | 30,000 | 4,606,896 |
| Freedom of Association | 18/6 | 6/0 | 2,915,058 | 94,660 | 3,009,718 |
| Standards Policy | 8/0 | 2/0 | 1,217,184 | 156,225 | 1,373,409 |
| Programme Management | 10/0 | 22/0 | 3,034,332 | 1,163,114 | 4,197,446 |
| Executive Director's Office and Sectoral Operations | 5/0 | 4/0 | 1,108,525 | 1,537,667 | 2,646,192 |
| 2004-05 Total | 118/0 | 50/0 | 19,827,065 | 3,627,757 | 23,454,822 |
| 2002-03 Total | 119/6 | 55/6 | 20,381,246 | 3,798,269 | 24,179,515 |

7. The *InFocus Programme on Promoting the Declaration* concentrates on the promotion of the ILO Declaration of Fundamental Principles and Rights at Work including its follow-up procedures.

8. The *InFocus Programme on Child Labour* has responsibility for integrating all aspects of ILO action on child labour.

9. *International Labour Standards* is the focal point for standards-related policy. It also provides the technical expertise on labour standards and services the ILO's supervisory machinery. In addition to management and common service functions it includes:

- *Equality and Employment*, which deals with instruments on equality, employment policy, migrant workers, and indigenous and tribal peoples. It is also responsible for human rights coordination.
- *Social Protection and Labour Conditions*, which deals with instruments on child labour (in cooperation with the InFocus Programme on Child Labour), forced labour, labour administration and inspection, social protection, safety and health, conditions of work and the maritime sector.
- *Freedom of Association*, which serves the Governing Body Committee on Freedom of Association and deals with all related instruments.
- *Standards Policy*, which serves the Governing Body in relation to the integrated approach to labour standards.
- *Programme Management* services supervisory bodies and monitors ratifications and reporting, and provides legal information services inside and outside the ILO.

10. *Executive Director's Office and Sectoral Operations* provides for the Executive Director as well as coordination and support for activities across the sector.

11. As part of general budgetary restriction measures, resources for this sector have been reduced by some \$725,000 compared to 2002-03, with a corresponding increase in technical

capacity in the regions. Sectoral Operations are reduced by 2/00 P work-years while within the International Labour Standards there is an increase of 0/06 P work-years to reinforce work on Freedom of Association. Under all programmes, there is a net reduction of 5/06 GS work-years, an increase of some \$48,000 in other staff costs and a decrease of some \$171,000 in non-staff costs. Resources for work on forced labour have been transferred from Equality and Employment to Social Protection and Labour Conditions, while one Professional position and a Standards Information Unit have been moved from Standards Policy to the level of programme management. Non-staff resources include \$165,000 for follow-up to the World Commission under Executive Director's Office and Sectoral Operations.

Employment sector

Table A1-4. Operational budget: Employment

| Regular budget | Professional (work-years/months) | General Service | Staff Costs (in constant 2002-03 US\$) | Other Costs | Total Resources |
|---|-------------------------------------|-----------------|--|------------------|-------------------|
| Strategic objectives – Technical programmes | | | | | |
| Employment | | | | | |
| Employment Strategy | 43/6 | 20/0 | 7,284,198 | 1,131,000 | 8,415,198 |
| InFocus Programme on Skills, Knowledge and Employability | 28/0 | 16/0 | 4,916,784 | 677,000 | 5,593,784 |
| <i>Recovery and Reconstruction</i> | | | | | |
| InFocus Programme on Crisis Response and Reconstruction | 7/0 | 7/0 | 1,448,076 | 220,000 | 1,668,076 |
| Employment-intensive Investment | 6/0 | 4/0 | 1,095,288 | 144,000 | 1,239,288 |
| <i>Job Creation and Enterprise Development</i> | | | | | |
| InFocus Programme on Boosting Employment through Small Enterprise Development | 21/0 | 7/4 | 3,347,108 | 564,000 | 3,911,108 |
| Management and Corporate Citizenship | 9/0 | 2/0 | 1,351,092 | 179,000 | 1,530,092 |
| Cooperatives | 5/0 | 4/0 | 961,380 | 147,000 | 1,108,380 |
| Programme Management | 2/0 | 5/0 | 632,616 | 49,000 | 681,616 |
| Gender Promotion | 6/0 | 2/0 | 949,368 | 165,000 | 1,114,368 |
| Multinational Enterprises | 5/0 | 2/0 | 815,460 | 64,860 | 880,320 |
| Executive Director's Office and Sectoral Operations | 8/0 | 8/0 | 1,774,069 | 3,083,037 | 4,857,106 |
| 2004-05 Total | 140/6 | 77/4 | 24,575,439 | 6,423,897 | 30,999,336 |
| 2002-03 Total | 140/6 | 77/8 | 24,599,759 | 7,750,626 | 32,350,385 |

12. *Employment Strategy* analyses global employment trends and investigates and reports on the employment impacts of macro-economic, financial and development policies. *Social Finance* investigates the linkages between employment and financial policies and advises on micro-finance strategies.

13. The *InFocus Programme on Skills, Knowledge and Employability* aims at increased investment in training, particularly for vulnerable groups. It also encourages partnerships between public and private employment agencies and training providers to promote decent work and make sure they can jointly address evolving labour market requirements.

14. *Recovery and Reconstruction* consists of:

- The *InFocus Programme on Crisis Response and Reconstruction*, which initiates and coordinates the ILO response to crises.
- *Employment-Intensive Investment*, which promotes decent work through employment-intensive execution of public infrastructure works.

15. *Job Creation and Enterprise Development* consists of:

- The *InFocus Programme on Boosting Employment through Small Enterprise Development*, which supports job creation and decent work in small and micro-enterprises and promotes the upgrading of informal economy enterprises.
- *Management and Corporate Citizenship*, which encourages the adoption of management practices in line with fundamental ILO principles and international labour standards, including through voluntary private initiatives.
- The *Cooperatives* programme, which aims at strengthening cooperatives and similar group-based undertakings.

16. *Gender Promotion* facilitates gender mainstreaming in ILO employment promotion activities and focuses specifically on the creation of more and better jobs for women.

17. *Multinational Enterprises* promotes the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

18. *Executive Director's Office and Sectoral Operations* provides for the Executive Director as well as coordination and support for activities across the sector.

19. As part of general budgetary restriction measures, resources for this sector have been reduced by some \$1,351,000 compared to 2002-03, with a corresponding increase in technical capacity in the regions. The adjustments comprise a reduction of some \$1,326,000 under non-staff costs and 0/04 General Service work-years. Non-staff resources include \$165,000 for follow up to the World Commission under Executive Director's Office and Sectoral Operations.

Social Protection sector

Table A1-5. Operational budget: Social Protection

| Regular budget | Professional (work-years/months) | General Service | Staff Costs (in constant 2002-03 US\$) | Other Costs | Total Resources |
|---|-------------------------------------|-----------------|---|------------------|-------------------|
| Strategic objectives – Technical programmes | | | | | |
| Social Protection | | | | | |
| <i>Social Security</i> | | | | | |
| InFocus Programme on Socio-Economic Security | 10/0 | 3/7 | 1,600,520 | 4,661 | 1,605,181 |
| Social Security Policy and Development | 15/0 | 7/6 | 2,555,820 | 268,994 | 2,824,814 |
| Social Security Financial, Actuarial and Statistical Services | 10/0 | 7/0 | 1,849,800 | 136,698 | 1,986,498 |
| Programme Management | 2/0 | 2/0 | 469,776 | 108,000 | 577,776 |
| <i>Labour Protection</i> | | | | | |
| InFocus Programme on Safety and Health at Work and the Environment (SafeWork) | 31/6 | 17/0 | 5,503,503 | 782,854 | 6,286,357 |
| Conditions of Work and Employment | 19/0 | 6/0 | 2,982,012 | 375,437 | 3,357,449 |
| International Labour Migration | 8/0 | 4/0 | 1,363,104 | 123,685 | 1,486,789 |
| ILO Programme on HIV/AIDS and the World of Work | 5/0 | 2/0 | 815,460 | 213,835 | 1,029,295 |
| Programme Management | 2/0 | 2/0 | 469,776 | 108,000 | 577,776 |
| Executive Director's Office and Sectoral Operations | 4/0 | 4/0 | 962,426 | 1,350,872 | 2,313,298 |
| 2004-05 Total | 106/6 | 55/1 | 18,572,197 | 3,473,036 | 22,045,233 |
| 2002-03 Total | 111/6 | 56/0 | 19,135,627 | 3,555,312 | 22,690,939 |

20. The departmental structure for this sector was dropped in the Programme and Budget for 2002-03. In light of experience, this structure has been reintroduced.

21. *Social Security*. This programme consists of:

- The *InFocus Programme on Socio-Economic Security*, which focuses on research into social and economic security issues to support policy development and technical cooperation.
- *Social Security Policy and Development*, which develops qualitative policies and strategies to improve national social security systems and provides technical advice and assistance.
- *Social Security Financial, Actuarial and Statistical Services*, which conducts quantitative analyses of existing or planned national social security systems and provides advisory and training services to governments, social partners and social security institutions.

22. *Labour Protection*. This programme consists of:

- The *InFocus Programme on Safety and Health at Work and the Environment (Safe-Work)*, which targets improvements in preventive policies and programmes such as voluntary application of safety and health management systems, workers' health promotion and environmental issues in the world of work – all predicated on promoting the application of ILO standards.
- *Conditions of Work and Employment*, which facilitates awareness and action by ILO constituents to adopt policies and practices that improve conditions of work and employment and enhance respect for workers' dignity. It now includes a component on wages and incomes.
- *International Labour Migration*, which supports the development of effective national policies and programmes that protect migrant workers by promoting and guaranteeing them equality of treatment and opportunity, and aims to forge international consensus on how best to manage labour migration.
- The *ILO Programme on HIV/AIDS and the World of Work*, which concentrates on information, education and communication to assess the impact of HIV/AIDS and prevent its further spread into the world of work. It advocates the rights of people living with HIV/AIDS and supports the creation of national programmes targeted to the needs of HIV-infected workers and their dependants and to the provision of greater employment and income opportunities for people living with HIV/AIDS.

23. *Executive Director's Office and Sectoral Operations* provides for the Executive Director as well as coordination and support for activities across the sector.

24. As part of general budgetary restriction measures, resources for this sector have been reduced by some \$646,000 consisting of a reduction of 5/00 Professional and 0/11 General Service work-years, an increase of some \$173,000 in other staff costs and some \$82,000 reduction under the non-staff category. This is more than compensated by a substantial increase in regional capacity to deal with social protection issues. Resources were redistributed as a whole to re-introduce the departmental structure; however, resources were not reduced in HIV/AIDS and the World of Work. Non-staff resources include \$165,000 for follow up to the World Commission under Executive Director's Office and Sectoral Operations.

Social Dialogue sector

Table A1-6. Operational budget: Social Dialogue

| Regular budget | Professional (work-years/months) | General Service | Staff Costs (in constant 2002-03 US\$) | Other Costs | Total Resources |
|---|-------------------------------------|-----------------|---|-------------------|-------------------|
| Strategic objectives – Technical programmes | | | | | |
| Social Dialogue | | | | | |
| Employers' Activities | 18/0 | 7/0 | 2,977,104 | 2,158,942 | 5,136,046 |
| Workers' Activities | 42/0 | 18/4 | 7,017,776 | 6,219,962 | 13,237,738 |
| InFocus Programme on Social Dialogue, Labour Law and Labour Administration | 32/0 | 16/0 | 5,508,456 | 668,665 | 6,177,121 |
| Sectoral Activities | 36/7 | 16/0 | 6,122,201 | 1,889,638 | 8,011,839 |
| Executive Director's Office and Sectoral Operations | 5/9 | 8/10 | 1,535,129 | 1,244,467 | 2,779,596 |
| 2004-05 Total | 134/4 | 66/2 | 23,160,666 | 12,181,674 | 35,342,340 |
| 2002-03 Total | 137/0 | 65/0 | 23,516,174 | 12,572,217 | 36,088,391 |

25. *Employers' Activities* promotes, in cooperation with all ILO sectors and departments, ILO objectives and influences ILO activities by strengthening employers' organizations through technical cooperation programmes and assisting employers' organizations to enhance their influence in policy and legal environments. It supports improvements in the management and service capacity of these organizations to employers. It enables employers to effectively participate in ILO activities by informing them of ILO views and developments, and by bringing employers' views to the Office.

26. *Workers' Activities* promotes, in cooperation with all ILO sectors and departments, ILO objectives and influences ILO activities by supporting workers' groups and relations, institution building and general workers' education. It promotes international labour standards, actions to operationalize decent work priorities, and supports workers' organizations activities at the regional and national level. Its activities encourage full awareness of trade union priorities and policies in all ILO activities and assists trade unions to be familiar with and support ILO objectives. It supports workers' delegates to ILO meetings to most effectively represent workers' interests.

27. The *InFocus Programme on Social Dialogue, Labour Law and Labour Administration* is a new programme created by merging the former Government, Labour Law and Labour Administration Department and the InFocus Programme in Strengthening Social Dialogue. The programme provides a consistent and integrated approach to the policy and technical matters that were shared between the two units. It collaborates with all ILO sectors and departments to promote the concept of social dialogue as an indispensable element of democratic participation in decision-making at all levels. It assists constituents to strengthen legal frameworks, institution, machinery and processes of tripartite and bipartite social dialogue, including attention to gender sensitivity, and promotes sound industrial relations at enterprise, national, sectoral and subregional levels.

28. *Sectoral Activities*, through the different ILO means of action, gives attention to social and labour issues in 22 sectors of economic activity and contributes to the knowledge base of the ILO. One of the primary means of action is the organization of sectoral meetings providing ILO constituents opportunities to examine issues of common concern and thereby promoting sectoral social dialogue. In addition, the sectoral dimension of the decent work agenda is being promoted.

29. *Executive Director's Office and Sectoral Operations* provides for the Executive Director as well as coordination and support for activities across the sector.

30. As part of general budgetary restriction measures, resources for this sector have been reduced by some \$746,000 compared to 2002-03, consisting of reductions of 2/08 Professional work-years, some \$84,000 in other staff costs, some \$390,000 under non-staff costs,

and an increase of 1/02 General Service work-years. These reductions do not affect resources for Employers' Activities and Workers' Activities, which have been kept at 2002-03 levels to maintain the services provided to constituents. Non-staff resources include \$90,000 for follow up to the World Commission under Executive Director's Office and Sectoral Operations.

Cross-cutting programmes

Table A1-7. Operational budget: Cross-cutting programmes

| Regular budget | Professional (work-years/months) | General Service | Staff Costs (in constant 2002-03 US\$) | Other Costs | Total Resources |
|---|-------------------------------------|-----------------|--|-------------------|-------------------|
| Strategic objectives – Technical programmes | | | | | |
| Cross-cutting programmes | | | | | |
| Policy Integration | 45/9 | 33/6 | 8,750,300 | 1,803,647 | 10,553,947 |
| Follow up to the World Commission on the social dimension of globalisation | 0/0 | 0/0 | 0 | 750,000 | 750,000 |
| Gender Equality | 8/0 | 4/0 | 1,429,144 | 421,671 | 1,850,815 |
| International Institute for Labour Studies | 0/0 | 0/0 | 0 | 4,024,258 | 4,024,258 |
| International Training Centre of the ILO, Turin | 0/0 | 0/0 | 0 | 5,757,966 | 5,757,966 |
| External Relations and Partnerships | 18/0 | 16/0 | 3,476,612 | 859,039 | 4,335,651 |
| Communications | 19/0 | 16/0 | 3,767,652 | 1,751,591 | 5,519,243 |
| ILO Web Development | 6/0 | 2/0 | 949,368 | 39,128 | 988,496 |
| Technical Meetings Reserve | 3/3 | 0/0 | 435,201 | 880,717 | 1,315,918 |
| 2004-05 Total | 100/0 | 71/6 | 18,808,277 | 16,288,017 | 35,096,294 |
| 2002-03 Total | 91/3 | 68/6 | 17,627,201 | 15,578,486 | 33,205,687 |

31. *Policy Integration* is a new programme that works to strengthen policy integration across the Sectors and Regions, with particular reference to shared objectives. The programme includes *International Policy* which investigates global economic trends and globalization to support ILO contributions to debates on economic and social policy integration; *National Policy* supports the development and application of integrated decent work policies and programmes and poverty reduction strategies at the national level; *Statistics* maintains the central repository of ILO statistical data and provides statistical advice and expertise to constituents and the Office. It services the International Conference of Labour Statisticians and promotes statistical standards; *Statistical Development and Analysis* develops internationally comparable gender sensitive core indicators and tools to measure progress in decent work in collaboration with statistical activities in the sectors and regions.

32. *Policy Integration* includes three programmes reported in the 2002-03 Programme and Budget, namely Decent Work Intersectoral operational support; Statistics; and the International Policy Group, with a total budget of some \$9.8 million. The difference of some \$787,000 in the resource level for 2004-05 reflects additional work programmes on shared objectives and decent work indicators.

33. Under *Follow up to the World Commission on the Social Dimension of Globalization*, \$750,000 is reserved for work on the follow up to the conclusions and recommendations of the World Commission.

34. *Gender Equality* is responsible for supporting the full implementation of a gender mainstreaming strategy in all aspects of the ILO's work at headquarters and in the field. It ensures that the ILO knowledge base expands on gender equality issues and that the ILO's contribution to gender equality is visible. The level of resources remains unchanged from 2002-03.

35. The *International Institute for Labour Studies* serves as a strategic facility to explore emerging labour policy issues with implications for the ILO. It also provides an autonomous and informal vehicle for dialogue between the international academic community and ILO staff and constituents. It offers social policy training programmes. Resources for this programme have been reduced by some \$475,000. This is the result of a transfer of resources related to training activities to the Turin Centre and a reduction as part of the general budgetary restriction measures.

36. The *International Training Centre of the ILO, Turin* develops and delivers training programmes related to ILO and constituent priorities. Programmes are delivered at the Centre, in the field and through distance learning technologies. Resources for this programme have been increased by some \$223,000.

37. *External Relations and Partnerships* supports the Director-General and the Office in relations with the multilateral system, pursues stronger linkages with the United Nations organizations and other international partners, and promotes ILO perspectives and positions with those organizations and in meetings and forums of the international community. The New York Liaison Office is the principal point of contact with the United Nations and its agencies located in New York. Resources for this programme are reduced at headquarters as part of general budgetary restriction measures, but increased in total by some \$54,000 as the result of the regrading of a General Service post in the New York Liaison Office to the Professional level.

38. *Department of Communication*. This programme coordinates all ILO's communications work. It advises on advocacy and relations with the media. It promotes the image of the ILO and reviews public information initiatives and materials. The budget is increased by some \$358,000 consisting of 1/00 Professional work-year and 5/00 General Service work-years and a slight decrease in non-staff costs.

39. *ILO Web Development* is responsible for the ILO's public and internal web sites. Resources are increased by some \$263,000 consisting of an additional 2/00 Professional work-years and a slight reduction in non-staff costs.

40. *Technical Meetings Reserve* is the budgetary provision for costs associated with preparing reports for and convening technical meetings. The Governing Body will be invited to decide on the subject and composition of the technical meetings at future sessions. As part of general budgetary restriction measures, resources are reduced by some \$69,000.

The regions

Table A1-8. Operational budget: the regions

| Regular budget | Professional (work-years/months)* | General Service | Staff Costs (in constant 2002-03 US\$) | Other Costs | Total Resources |
|---|--------------------------------------|-----------------|---|-------------------|--------------------|
| Strategic objectives – The regions | | | | | |
| <i>Development Cooperation</i> | | | | | |
| Executive Director's office | 2/0 | 2/0 | 531,414 | 7,862 | 539,276 |
| Development cooperation | 11/0 | 6/6 | 2,003,268 | 63,558 | 2,066,826 |
| Field Programmes in Africa | 209/0 | 276/0 | 28,214,574 | 12,610,342 | 40,824,916 |
| Field Programmes in the Americas | 142/4 | 170/0 | 26,346,418 | 11,217,912 | 37,564,330 |
| Field Programmes in Arab States | 34/5 | 42/0 | 6,126,389 | 2,456,192 | 8,582,581 |
| Field Programmes in Asia and the Pacific | 188/10 | 252/0 | 27,301,856 | 11,086,675 | 38,388,531 |
| Field Programmes in Europe and Central Asia | 67/0 | 56/0 | 9,304,957 | 3,691,535 | 12,996,492 |
| 2004-05 Total | 654/7 | 804/6 | 99,828,876 | 41,134,076 | 140,962,952 |
| 2002-03 Total | 470/7 | 914/9 | 92,508,341 | 41,687,701 | 134,196,042 |

* The total level of professional staff resources has been adjusted to reflect the National Professional Officer category now applied to certain staff previously classified as General Service. This accounts for 112 Professional work-years. The remaining increase derives from the increased budgets in the regions.

41. *Development Cooperation* is the focal point for resource mobilization and partnerships with donors and supports development, management and evaluation of technical cooperation programmes across the ILO. This requires coordination with technical and field departments on technical cooperation policies and procedures as well as coordination of operational UN system collaboration, especially at the field level and through the United Nations Development Group. As part of general budgetary restriction measures, the resources for this programme have been reduced by some \$137,000.

42. Field offices in the regions have been re-named as listed below.

Field programmes in Africa

43. The Regional Office in Abidjan is responsible for regional management, supervision and administrative support for ILO offices in the region. A Decent Work Technical Advisory Group is located in the Regional Office.

44. ILO Offices are located in Algiers, Antananarivo, Dar es Salaam, Lagos, Lusaka, Pretoria and Kinshasa.

45. There are six ILO Subregional offices:

- the Subregional Office for West Africa is located in Abidjan and covers Benin, Burkina Faso, Côte d'Ivoire, Ghana, Liberia, Niger, Nigeria, Sierra Leone and Togo;
- the Subregional Office for East Africa is located in Addis Ababa and covers Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Mauritius, Seychelles, Somalia, United Republic of Tanzania and Uganda;
- the Subregional Office for North Africa is located in Cairo and covers Algeria, Egypt, Libyan Arab Jamahiriya, Morocco, Sudan and Tunisia;
- the Subregional Office for the Sahel Region is located in Dakar and covers Cape Verde, Gambia, Guinea, Guinea-Bissau, Mali, Mauritania and Senegal;
- the Subregional Office for Southern Africa is located in Harare and covers Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe;
- the Subregional Office for Central Africa is located in Yaoundé and covers Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda and Sao Tome and Principe.

46. The total level of resources for the region is increased by some \$2.2 million following the transfer of resources from headquarters to expand and improve services provided to constituents.

Field Programmes in the Americas

47. The Regional Office in Lima is responsible for regional management, supervision and administrative support for ILO offices in the region. A group of regional specialists is located in the Regional office in Lima.

48. ILO offices are located in Brasilia (Brazil), Buenos Aires (Argentina) and Mexico (Mexico and Cuba). The ILO Office in Washington serves as a liaison point for the United States.

49. There are four ILO Subregional offices:

- the Subregional Office for the Caribbean is located in Port-of-Spain and covers Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, Netherlands Antilles, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago and Turks and Caicos Islands;
- the Subregional Office for the South Cone of Latin America is located in Santiago and covers Chile, Paraguay and Uruguay;

- the Subregional Office for Central America is located in San José and covers Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and Panama; and
- the Subregional Office for the Andean countries is located in Lima and covers Bolivia, Colombia, Ecuador, Peru and Venezuela.

50. The Inter-American Research and Documentation Centre on Vocational Training (CINTERFOR) in Montevideo (Uruguay), in cooperation with ILO Subregional Offices and ILO Offices, develops and consolidates the network of vocational training institutions. It helps to advise constituents on vocational training policies and programmes.

51. The total level of resources for the region is increased by some \$1.7 million following the transfer of resources from headquarters to expand and improve services provided to constituents.

Field Programmes in Arab States

52. The Regional Office in Beirut provides regional management, administrative support for the overall management of ILO activities in the region; financial management of the regional programme; regional monitoring of social and economic developments; the maintenance of relations with regional institutions, and information on ILO activities.

53. The Regional Office in Beirut covers Bahrain, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, Yemen and the occupied Arab territories in Gaza and the West Bank.

54. The total level of resources for the region is increased by some \$0.5 million following the transfer of resources from headquarters to expand and improve services provided to constituents.

Field Programmes in Asia and the Pacific

55. The Regional Office in Bangkok is responsible for regional management, supervision and administrative support for ILO offices in the region.

56. ILO offices are located in Beijing, Colombo, Dhaka, Hanoi, Islamabad, Jakarta, Kathmandu and Suva. The ILO Office in Tokyo serves as a liaison point for Japan.

57. The Regional Office covers Afghanistan, Australia, New Zealand and Pakistan.

58. There are three ILO Subregional Offices:

- the Subregional Office for East Asia is located in Bangkok and covers Brunei Darussalam, Cambodia, China, East Timor, Democratic People's Republic of Korea, the Republic of Korea, Lao People's Democratic Republic, Malaysia, Mongolia, Myanmar, Singapore, Thailand and Viet Nam;
- the Subregional Office for South-East Asia and the Pacific is located in Manila covers Fiji, Indonesia, Kiribati, Papua New Guinea, the Philippines, the Solomon Islands and the island countries of the South Pacific; and
- the Subregional Office for South Asia is located in New Delhi and covers Bangladesh, Bhutan, India, the Islamic Republic of Iran, Maldives, Nepal, and Sri Lanka.

59. The total level of resources for the region is increased by some \$1.9 million following the transfer of resources from headquarters to expand and improve services provided to constituents.

Field Programmes in Europe and Central Asia

60. The Regional Office in Geneva is responsible for the planning, coordination and implementation of ILO activities in the region and for relations with other institutions, particularly the United Nations Economic Commission for Europe and the European Union (EU).

61. There are seven ILO offices in Ankara, Bonn, Lisbon, London, Madrid, Paris and Rome and an ILO Office for the European Union and the Benelux countries in Brussels. There are also full-time and part-time national correspondents in Albania, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Estonia, Kazakhstan, Poland, Romania, Slovakia and Ukraine.

62. There are two ILO Subregional Offices:

- the Central and Eastern European Subregional Office is located in Budapest and covers Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Former Yugoslav Republic of Macedonia, Republic of Moldova, Poland, Romania, Slovakia, Slovenia, Ukraine and Federal Republic of Yugoslavia; and
- the Eastern European and Central Asian Subregional Office is located in Moscow and covers Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan, Turkmenistan and Uzbekistan.

63. The total level of resources for the region is increased by \$0.7 million following the transfer of resources from headquarters to expand and improve services provided to constituents.

Support Services

Table A1-9. Operational budget: Support services

| Regular budget | Professional (work-years/months) | General Service | Staff Costs (in constant 2002-03 US\$) | Other Costs | Total Resources |
|--|-------------------------------------|-----------------|--|-------------------|-------------------|
| Strategic objectives – Support Services | | | | | |
| Library and Information Services | 19/0 | 27/4 | 4,552,847 | 1,545,654 | 6,098,501 |
| Information Technology and Communications | 39/0 | 28/0 | 7,293,827 | 1,705,340 | 8,999,167 |
| Internal Administration | 14/0 | 156/0 | 14,159,246 | 10,563,057 | 24,722,303 |
| Publications | 19/0 | 6/0 | 3,156,037 | 380,011 | 3,536,048 |
| 2004-05 Total | 91/0 | 217/4 | 29,161,957 | 14,194,062 | 43,356,019 |
| 2002-03 Total | 96/0 | 235/6 | 31,181,198 | 15,413,946 | 46,595,144 |

64. *Library and Information Services* facilitates access of ILO staff, constituents and external clients to information.

65. *Information Technology and Communications* is responsible for the ILO information technology infrastructure including hardware, software and connectivity issues, as well as application development consulting services, database administration, IT research and development activities, and IT standards.

66. *Internal Administration* manages and administers property services, travel, transport and insurance services, and the management of contracted services, including security, catering and cleaning services. It also deals with issues related to equipment, furniture and supplies; telephone, facsimile and mail services, and the maintenance of the central filing and archives system.

67. *Publications* produces, markets and distributes ILO publications.

68. As part of general budgetary restriction measures, resources in support services, compared to the previous biennium, are decreased by \$3.2 million. This largely consists of a reduction of 5/00 Professional work-years, 18/02 General Service work-years and some \$1.2 million in non-staff costs that are expected to materialize from efficiency measures, including an ongoing review of the ILO's information policy, such as the development and distribution of printed, priced publications. Opportunities to use new information technology as an effective means of knowledge dissemination and to combine in-house editing and trans-

lation functions to provide for more efficient use of resources allow for reduced expenditure while maintaining ILO's role in knowledge dissemination.

Management Services

Table A1-10. Operational budget: Management Services

| Regular budget | Professional (work-years/months) | General Service | Staff Costs (in constant 2002-03 US\$) | Other Costs | Total Resources |
|-----------------------------|-------------------------------------|-----------------|---|------------------|-------------------|
| Management Services | | | | | |
| General Management | 20/0 | 20/0 | 4,601,546 | 820,137 | 5,421,683 |
| Human Resources Development | 34/1 | 87/7 | 11,493,289 | 3,555,168 | 15,048,457 |
| <i>Financial Services</i> | | | | | |
| Executive Director's office | 2/0 | 2/0 | 531,414 | 7,860 | 539,274 |
| Financial services | 34/0 | 74/4 | 10,032,272 | 123,618 | 10,155,890 |
| Programming and Management | 26/0 | 6/0 | 3,975,408 | 135,483 | 4,110,891 |
| 2004-05 Total | 116/1 | 189/11 | 30,633,929 | 4,642,266 | 35,276,195 |
| 2002-03 Total | 120/7 | 171/6 | 29,928,184 | 5,595,392 | 35,523,576 |

69. *General Management* incorporates executive management of the Office. As part of general budgetary restrictions, resources have been reduced by some \$285,000.

70. *Human Resources Development* manages personnel planning and career development supports. It also administers personnel policies, rules and practices, as well as staff salaries, entitlements, benefits and health insurance. The programme has been restructured with a view to improving effectiveness and efficiency. It now consists of two programmes and a Management Support Unit. The two programmes are Human Resource Operations and Development and Human Resources Policy and Administration. This programme has participated in the overall Office effort for greater efficiency and has reduced its resources in a number of activities. However, total resources have been increased by some \$817,000 in the light of the costs associated with the Human Resource strategy being implemented and to strengthen staff training activities. Resources for the Office of the Ombudsperson and for the Joint Panel are included under this programme without prejudice to the reporting arrangements that may be made.

71. *Financial Services* is responsible for ensuring that financial duties and obligations are carried out effectively and efficiently and are consistent with the Financial Regulations and Rules. Provision is included for the *Treasurer and Financial Comptroller/Executive Director's Office of the Support Services*. As part of general budgetary restriction measures, resources for this programme have been reduced by some \$563,000.

72. *Programming and Management*, under the guidance of the Director-General, provides the Governing Body and Conference with the analysis and proposals necessary to define the ILO's programme of work and to monitor and evaluate its implementation. It advises on and supports the implementation of improvements in internal structures and management systems. It houses *Internal Audit and Oversight*, formerly known as *Internal Audit Section* which reports directly to the Director-General. As part of general budgetary restriction measures, resources for this programme have been reduced by some \$216,000.

Other budgetary provisions

Table A1-11. Operational budget: Other budgetary provisions

| | Professional (work-years/months) | General Service | Staff Costs (in constant 2002-03 US dollars) | Other Costs | Total Resources |
|---|-------------------------------------|-----------------|---|-------------------|-------------------|
| Other budgetary provisions | | | | | |
| Loan annuities | — | — | — | 4,183,388 | 4,183,388 |
| ILO staff pensions fund: Amortization of actuarial deficit | — | — | — | 843,227 | 843,227 |
| Special payments fund | — | — | — | 112,997 | 112,997 |
| Staff health insurance fund. Contribution for the insurance of retired officials | — | — | — | 9,235,658 | 9,235,658 |
| Contribution to the Building and Accommodation Fund | — | — | — | 206,210 | 206,210 |
| Contribution to various United Nations common system bodies and inter-agency committees | — | — | — | 2,340,221 | 2,340,221 |
| External Audit costs | — | — | — | 566,751 | 566,751 |
| Administrative Tribunal | 2/0 | 0/5 | 298,216 | 97,880 | 396,096 |
| Staff Representation | 4/0 | 3/0 | 754,512 | — | 754,512 |
| International School of Geneva | — | — | — | 49,947 | 49,947 |
| Childcare facilities | — | — | — | 152,897 | 152,897 |
| Unpaid liabilities | — | — | — | 2,000 | 2,000 |
| 2004-05 Total | 6/0 | 3/5 | 1,052,728 | 17,791,176 | 18,843,904 |
| 2002-03 Total | 6/0 | 3/5 | 1,052,728 | 17,896,432 | 18,949,160 |

73. This programme includes the budgetary provisions for contributions to various ILO funds and United Nations common system and inter-agency bodies, as well as provisions that do not appropriately fall elsewhere in the programme and budget.

74. Programme decreases in real terms of some \$105,000 result principally from a decrease in the provision for contributions to the ILO Staff Pensions Fund.

75. *Loan annuities in the ILO building:* Provision is made for the payment of two annuities of 3,702,300 Swiss francs in 2004 and 2005 (equivalent of \$4,183,388 for the biennium) for the loan from the Swiss Property Foundation for the International Organizations (FIPOI) in connection with the ILO headquarters building. The loan will be fully repaid by the year 2025.

76. *ILO Staff Pensions Fund:* On the basis of the most recent actuarial valuation, it is estimated that a regular budget contribution to the Fund of some \$843,000 will be required for the biennium 2004-05. This represents a reduction in real terms of some \$95,000.

77. *Special Payments Fund:* The purpose of this Fund is to make periodic ex gratia payments to former officials or their spouses in accordance with criteria approved by the Governing Body. The regular budget contribution to the Fund of 200,000 Swiss francs is maintained at the same level as in the previous biennium.

78. *Staff Health Insurance Fund: Contribution for the insurance of retired officials:* This provision which amounts to some \$9.2 million covers the ILO's contribution to the Staff Health Insurance Fund in respect of the insurance of retired officials, invalidity pensioners and survivors (spouses and orphans) and is maintained at the same level in real terms as in 2002-03.

79. *Contribution to the Building and Accommodation Fund:* The regular budget provision under this heading of 365,000 Swiss francs is at the same level in real terms as in the previous biennium.

80. *Contribution to various United Nations common system bodies and inter-agency committees:* The contributions to the various United Nations common system bodies and inter-agency committees are as follows:

- Joint Inspection Unit (\$285,796)
- High Level Committee on Management (former CCAQ and ISCC) (\$128,686)
- High Level Committee on Programme (former CCPOQ) (\$26,319)
- International Civil Service Commission (\$630,413)
- United Nations System Staff College (\$50,300)
- Salary Survey Activities (\$129,314)
- Joint Medical Service (\$1,089,393)

The total provision of some \$2.3 million covers ILO contributions to these UN common system entities and is some \$9,000 lower, in real terms, than the biennium 2002-03. The examination of the desirability of establishing an internal occupational safety and health unit, as part of the implementation of the Human Resources Strategy which would also incorporate the existing medical services functions, has reached an advanced stage. If it is decided to proceed in this direction, it is estimated that the funds required for such a unit would not exceed ILO's contribution to the Joint Medical Service

81. *External audit costs:* The provision under this heading amounting to \$566,751 includes the cost of the audit of all the funds for which the Director-General has custody (regular budget, UNDP, trust funds, extra-budgetary accounts and all other special accounts).

82. *Administrative Tribunal:* The resources under this heading provide for the Registrar of the Administrative Tribunal, part-time secretarial support, and a share of other operating costs. Other operating costs consist of the costs of the Assistant Registrar, clerical assistance, mission credits, translation work, the maintenance of computer database of the Tribunal's case Law, and the judges' fees and travel expenses. These are apportioned on the basis of the proportion of ILO staff to the total number of staff of organizations which have accepted the jurisdiction of the Tribunal, and the number of cases involving the ILO to the total number of cases brought before the Tribunal during the biennium. The amount provided remains the same in real terms as in the previous biennium.

83. *Staff Representation:* By article 10.1 of the Staff Regulations, members of the Staff Union Committee are allowed time off for the purpose of representing the staff of the Office on questions of conditions of work and terms of employment. As in previous biennia, a provision of 4/00 Professional and 1/00 General Service work-years is proposed to partially finance replacements in those units in which members of the Staff Union Committee normally work. A further 2/00 General Service work-years provides for a secretary for the Staff Union.

84. *International School of Geneva:* The contribution to the International School of Geneva amounts to 88,400 Swiss francs.

85. *Childcare facilities:* As in the previous biennium, an amount of some 270,000 Swiss francs has been proposed for childcare facilities.

86. *Unpaid liabilities:* The amount of \$2,000 provides for the payment in 2004-05 of such transactions in respect of previous years as would not be appropriate to pay from any other item of the budget. This provision is required by article 17 of the Financial Regulations.

Part II: Unforeseen expenditure

Table A1-12. Operational budget: Unforeseen expenditure

| | Professional (work-years/months) | General Service | Staff Costs (in constant 2003-04 dollars) | Other Costs | Total Resources |
|------------------------|-------------------------------------|-----------------|--|----------------|-----------------|
| Unforeseen expenditure | — | — | — | 875,000 | 875,000 |
| 2004-05 Total | — | — | — | 875,000 | 875,000 |
| 2002-03 Total | — | — | — | 875,000 | 875,000 |

87. Provision is made under this item for unforeseen and extraordinary expenses, i.e. those which may arise when, as a result of Governing Body decisions taken after the adoption of the budget, or for any other reason, an approved budget credit is no longer sufficient for the purpose envisaged; or when the Governing Body approves an item of work or an activity for which no provision has been made in the budget.

88. In accordance with article 15 of the Financial Regulations, no part of the resources provided under this item may be used for any other purpose without the specific prior authorization of the Governing Body.

89. The total supplementary expenditure authorizations approved by the Governing Body in respect of recent financial periods have been as follows:

| <i>Financial period</i> | <i>US dollars</i> |
|-------------------------|-------------------|
| 1992-93 | 2,325,000 |
| 1994-95 | 1,378,500 |
| 1996-97 | 438,900 |
| 1998-99 | 8,682,250 |
| 2000-01 | 2,550,600 |

90. Normally, these authorizations have been provided in the first instance for financing to the extent possible out of budgetary savings; failing this, out of the credit under this item; and after exhaustion of this credit, by a withdrawal from the Working Capital Fund.

91. The Governing Body at its 221st Session (November 1982) supported the Director-General's proposal that the provision under this item should be set at a more realistic level. However, in the current climate of financial constraints, it has not been possible to increase the level of this provision. Accordingly, the Director-General, while conscious of the need to maintain this provision in reasonable proportion to the size of the budget, proposes to keep it at the 2002-03 level, i.e. \$875,000.

Part III: Working Capital Fund

92. The Working Capital Fund is established for the following purposes, as defined in article 19(1) of the Financial Regulations:

- (a) to finance budgetary expenditure pending receipt of contributions or other income; and
- (b) in exceptional circumstances and subject to prior authorization of the Governing Body, to provide advances to meet contingencies and emergencies.

93. *Level of the Working Capital Fund:* The level of the Working Capital Fund was set at 35 million Swiss francs on 1 January 1993 by the International Labour Conference at its 80th Session (June 1993).

94. *Refund of withdrawals:* Under the provisions of article 21.2 of the Financial Regulations, any withdrawals from the Working Capital Fund to finance budgetary expenditure pending the receipt of contributions shall be reimbursed from arrears of contributions received. Withdrawals used to finance expenditure incurred in respect of contingencies or emergencies under prior authorization of the Governing Body shall be reimbursed from an additional assessment on member States. It is expected that no provision will be necessary under this part of the budget in 2004-05.

Details of cost increases

Proposed operational budget – Analysis of increases and decreases

| | 2002-03 | 2004-05 | Programme Increases | | Cost Increases | | 2004-05 | % |
|---|--------------------|--|---------------------|--------------|-------------------|-------------|--------------------|--------------|
| | \$ | Estimates in Constant 2002-2003 Dollars \$ | (\$) | (%) | (\$) | (%) | (\$) | (%) |
| PART I. ORDINARY BUDGET | | | | | | | | |
| Policy-making organs | 53,061,438 | 51,463,182 | -1,598,256 | -3.01 | 1,550,102 | 3.01 | 53,013,284 | 11.83 |
| International Labour Conference | 8,506,874 | 8,956,874 | 450,000 | 5.29 | 160,701 | 1.79 | 9,117,575 | |
| Governing Body | 3,245,148 | 3,502,706 | 257,558 | 7.94 | 160,986 | 4.60 | 3,663,692 | |
| Major Regional Meetings | 824,335 | 542,775 | -281,560 | -34.16 | 17,952 | 3.31 | 560,727 | |
| Legal services | 2,306,987 | 2,191,638 | -115,349 | -5.00 | 82,912 | 3.78 | 2,274,550 | |
| Relations, meetings and document services | 38,178,094 | 36,269,189 | -1,908,905 | -5.00 | 1,127,551 | 3.11 | 37,396,740 | |
| Strategic objectives | 329,306,103 | 331,256,996 | 1,950,893 | 0.59 | 10,408,583 | 3.14 | 341,665,579 | 76.26 |
| Technical programmes | 148,514,917 | 146,938,025 | -1,576,892 | -1.06 | 4,910,058 | 3.34 | 151,848,083 | 33.89 |
| Standards and fundamental principles and rights at work | 24,179,515 | 23,454,822 | -724,693 | -3.00 | 815,083 | 3.48 | 24,269,905 | |
| Employment | 32,350,385 | 30,999,336 | -1,351,049 | -4.18 | 970,101 | 3.13 | 31,969,437 | |
| Social protection | 22,690,939 | 22,045,233 | -645,706 | -2.85 | 718,713 | 3.26 | 22,763,946 | |
| Social dialogue | 36,088,391 | 35,342,340 | -746,051 | -2.07 | 1,310,428 | 3.71 | 36,652,768 | |
| Policy Integration | 9,767,312 | 10,553,947 | 786,635 | 8.05 | 349,278 | 3.31 | 10,903,225 | |
| Follow-up to the World Commission | 0 | 750,000 | 750,000 | n/a | 20,214 | 2.70 | 770,214 | |
| Gender equality | 1,850,815 | 1,850,815 | 0 | 0.00 | 70,458 | 3.81 | 1,921,273 | |
| International Institute for Labour Studies | 4,499,219 | 4,024,258 | -474,961 | -10.56 | 85,396 | 2.12 | 4,109,654 | |
| International Training Centre of the ILO, Turin | 5,534,701 | 5,757,966 | 223,265 | 4.03 | 116,311 | 2.02 | 5,874,277 | |
| External relations and partnerships | 4,281,932 | 4,335,651 | 53,719 | 1.25 | 125,741 | 2.90 | 4,461,392 | |
| Communications | 5,160,727 | 5,519,243 | 358,516 | 6.95 | 197,539 | 3.58 | 5,716,782 | |
| ILO Web development | 725,804 | 988,496 | 262,692 | 36.19 | 30,989 | 3.13 | 1,019,485 | |
| Technical meetings reserve | 1,385,177 | 1,315,918 | -69,259 | -5.00 | 99,807 | 7.58 | 1,415,725 | |
| Regions and technical cooperation | 134,196,042 | 140,962,952 | 6,766,910 | 5.04 | 4,126,094 | 2.93 | 145,089,046 | 32.38 |
| Development cooperation | 2,743,265 | 2,606,102 | -137,163 | -5.00 | 95,961 | 3.68 | 2,702,063 | |
| Field programmes in Africa | 38,642,216 | 40,824,916 | 2,182,700 | 5.65 | 1,787,590 | 4.38 | 42,612,506 | |
| Field programmes in the Americas | 35,903,871 | 37,564,330 | 1,660,459 | 4.62 | 179,415 | 0.48 | 37,743,745 | |
| Field programmes in Arab States | 8,126,178 | 8,582,581 | 456,403 | 5.62 | 319,841 | 3.73 | 8,902,422 | |
| Field programmes in Asia and the Pacific | 36,466,951 | 38,388,531 | 1,921,580 | 5.27 | 899,502 | 2.34 | 39,288,033 | |
| Field programmes in Europe and Central Asia | 12,313,561 | 12,996,492 | 682,931 | 5.55 | 843,785 | 6.49 | 13,840,277 | |
| Support services | 46,595,144 | 43,356,019 | -3,239,125 | -6.95 | 1,372,431 | 3.17 | 44,728,450 | 9.98 |
| Library and information services | 6,419,475 | 6,098,501 | -320,974 | -5.00 | 227,665 | 3.73 | 6,326,166 | |
| Information technology and communications | 9,472,807 | 8,999,167 | -473,640 | -5.00 | 387,288 | 4.30 | 9,386,455 | |
| Internal administration | 26,023,477 | 24,722,303 | -1,301,174 | -5.00 | 636,960 | 2.58 | 25,359,263 | |
| Publications | 4,679,385 | 3,536,048 | -1,143,337 | -24.43 | 120,518 | 3.41 | 3,656,566 | |
| Management services | 35,523,576 | 35,276,195 | -247,381 | -0.70 | 1,045,316 | 2.96 | 36,321,511 | 8.11 |
| General management | 5,707,035 | 5,421,683 | -285,352 | -5.00 | 173,834 | 3.21 | 5,595,517 | |
| Human Resources Development | 14,231,220 | 15,048,457 | 817,237 | 5.74 | 401,736 | 2.67 | 15,450,193 | |

| | 2002-03 | 2004-05 | Programme Increases | | Cost Increases | | 2004-05 | % |
|--|--------------------|--|---------------------|-------------|-------------------|-------------|--------------------|--------------------|
| | \$ | Estimates in Constant 2002-2003 Dollars \$ | (Decreases) | (Decreases) | (Decreases) | (Decreases) | \$ | of Total Budget |
| | | | \$ | % | \$ | % | \$ | % |
| Financial services | 11,258,067 | 10,695,164 | -562,903 | -5.00 | 324,812 | 3.04 | 11,019,976 | |
| Programming and management | 4,327,254 | 4,110,891 | -216,363 | -5.00 | 144,934 | 3.53 | 4,255,825 | |
| Other budgetary provisions | 18,949,160 | 18,843,904 | -105,256 | -0.56 | 1,095,105 | 5.81 | 19,939,009 | 4.45 |
| Adjustment for staff turnover | -3,675,277 | -3,675,277 | — | — | -118,376 | 3.22 | -3,793,653 | -0.85 |
| TOTAL PART I. | 433,165,000 | 433,165,000 | 0 | 0.00 | 13,980,730 | 3.23 | 447,145,730 | 99.80 |
| PART II. UNFORESEEN EXPENDITURE | | | | | | | | |
| Unforeseen expenditure | 875,000 | 875,000 | — | — | — | — | 875,000 | 0.20 |
| PART III. WORKING CAPITAL FUND | | | | | | | | |
| Working Capital Fund | — | — | — | — | — | — | — | — |
| TOTAL (PARTS I-III) | 434,040,000 | 434,040,000 | 0 | 0.00 | 13,980,730 | 3.22 | 448,020,730 | 100.00 |

Methodology

1. The strategic and operational budget are initially developed at constant cost rates, to allow comparability of the approved budget of the current biennium with the proposed budget for the next biennium. This information annex provides details on the methodology used for calculating the cost increases for 2004-05 and the amounts proposed.

Basis for calculation of cost increases

2. The cost increase estimates are developed from detailed calculations of each component of staff and non-staff expenditure, and any projected percentage increases are applied to the 2004-05 budget for the corresponding object of expenditure. The cost increases must also reflect the full biennial effect of cost adjustments that have occurred at some stage during the current biennium. The amounts projected make extensive use of independent verifiable forecast data such as consumer price indices and published data of authoritative bodies such as the International Civil Service Commission (ICSC). Specific consideration is given to input costs and trends in decentralized locations, as inflation varies significantly between and within the regions where the ILO operates.

3. Cost increases are applied to every programme in accordance with the planned distribution of resources by object of expenditure. However, for certain programmes involving specific types of expenditure, it is not realistic to use the average rates of cost increases. Where special consideration is appropriate, further adjustment is made to the programme concerned and consequently the underlying expenditure by object of expenditure, and this is explicitly reported below.

US dollar-Swiss franc exchange rate

4. In line with the established methodology, the present cost increase proposals are drawn up at the 2002-03 approved budget rate of exchange of 1.77 Swiss francs to the US dollar.

Inter-agency coordination regarding calculation of cost increases in Geneva-based portions of the budget

5. For a number of biennia, the ILO has used assumptions agreed upon in common with other organizations of the United Nations system having headquarters or major offices in Geneva as a basis for the calculation of cost increases in the Geneva-based portion of its budget. In continuing this established practice, endorsed by the United Nations System Chief Executives Board (CEB) – formerly the Administrative Committee on Coordination (ACC), representatives of these organizations met in October 2002 and considered rates of

exchange and inflation to be assumed for that part of their proposed expenditure budgets for 2004-05 which would be incurred in Switzerland. The commonly agreed assumptions have been used to calculate cost increases in 2004-05 as regards expenditure to be incurred in Switzerland.

Conclusions of Inter-agency coordination meeting on the calculation of 2004-05 cost increases in Geneva-based portions of the budget

6. The main conclusions of the Inter-agency coordination meeting are summarized below.

Staff costs

Professional and higher categories: The General Assembly's decisions on the ICSC recommendations for a real increase in net base salaries to restore the margin in accordance with the Noblemaire principle needed to be reflected in the budget.

General Service salaries: As a result of the most recent General Service salary survey, the ICSC recommended to Executive Heads the implementation of a revised General Service salary scale effective 1 January 2002 which would need to be reflected in the budget.

Contributions to the United Nations Joint Staff Pension Fund: The Pension Board has not recommended any change to the total rate of contribution to the United Nations Joint Staff Pension Fund, nor to the share financed by member organizations. The meeting agreed to assume that the status quo with regard to the rate would continue throughout the 2004-05 biennium.

- Pensionable remuneration of the professional and higher categories would increase in November 2002 and annually thereafter to the extent of changes in the total net remuneration (i.e. net base salary and post adjustment). The increase in November 2002 was expected to be about 3.55 per cent. It would also increase in accordance with the net base salary increases reported above and agreed to by the General Assembly.
- For staff in the General Service category, pensionable remuneration was the dollar equivalent of the sum of the local gross salary, any language allowance and any non-resident,s allowance payable. Thus, application of the revised General Service salary scale in January 2002 and future projected increases would result in a corresponding increase in the pensionable remuneration. This increase and any changes in the US dollar-Swiss franc rates of exchange would impact the dollar costs of organizations' contributions.

Other common staff costs: Proposals before the General Assembly for an increase in secondary dependent allowances and increases to Education Grant level in January 2003 needed to be reflected.

Non-staff costs

Rates of inflation in Switzerland and other cost increases: A common set of assumptions could be agreed upon with regard to the evolution of economic factors in Switzerland in the period considered, including the overall rate of inflation, based on a review of official statistics, statements of competent authorities, the views of reputable economic analysts and information gathered from professional associations and other appropriate sources. It was noted that in some cases these data suggested rates of inflation for individual types of expenditure that differed from the overall rate assumed. The meeting also cautioned that, for a variety of reasons, each organization's estimates for the *preceding* period embodied different assumptions on cost levels. Accordingly, each organization would need to decide on the adjustments required in its 2002 and 2003 estimates in order to provide an adequate cost base in budgeting for the economic conditions jointly assumed for 2004 and 2005. Moreover, the assumptions should be subject to review by individual organizations on the basis of any further information that may become available at a later stage.

- *General rate of inflation:* The official Swiss consumer price index had shown a year-on-year increase of 1.6 per cent in 2000 and an increase of 1.0 per cent in 2001. While increases from January to September 2002 were at a slightly lower rate, participants

concluded that a 1.0 per cent general rate of inflation could be used for 2003, 2004 and 2005.

- *Contractual services:* It was agreed that increases for contractual services incurred in Switzerland (including printing and binding, contractual maintenance of premises and equipment) were expected to follow the assumed general annual rate of inflation of 1.0 per cent.
- General operating expenses
 - ◆ *Fuel oil:* It was difficult to estimate the evolution of fuel prices in the light of recent major increases in crude oil costs. It was agreed that organizations should take into account the latest price levels in effect at the time of the completion of their proposed budgets and assume a general inflation rate thereafter.
 - ◆ *Other utilities:* Water charges were expected to increase at a rate of 1 per cent per year as from 2003 and could remain at that level through 2004 and 2005. For electricity, it was anticipated that prices would not increase from the present levels.
 - ◆ *Communications (telephone, telex, and facsimile services):* After a period of generally falling rates, in some markets, communications costs had increased recently; these might continue to increase at a rate of around 5 per cent per year depending on the degree of competition in different geographical markets.
 - ◆ *Post:* Postage charges were expected to increase by 7 per cent in 2002-03 and by 10 per cent in 2004-05.
 - ◆ *Pouch services:* Pouch costs were expected to reflect a tariff increase of 12 per cent in 2002-03 and a further 10 per cent in 2004-05.
- *Supplies and materials:* Based on recent market developments, including substantial increases in pulp prices, an overall increase of 15 per cent for 2004-05 could be assumed for paper and printing supplies, although in some competitive markets, such as those for photocopy paper, increases might be far less. The cost of other supplies was expected to increase at around the general rate of inflation.
- *Acquisition of furniture and equipment:* The steady price decreases for office automation equipment (hardware and software) were expected to continue. However, the need to replace the old equipment with more sophisticated equipment, which is more expensive, and the purchase of new software packages, was expected to completely offset the anticipated savings. For furniture and other equipment, average increases were expected to be in line with the general inflation assumption of 1.0 per cent for 2003, and an overall 10 per cent increase for 2004-05.

Analysis of cost increases for 2004-05

7. As noted above, cost increases are applied to the budget on the basis of the object of expenditure, taking account of:

- commonly agreed assumptions for cost increases in Geneva;
- separately considering cost trends in external field offices; and
- explicitly adjusting for programme activities where special consideration is appropriate.

8. Increases in local costs, excluding Professional salaries but including salaries and allowances of locally recruited staff, are calculated individually for each of the ILO's offices outside Geneva. The latest 2002 costs are increased for estimated inflation in 2003, 2004 and 2005, and take account of the effect of adjustments in the rate of exchange between the local currency and the US dollar and the Swiss franc (where for budgeting purposes the local currency is assimilated to the Swiss franc). The annual rates of cost increase vary considerably between and within regions. The projected average annual rate for each region, in dollar terms, is as follows: Africa, 2.3 per cent; the Americas, 2.0 per cent; Arab States, 4.5 per cent; Asia and the Pacific, 1.3 per cent; Europe, 2.9 per cent.

Cost increases by object of expenditure (in thousands of US dollars)

| | Budget proposals in constant dollars | Cost increases | Biennium % increase |
|---|---|----------------|------------------------|
| Staff costs | 304,975 | 8,512 | 2.8 |
| Travel on official business | 16,307 | 784 | 4.8 |
| Contractual services | 15,228 | 451 | 3.0 |
| General operating expenses | 28,437 | 1,450 | 5.1 |
| Supplies and materials | 3,841 | 235 | 6.1 |
| Furniture and equipment | 3,620 | 159 | 4.4 |
| Acquisition and improvement of premises | 4,183 | 0 | 0.0 |
| Fellowships, grants and field projects | 54,225 | 2,271 | 4.2 |
| Other items | 3,224 | 119 | 3.7 |
| Total | 434,040 | 13,981 | 3.2 |

9. The preceding table summarizes the proposed cost increases for 2004-05 by object of expenditure. The total provision for cost increases amounts to US\$13.98 million, or 3.2 per cent over the biennium.

Staff costs

10. Staff costs account for 70 per cent of the overall expenditure budget and the related cost increase of US\$8.5 million (2.8 per cent) constitutes the largest escalation in absolute terms. Most of the underlying cost adjustments are determined from ILO's participation in the UN Common System of salaries and allowances, established by the General Assembly on the recommendation of the ICSC, over which the Office has no control, and commonly agreed assumptions on the Geneva-based portions of the staff budget. Moreover, much of the staff cost increases for 2004-05 arise from the need to reflect the full biennial effect of cost adjustments that have occurred at some stage during the current biennium.

11. Staff costs comprise:

- all Professional staff costs, and General Service staff at headquarters, which are budgeted at standard cost and are more fully described below;
- interpreters, committee secretaries and short-term Conference staff, where the proposed provision for cost increase is line with that provided for Professional and General Service staff at headquarters; and
- locally recruited staff, where the provision corresponds to the projected average annual rate for each region, as tabulated above.

Staff costs calculated at standard cost

12. Separate standard costs are used for all Professional staff, regardless of location of assignment, and General Service staff in Geneva. The standard costs are composed of a number of elements, and variations from one biennium to another arise from changes in the cost of living, conditions of service, places of recruitment and assignment of staff, etc. The 2004-05 standard costs are an extrapolation of actual costs in 2002 with appropriate allowances for expected trends of inflation, changes in staff entitlements, and the movement and overall composition of staff. Cost increases are provided to cover an increase in the standard cost for one Professional staff work-year from US\$133,908 to US\$138,312, an increase of 3.3 per cent. The standard cost for one General Service staff work-year at headquarters has increased from US\$72,960 to US\$74,796 (2.5 per cent).

13. *Professional category:* In accordance with the conclusions of the meeting of Geneva-based agencies, the projected cost of Professional staff includes an adjustment for the real increase in salaries approved by the United Nations General Assembly in December 2002 amounting to 2.2 per cent of base salary. Corresponding adjustments have been provided for in other elements of the standard cost that are dependent upon base salary (e.g., post adjustment, pensionable remuneration, contribution to health insurance). Decisions of the

ICSC to increase education grant entitlements have also been covered. The standard cost includes provisions for annual and maternity leave, allowances payable on appointment and relocation, dependency allowances, travel and removal expenses on appointment, home leave, transfer, etc., and other miscellaneous entitlements.

14. *General Service category*: The standard cost includes provisions for annual and maternity leave, allowances payable on appointment and relocation, dependency allowances, travel and removal expenses on appointment, home leave, transfer, and other miscellaneous entitlements. Allowance has been made for the decisions of the ICSC to increase basic salaries in Geneva by 4.33 per cent (in respect of the scale applied to staff recruited on 1.9.95 or thereafter) and 1.46 per cent (in respect of staff on board before 1.9.1995), effective 1 January 2002. A provision for annual inflation of 1 per cent, as agreed by the Geneva-based agencies has also been included. Most of the officials in this category are locally engaged, and only a limited provision has been made to cover benefits due to non-local staff, such as home leave.

Travel on official business

15. No increases have been provided for the cost of air tickets, on account of competitive pricing available in most markets. However, increases have been anticipated for subsistence allowances to reflect inflation projections in the different locations which were under-budgeted in the current biennium. The projected increase includes some US\$460,000 in respect of travel of members of the Governing Body, the Committee of Experts on the Application of Conventions and Recommendations, and participants in Sectoral and Technical meetings.

Contractual services

16. In general the cost increase for external collaboration contracts should correspond to that for Professional staff, and an increase of 3.3 per cent for the biennium has therefore been provided. Cost increases of 7.5 per cent per annum for printing supplies, as agreed between the Geneva-based agencies, have been applied to this category of expenditure.

General operating expenses

17. In addition to the general rates of inflation agreed between the Geneva-based agencies, an amount of \$145,000 has been provided for hardware and software maintenance contracts to cover unbudgeted increases in the current biennium and forecasted inflation for 2004-05.

Supplies, materials, furniture and equipment

18. Cost increases of 7.5 per cent per annum as agreed between the Geneva-based agencies have been applied for paper supplies, periodicals, journals, etc. For furniture and equipment supplies, an overall 10 per cent increase for the biennium (i.e., 5 per cent per annum) has been applied, as agreed by the Geneva-based agencies.

Fellowships, grants and field projects

19. A cost increase of 2.3 per cent per annum, which represents the average rate of local inflation forecast for the regions (paragraph 8), has been applied to Regular Budget Technical Cooperation field projects. Cost increases of 2.0 per cent per annum in dollar terms have been provided to reflect forecast inflation in Italy.

Other expenditure

20. This item is composed of joint administrative activities within the United Nations system, e.g. High Level Committee on Management (HLCM), UN Joint Inspection Unit, etc. The budget estimates for these bodies have been used as a basis where available, with cost increases being based on the general rate of assumed inflation in the location of the various bodies (1.0 per cent for Geneva and 3.8 per cent for New York). In addition, minor modifications have occurred in the apportionment of the costs between participating agencies. The increasing number of retirees, demographic trends and inflation adjustments to pensions, have required an increase in the provision for the subsidy on after service health care of \$0.93 million (10 per cent).

Proposed operational budget by item and object of expenditure

| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Total |
|---|---------|--------------------|-----------------------------|----------------------|----------------------------|------------------------|-------------------------|---|--------------------------------------|-------------|--------------------|
| | | Staff costs | Travel on official business | Contractual services | General operating expenses | Supplies and materials | Furniture and equipment | Acquisition and improvement of premises | Fellowship grants and field projects | Other items | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| PART I. ORDINARY BUDGET | | | | | | | | | | | |
| Policy-making organs | | | | | | | | | | | |
| International Labour Conference | 2002-03 | 5,740,170 | 51,560 | 1,498,140 | 959,094 | 207,590 | 37,350 | — | 12,970 | — | 8,506,874 |
| | 2004-05 | 6,310,165 | 147,900 | 1,249,835 | 1,018,600 | 177,724 | 40,200 | — | 12,450 | — | 8,956,874 |
| Governing Body | 2002-03 | 1,488,645 | 1,683,155 | — | 73,348 | — | — | — | — | — | 3,245,148 |
| | 2004-05 | 1,673,201 | 1,756,157 | — | 73,348 | — | — | — | — | — | 3,502,706 |
| Major Regional Meetings | 2002-03 | 150,880 | 201,990 | 132,415 | 339,050 | — | — | — | — | — | 824,335 |
| | 2004-05 | 229,838 | 109,882 | 79,300 | 117,125 | 6,630 | — | — | — | — | 542,775 |
| Legal services | 2002-03 | 2,234,604 | 27,844 | 44,539 | — | — | — | — | — | — | 2,306,987 |
| | 2004-05 | 2,088,684 | 20,000 | 65,000 | — | — | 6,500 | — | 11,454 | — | 2,191,638 |
| Relations, meetings and document services | 2002-03 | 34,131,930 | 33,132 | 1,392,925 | 1,802,020 | 209,840 | 608,247 | — | — | — | 38,178,094 |
| | 2004-05 | 32,727,580 | 30,186 | 1,137,296 | 1,625,600 | 193,632 | 541,350 | — | 13,545 | — | 36,269,189 |
| Total | 2002-03 | 43,746,229 | 1,997,681 | 3,068,019 | 3,173,512 | 417,430 | 645,597 | — | 12,970 | — | 53,061,438 |
| | 2004-05 | 43,029,468 | 2,064,125 | 2,531,431 | 2,834,673 | 377,986 | 588,050 | — | 37,449 | — | 51,463,182 |
| Strategic Objectives | | | | | | | | | | | |
| Technical programmes | | | | | | | | | | | |
| Standards and fundamental principles and rights at work | 2002-03 | 20,381,246 | 1,117,463 | 1,289,690 | — | — | 147,216 | — | 1,243,900 | — | 24,179,515 |
| | 2004-05 | 19,827,065 | 995,986 | 1,294,368 | — | — | 93,503 | — | 1,243,900 | — | 23,454,822 |
| Employment | 2002-03 | 24,599,759 | 2,458,550 | 2,792,455 | — | 186,170 | 284,051 | — | 2,029,400 | — | 32,350,385 |
| | 2004-05 | 24,575,439 | 1,821,637 | 2,202,860 | — | 100,000 | 270,000 | — | 2,029,400 | — | 30,999,336 |
| Social protection | 2002-03 | 19,135,627 | 918,034 | 1,351,358 | — | 12,960 | 152,460 | — | 1,120,500 | — | 22,690,939 |
| | 2004-05 | 18,572,197 | 844,825 | 1,321,013 | 10,500 | 16,500 | 139,698 | — | 1,140,500 | — | 22,045,233 |
| Social dialogue | 2002-03 | 23,516,174 | 2,641,751 | 1,527,069 | 14,733 | 3,460 | 163,804 | — | 8,221,400 | — | 36,088,391 |
| | 2004-05 | 23,160,666 | 2,461,538 | 1,350,902 | 14,733 | 4,960 | 113,461 | — | 8,236,080 | — | 35,342,340 |
| Policy integration | 2002-03 | 8,437,886 | 463,655 | 723,641 | — | — | 56,630 | — | 85,500 | — | 9,767,312 |
| | 2004-05 | 8,750,300 | 462,669 | 925,018 | — | — | 230,460 | — | 185,500 | — | 10,553,947 |
| Follow-up to the World Commission | 2002-03 | — | — | — | — | — | — | — | — | — | — |
| | 2004-05 | — | 250,000 | 350,000 | 50,000 | — | — | — | 100,000 | — | 750,000 |
| Gender equality | 2002-03 | 1,346,184 | 75,331 | 335,100 | — | — | — | — | 94,200 | — | 1,850,815 |
| | 2004-05 | 1,429,144 | 77,871 | 170,000 | — | 1,000 | 16,600 | — | 156,200 | — | 1,850,815 |
| International Institute for Labour Studies | 2002-03 | — | — | — | — | — | — | — | 4,499,219 | — | 4,499,219 |
| | 2004-05 | — | — | — | — | — | — | — | 4,024,258 | — | 4,024,258 |
| International Training Centre of the ILO, Turin | 2002-03 | — | — | — | — | — | — | — | 5,534,701 | — | 5,534,701 |
| | 2004-05 | — | — | — | — | — | — | — | 5,757,966 | — | 5,757,966 |
| External relations and partnerships | 2002-03 | 3,457,434 | 117,854 | 81,642 | 556,488 | 20,700 | 47,814 | — | — | — | 4,281,932 |
| | 2004-05 | 3,476,612 | 166,590 | 57,447 | 556,488 | 30,700 | 47,814 | — | — | — | 4,335,651 |
| Communications | 2002-03 | 3,268,944 | 219,417 | 1,486,549 | 57,737 | 79,180 | 48,900 | — | — | — | 5,160,727 |
| | 2004-05 | 3,767,652 | 226,867 | 1,325,617 | 80,120 | 70,337 | 48,650 | — | — | — | 5,519,243 |
| ILO Web development | 2002-03 | 681,552 | — | 31,182 | — | — | 13,070 | — | — | — | 725,804 |
| | 2004-05 | 949,368 | — | 39,128 | — | — | — | — | — | — | 988,496 |
| Technical meetings reserve | 2002-03 | 435,201 | 635,950 | 272,720 | 41,306 | — | — | — | — | — | 1,385,177 |
| | 2004-05 | 435,201 | 635,950 | 203,461 | 41,306 | — | — | — | — | — | 1,315,918 |
| Total | 2002-03 | 105,260,007 | 8,648,005 | 9,891,406 | 670,264 | 302,470 | 913,945 | — | 22,828,820 | — | 148,514,917 |
| | 2004-05 | 104,943,644 | 7,943,933 | 9,239,814 | 753,147 | 223,497 | 960,186 | — | 22,873,804 | — | 146,938,025 |

| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Total |
|---|---------|--------------------|-----------------------------|----------------------|----------------------------|------------------------|-------------------------|---|--------------------------------------|------------------|--------------------|
| | | Staff costs | Travel on official business | Contractual services | General operating expenses | Supplies and materials | Furniture and equipment | Acquisition and improvement of premises | Fellowship grants and field projects | Other items | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Strategic Objectives | | | | | | | | | | | |
| Regions and technical co-operation | | | | | | | | | | | |
| Development cooperation | 2002-03 | 2,674,818 | 45,342 | 8,192 | — | — | 14,913 | — | — | — | 2,743,265 |
| | 2004-05 | 2,534,682 | 49,420 | 15,000 | — | — | 2,000 | — | 5,000 | — | 2,606,102 |
| Field programmes in Africa | 2002-03 | 25,789,162 | 1,617,195 | 118,285 | 3,943,547 | 395,137 | 464,890 | — | 6,306,000 | 8,000 | 38,642,216 |
| | 2004-05 | 28,214,574 | 1,722,040 | 166,985 | 3,328,200 | 396,455 | 469,326 | — | 6,518,536 | 8,800 | 40,824,916 |
| Field programmes in the Americas | 2002-03 | 24,694,886 | 1,151,841 | 516,565 | 3,687,814 | 322,385 | 281,950 | — | 5,248,430 | — | 35,903,871 |
| | 2004-05 | 26,346,418 | 1,109,150 | 438,362 | 3,852,821 | 305,568 | 265,581 | — | 5,246,430 | — | 37,564,330 |
| Field programmes in Arab States | 2002-03 | 5,680,029 | 377,494 | 139,635 | 367,035 | 14,985 | 97,000 | — | 1,450,000 | — | 8,126,178 |
| | 2004-05 | 6,126,389 | 370,977 | 112,992 | 385,963 | 45,000 | 71,260 | — | 1,470,000 | — | 8,582,581 |
| Field programmes in Asia and the Pacific | 2002-03 | 25,382,508 | 1,675,416 | 501,572 | 3,508,800 | 391,655 | 642,000 | — | 4,365,000 | — | 36,466,951 |
| | 2004-05 | 27,301,856 | 1,862,500 | 408,432 | 3,708,143 | 427,600 | 280,000 | — | 4,400,000 | — | 38,388,531 |
| Field programmes in Europe and Central Asia | 2002-03 | 8,286,938 | 430,970 | 488,989 | 2,056,928 | 115,465 | 135,780 | — | 798,491 | — | 12,313,561 |
| | 2004-05 | 9,304,957 | 463,690 | 228,425 | 1,982,559 | 95,422 | 122,948 | — | 798,491 | — | 12,996,492 |
| Total | 2002-03 | 92,508,341 | 5,298,258 | 1,773,238 | 13,564,124 | 1,239,627 | 1,636,533 | — | 18,167,921 | 8,000 | 134,196,042 |
| | 2004-05 | 99,828,876 | 5,577,777 | 1,370,196 | 13,257,686 | 1,270,045 | 1,211,115 | — | 18,438,457 | 8,800 | 140,962,952 |
| Support services | | | | | | | | | | | |
| Library and information services | 2002-03 | 4,637,967 | 15,743 | 380,098 | 16,490 | 1,320,677 | 12,840 | — | 35,660 | — | 6,419,475 |
| | 2004-05 | 4,552,847 | 15,743 | 380,098 | 10,000 | 996,193 | 97,960 | — | 45,660 | — | 6,098,501 |
| Information technology and communications | 2002-03 | 7,894,532 | 33,949 | 53,627 | 1,194,872 | — | 135,024 | — | 37,180 | 123,623 | 9,472,807 |
| | 2004-05 | 7,293,827 | 34,000 | 54,000 | 1,445,340 | — | 135,000 | — | 37,000 | — | 8,999,167 |
| Internal administration | 2002-03 | 14,680,667 | 41,434 | 42,853 | 9,584,163 | 899,380 | 774,980 | — | — | — | 26,023,477 |
| | 2004-05 | 14,159,246 | 51,434 | 177,853 | 9,000,524 | 961,336 | 371,910 | — | — | — | 24,722,303 |
| Publications | 2002-03 | 3,968,032 | 21,334 | 671,443 | — | — | 18,576 | — | — | — | 4,679,385 |
| | 2004-05 | 3,156,037 | 17,481 | 352,115 | — | — | 10,415 | — | — | — | 3,536,048 |
| Total | 2002-03 | 31,181,198 | 112,460 | 1,148,021 | 10,795,525 | 2,220,057 | 941,420 | — | 72,840 | 123,623 | 46,595,144 |
| | 2004-05 | 29,161,957 | 118,658 | 964,066 | 10,455,864 | 1,957,529 | 615,285 | — | 82,660 | — | 43,356,019 |
| Management services | | | | | | | | | | | |
| General management | 2002-03 | 4,596,396 | 497,182 | 209,952 | 382,675 | — | 20,830 | — | — | — | 5,707,035 |
| | 2004-05 | 4,601,546 | 217,946 | 204,016 | 382,675 | 5,500 | 10,000 | — | — | — | 5,421,683 |
| Human resources development | 2002-03 | 10,406,916 | 627,467 | 975,910 | 195,568 | — | 192,228 | — | 1,833,131 | — | 14,231,220 |
| | 2004-05 | 11,493,289 | 288,886 | 753,950 | 184,600 | 3,300 | 215,700 | — | 2,108,732 | — | 15,048,457 |
| Financial services | 2002-03 | 10,803,324 | 127,807 | 253,716 | — | 2,800 | 61,130 | — | 9,290 | — | 11,258,067 |
| | 2004-05 | 10,563,686 | 31,730 | 76,948 | — | 2,800 | 20,000 | — | — | — | 10,695,164 |
| Programming and management | 2002-03 | 4,121,548 | 138,017 | 44,709 | — | — | 22,980 | — | — | — | 4,327,254 |
| | 2004-05 | 3,975,408 | 60,000 | 75,483 | — | — | — | — | — | — | 4,110,891 |
| Total | 2002-03 | 29,928,184 | 1,390,473 | 1,484,287 | 578,243 | 2,800 | 297,168 | — | 1,842,421 | — | 35,523,576 |
| | 2004-05 | 30,633,929 | 598,562 | 1,110,397 | 567,275 | 11,600 | 245,700 | — | 2,108,732 | — | 35,276,195 |
| Other budgetary provisions | 2002-03 | 1,052,728 | 3,450 | 11,850 | 568,751 | — | — | 4,183,388 | 10,779,269 | 2,349,724 | 18,949,160 |
| | 2004-05 | 1,052,728 | 3,450 | 11,850 | 568,751 | — | — | 4,183,388 | 10,683,516 | 2,340,221 | 18,843,904 |
| Adjustment for staff turnover | 2002-03 | -3,675,277 | — | — | — | — | — | — | — | — | -3,675,277 |
| | 2004-05 | -3,675,277 | — | — | — | — | — | — | — | — | -3,675,277 |
| TOTAL PART I. | 2002-03 | 300,001,410 | 17,450,327 | 17,376,821 | 29,350,419 | 4,182,384 | 4,434,663 | 4,183,388 | 53,704,241 | 2,481,347 | 433,165,000 |
| | 2004-05 | 304,975,325 | 16,306,505 | 15,227,754 | 28,437,396 | 3,840,657 | 3,620,336 | 4,183,388 | 54,224,618 | 2,349,021 | 433,165,000 |

| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Total |
|--|---------|--------------------|-----------------------------|----------------------|----------------------------|------------------------|-------------------------|---|--------------------------------------|------------------|--------------------|
| | | Staff costs | Travel on official business | Contractual services | General operating expenses | Supplies and materials | Furniture and equipment | Acquisition and improvement of premises | Fellowship grants and field projects | Other items | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| PART II. UNFORESEEN EXPENDITURE | | | | | | | | | | | |
| Unforeseen expenditure | 2002-03 | — | — | — | — | — | — | — | — | 875,000 | 875,000 |
| | 2004-05 | — | — | — | — | — | — | — | — | 875,000 | 875,000 |
| PART III. WORKING CAPITAL FUND | | | | | | | | | | | |
| Working Capital Fund | 2002-03 | — | — | — | — | — | — | — | — | — | — |
| | 2004-05 | — | — | — | — | — | — | — | — | — | — |
| TOTAL (PARTS I-III) | 2002-03 | 300,001,410 | 17,450,327 | 17,376,821 | 29,350,419 | 4,182,384 | 4,434,663 | 4,183,388 | 53,704,241 | 3,356,347 | 434,040,000 |
| | 2004-05 | 304,975,325 | 16,306,505 | 15,227,754 | 28,437,396 | 3,840,657 | 3,620,336 | 4,183,388 | 54,224,618 | 3,224,021 | 434,040,000 |
| Recosted | 2004-05 | 313,486,496 | 17,090,923 | 15,679,287 | 29,886,625 | 4,075,975 | 3,779,088 | 4,183,388 | 56,495,736 | 3,343,212 | 448,020,730 |

Information annex 4

Schedule of established posts

This Schedule shows the number and category of established posts under the Regular Budget as well as those posts which the Governing Body has established from time to time under other sources of funds.

In accordance with the decision taken by the Governing Body at its 241st (November 1988) Session on the budgetary posts system, full information on the use of these posts for established officials will be provided by major programme and by grade as a standard appendix to the annual document on the composition and structure of the staff submitted to the Programme, Financial and Administrative Committee at the Governing Body's March sessions.

| | Number of posts |
|--|-------------------------|
| Posts established under the Regular Budget: | |
| Director-General | 1 |
| Deputy Directors-General | 3 |
| Assistant Directors-General | 8 |
| Legal Adviser | 1 |
| Posts at the D2 level | 16 |
| Posts at the D1 level | 45 |
| Posts at the Professional level | 543 |
| Posts at the General Service level | 637 |
| | <u>1254¹</u> |
| Posts established under other sources of funds: | |
| Programme Support Income: | |
| Posts at the Professional level | 17 |
| Posts at the General Service level | 22 |
| | <u>39</u> |
| International Social Security Association: | |
| Posts at the Professional level and above | 9 |
| Posts at the General Service level | 8 |
| | <u>17</u> |
| International Institute for Labour Studies: | |
| Posts at the Professional level and above | 7 |
| Posts at the General Service level | 9 |
| | <u>16</u> |
| CINTERFOR: | |
| Posts at the Professional level and above | 2 |
| Posts at the General Service level | 5 |
| | <u>7</u> |
| World Food Programme: | |
| Posts at the Professional level | 1 |
| Posts at the General Service level | 1 |
| | <u>2</u> |
| LO-ITU Health Insurance Fund: | |
| Posts at the General Service level | 1 |

¹ Of which 166 Professional and above, and 62 General Service posts are frozen.

Estimates of expenditure on technical cooperation funded from extra-budgetary sources by operational objective

| | Extra-budgetary resources (in constant 2002-2003 US\$) | |
|--|--|--------------------|
| | Revised Estimates 2002-03 | Estimates 2004-05 |
| Standards and fundamental principles and rights at work | | |
| 1a Standards and fundamental principles and rights at work | 12,677,000 | 12,484,000 |
| 1b Child labour | 78,193,000 | 88,883,000 |
| 1c Normative action | 4,139,000 | 3,294,000 |
| | 95,009,000 | 104,661,000 |
| Employment | | |
| 2a Employment policy support | 10,296,000 | 10,707,000 |
| 2b Knowledge, skills and employability | 16,982,000 | 17,047,000 |
| 2c Employment creation | 45,236,000 | 44,949,000 |
| | 72,514,000 | 72,703,000 |
| Social protection | | |
| 3a Social security | 14,808,000 | 14,324,000 |
| 3b Labour protection | 9,678,000 | 10,251,000 |
| | 24,486,000 | 24,575,000 |
| Social dialogue | | |
| 4a Social partners | 6,470,000 | 6,871,000 |
| 4b Governments and institutions of social dialogue | 16,667,000 | 17,190,000 |
| | 23,137,000 | 24,061,000 |
| Total estimates extra-budgetary resources | 215,146,000 | 226,000,000 |

Information annex 6

Estimates of expenditure on technical cooperation funded from extra-budgetary sources by region and strategic objective

| | Estimated extra-budgetary expenditure 2004-05 (in constant 2002-2003 US\$) |
|---|--|
| Africa | |
| Standards and fundamental principles and rights at work | 17,403,000 |
| Employment | 32,699,000 |
| Social protection | 8,784,000 |
| Social dialogue | 8,406,000 |
| | 67,292,000 |
| Latin America and the Caribbean | |
| Standards and fundamental principles and rights at work | 27,747,000 |
| Employment | 7,251,000 |
| Social protection | 2,418,000 |
| Social dialogue | 4,669,000 |
| | 42,085,000 |
| Arab States | |
| Standards and fundamental principles and rights at work | 2,054,000 |
| Employment | 3,592,000 |
| Social protection | 698,000 |
| Social dialogue | 964,000 |
| | 7,308,000 |
| Asia and the Pacific | |
| Standards and fundamental principles and rights at work | 41,704,000 |
| Employment | 15,815,000 |
| Social protection | 5,899,000 |
| Social dialogue | 6,253,000 |
| | 69,671,000 |
| Europe and Central Asia | |
| Standards and fundamental principles and rights at work | 4,060,000 |
| Employment | 4,261,000 |
| Social protection | 2,087,000 |
| Social dialogue | 1,046,000 |
| | 11,454,000 |
| Interregional | |
| Standards and fundamental principles and rights at work | 11,693,000 |
| Employment | 9,085,000 |
| Social protection | 4,689,000 |
| Social dialogue | 2,723,000 |
| | 28,190,000 |
| TOTAL | 226,000,000 |

Summary of proposed regular budget technical cooperation resources for 2004-05

| | 2002-03 | 2004-05 (in constant 2002-2003 US\$) |
|---|-------------------|--------------------------------------|
| Standards and fundamental principles and rights at work | 1,243,900 | 1,243,900 |
| Employment | 2,029,400 | 2,029,400 |
| Social protection | 1,120,500 | 1,120,500 |
| Social dialogue | 7,221,400 | 7,221,400 |
| <i>Employers' activities</i> | 1,753,600 | 1,753,600 |
| <i>Workers' activities</i> | 4,474,200 | 4,474,200 |
| Gender equality | 94,200 | 94,200 |
| Policy Integration | 85,500 | 85,500 |
| Field programmes in Africa | 6,306,000 | 6,306,000 |
| Field programmes in the Americas | 3,512,730 | 3,512,730 |
| Field programmes in Arab States | 1,450,000 | 1,450,000 |
| Field programmes in Asia and the Pacific | 4,365,000 | 4,365,000 |
| Field programmes in Europe and Central Asia | 792,000 | 792,000 |
| | 28,220,630 | 28,220,630 |

Information annex 8

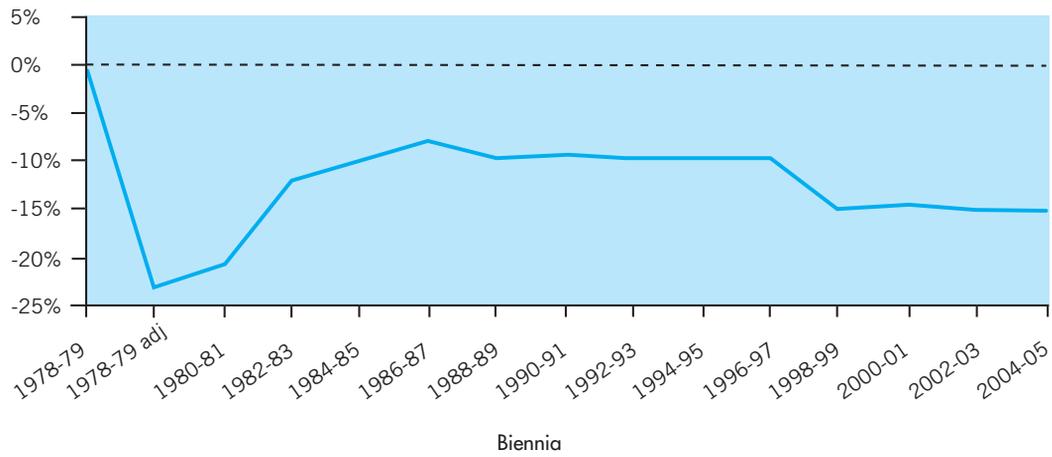
ILO Organization chart

Director-General

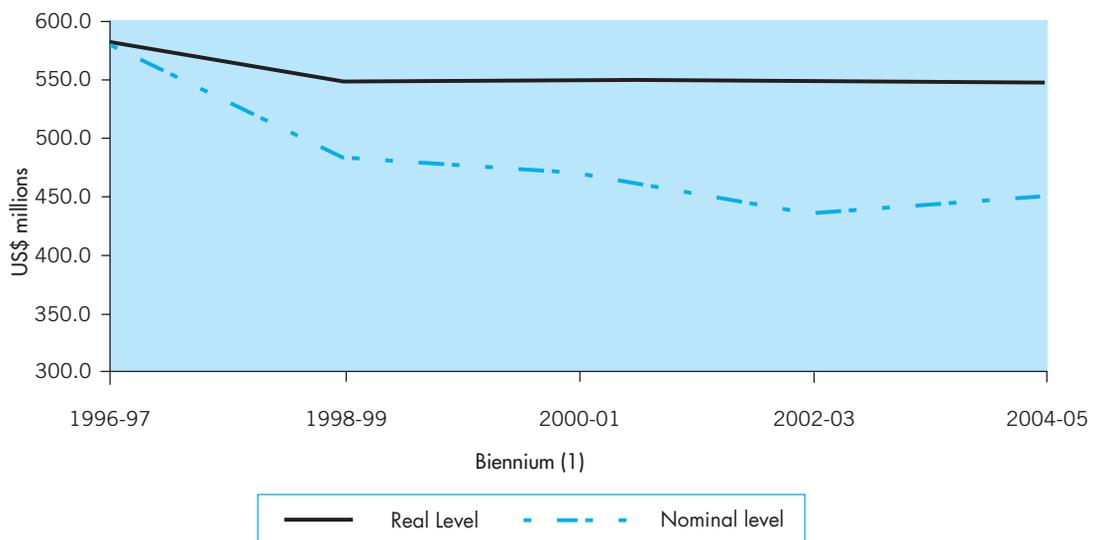
Senior Management Team

| | |
|---|---|
| Standards and Fundamental Principles and Rights at Work – *Executive Director (ED/NORM) | |
| | <ul style="list-style-type: none"> International Labour Standards (NORMES) <ul style="list-style-type: none"> – Equality and Employment (EGALITE) – Freedom of Association (LIBSYND) – Social Protection and Labour Conditions (APPL) – Standards Policy and Information (POLNORM) |
| | InFocus Programme on Promoting the Declaration (DECLARATION) |
| | InFocus Programme on Child Labour (IPEC) |
| | <ul style="list-style-type: none"> Relations, Meetings and Document Services (RELCONF) <ul style="list-style-type: none"> – Document Production and Distribution (PRODOC) – Official Documentation (OFFDOC) – Official Relations (RELOFF) |
| Employment – *Executive Director (ED/EMP) | |
| Management Support Unit (ED/EMP/MSU) | |
| | <ul style="list-style-type: none"> Employment Strategy (EMP/STRAT) Gender Promotion (GENPROM) Job Creation and Enterprise Development (EMP/ENT) <ul style="list-style-type: none"> – Cooperatives (COOP) – InFocus Programme on Boosting Employment through Small Enterprise Development (IFP/SEED) – Management and Corporate Citizenship (MCC) |
| | <ul style="list-style-type: none"> Multinational Enterprises (MULTI) Recovery and Reconstruction (EMP/RECON) <ul style="list-style-type: none"> – Employment Intensive Investment (EMP/INVEST) – InFocus Programme on Crisis Response and Reconstruction (IFP/CRISIS) |
| | Skills Development: InFocus Programme on Skills, Knowledge and Employability (IFP/SKILLS) |
| Social Protection – *Executive Director (ED/PROTECT) | |
| Management Support Unit (ED/PROTECT/MSU) | |
| | <ul style="list-style-type: none"> Social Security <ul style="list-style-type: none"> – InFocus Programme on Socio-Economic Security (IFP/SES) – Social Security: Planning, Development and Standards (SOC/POL) – Social Security: Finance, Actuarial and Statistical Services (SOC/FAS) Labour Protection <ul style="list-style-type: none"> – InFocus Programme on Safety and Health at Work and the Environment (SAFEWORK) – Conditions of Work and Employment (TRAVAIL) – International Migration (MIGRANT) |
| | ILO Programme on HIV/AIDS and the World of Work (ILO/AIDS) |
| Social Dialogue – *Executive Director (ED/DIALOGUE) | |
| Management Support Unit (ED/DIALOGUE/MSU) | |
| | Employers' Activities (ACT/EMP) |
| | InFocus Programme on Social Dialogue, Labour Law and Labour Administration (IFP/DIALOGUE) |
| | Workers' Activities (ACTRAV) |
| | Sectoral Activities (SECTOR) |
| Regions and Technical Cooperation – *Executive Director (ED/REGIONS) | |
| | Development Cooperation (CODEV) |
| | Field Programmes in Africa (AFRICA) |
| | Field Programmes in the Americas (AMERICAS) |
| | Field Programmes in Arab States (ARABSTATES) |
| | Field Programmes in Asia and the Pacific (ASIA) |
| | Field Programmes in Europe and Central Asia (EUROPE) |
| Support services – *Executive Director (ED/SUPPORT and TR/CF) | |
| | <ul style="list-style-type: none"> Financial Services (FINANCE) <ul style="list-style-type: none"> – Budget and Finance (BUDFIN) – Treasury and Accounts (TREASURY) |
| | Information Technology and Communications (ITCOM) |
| | Internal Administration (INTER) |
| | Library and Information Services (INFORM) |
| | Publications (PUBL) |
| Reporting to the Director-General (DGREPORTS) | |
| | Director-General's Office (CABINET) |
| | Communications (DCOMM) |
| | <ul style="list-style-type: none"> External Relations and Partnerships (EXREL) <ul style="list-style-type: none"> – New York Liaison Office (NYLO) |
| | Gender Equality (GENDER) |
| | <ul style="list-style-type: none"> Human Resources Development (HRD) <ul style="list-style-type: none"> – Human Resources Operations and Development (HR/OPS) – Human Resources Policy and Administration (HR/POLADMIN) |
| | Internal Audit and Oversight (IAO) |
| | International Institute for Labour Studies (INST) |
| | International Training Centre (TURIN) |
| | Legal Services (JUR) |
| | <ul style="list-style-type: none"> Policy Integration (INTEGRATION) <ul style="list-style-type: none"> – Bureau of Statistics (STAT) – International Policy Group (INTEGRATION/IPG) – National Policy Group (INTEGRATION/NPG) – Statistical Development and Analysis Unit (INTEGRATION/SDA) |
| | Programming and Management (PROGRAM) |
| | Tokyo Branch Office (TOKYO/BO) |
| | Washington Branch Office (WBO) |
| | World Commission on the Social Dimension of Globalization (WCSDG) |

Real programme evolution (1978-2005)
 (zero base is 1978-79 approved programme and budget)



Evolution of expenditure budget (1996 to 2005)
 (using 1996-97 as the base level)



(1) Biennia 1996-97 to 2002-03 are as adopted by the International Labour Conference. 2004-05 is as proposed by the Director-General at the 2002-03 budget rate of exchange.

Use of the 2000-01 surplus

1. The 2000-01 biennium ended with a surplus, equivalent to \$57,020,133 at the 2002-03 budget rate of exchange. The surplus was due to the receipt of significant amounts of arrears from member States, resulting in income in excess of the level of the Programme and Budget for 2000-01. It did not reflect under spending of the approved budget. When shortfalls in contributions had been expected during earlier biennia, notwithstanding the provisions of article 21 of the Financial Regulations, the Office had avoided indebtedness by reducing spending levels on programmes and investments in infrastructure. This financial discipline had avoided any additional assessments on member States. The receipt of arrears did not increase the Director-General's spending authority as article 13 of the Financial Regulations only authorized the Director-General to incur expenditure up to the amount appropriated by the Conference.
2. Based on a decision of the Governing Body at its 283rd March (2002) Session, (GB.283/PFA/2/2, GB.283/9/1) the Conference at its 90th Session (June 2002) decided, in derogation of article 18.2 of the Financial Regulations, to use some 90 per cent of the surplus for 2000-01 (the equivalent of \$51,300,000) for urgent priorities and time-bound investments as listed in the Report of the Finance Committee (*ILC, 90th Session, Provisional Record No. 19*). This was considered to be justified due to a declining real regular budget during a time of reform as well as increased demand for services. It was decided that the surplus is to be used for time-bound projects that do not create ongoing obligations for the Organization. It is not to be used to inflate the resource base in order to justify future regular budget increases.
3. After wide consultations and further discussion, the Governing Body, in November 2002 (GB.285/PFA/9, GB.285/10/1) approved, under authority delegated to it by the Conference at its 90th Session, final adjustments in allocation of the 2000-01 surplus according to the following list of items.

Items and resource allocations for use of the 2000-01 surplus

| Item | Resource allocation \$ |
|---|------------------------|
| World Commission on the Social Dimension of Globalization | 2 800 000 |
| International labour standards | 2 900 000 |
| Response to crisis and emergencies | 8 000 000 |
| Investments in building and accommodation | 2 750 000 |
| Security and safety of staff | 3 450 000 |
| Investment in management capacities | 6 000 000 |
| Regional services | 10 000 000 |
| Statistics | 2 000 000 |
| Gender equality | 2 000 000 |
| External communications | 3 500 000 |
| Investment in information technology | 5 000 000 |
| Tripartism and Social Dialogue | 2 900 000 |
| TOTAL | 51 300 000 |

4. These items reflect, on the one hand, the need to respond to new opportunities and increased demands for ILO services due to the Organization's expanded visibility and, on the other hand, the need to strengthen institutional capacities as foreseen under the Strategic Policy Framework, 2002-05 (GB.279/PFA/6) which has not been adequately supported under the constraints of zero budget growth. This includes a number of investments in management capacities to support the implementation and reinforcement of reforms resulting from the introduction of strategic planning, results-based management and related organizational change as well as investment in the skills and capacities of staff.

5. The regions are the primary beneficiaries of the surplus in order to ensure that constituents' priorities as well as regional and local conditions are fully reflected in the ILO's work within the framework of the decent work agenda and the four strategic objectives, as well as to reinforce the ILO's capacity to respond to crises and other social and economic emergencies. This is in line with the commitment in the present 2004-05 Programme and Budget proposals to strengthen the ILO's regional capacities. The surplus allows for a one-time investment to help facilitate a transitional phase of reinforcement. Expenditure in the regions not only includes the technical items in the table above (Response to crisis and emergencies and Regional services) but also a significant proportion of all the other items. Estimated expenditure in the regions from the total surplus package is over 60 per cent (as against 32 per cent in the regular budget). Spending in each region will be in proportion to the regular budget allocation for that region. The surplus is also being used to strengthen support for tripartism and social dialogue, including measures to follow up resolutions of the Conference at its 90th Session. A special effort is being made to identify activities to be executed by the Turin Centre in support of work funded by the surplus.

6. The Office has undertaken to programme resources over the period 2002-05, using a results-based approach that will facilitate monitoring and reporting. Rigorous standards of approval have been set and allocation of resources is prudent. Additional information on allocations from the surplus approved by the Director-General will be submitted to the Governing Body each November. The Office is to report to March sessions of the Governing Body on the use of the funds as part of the Programme Implementation Report.

7. In accordance with a commitment to the Conference and Governing Body, the contribution of the surplus to the Programme and Budget for 2004-05 is highlighted in the present document. For the purpose of demonstrating the value added in the current Programme and Budget of the use of surplus funds, the programmed items listed in the table in this annex have been broken down into component parts, analysed and regrouped under the indicator, operational objective or shared policy objective that they will help to achieve. Examples of the proposed items are provided in the Programme and Budget under the annotation "**Work funded by the 2000-01 surplus**". (Exceptions are the World Commission on the Social Dimension of Globalization for which the total allocation of \$2.8 million is being disbursed in the 2002-03 biennium to enable the World Commission to complete its work in 2003, and the Security and Safety of staff item (\$3.45 million) also being totally disbursed by 2003 to respond to immediate UN-system security requirements and enhance fire protection of the headquarters building (for details see GB.285/PFA/9, Appendix III).)

8. This process has involved a certain number of problems of estimation, particularly with regard to the Regional services item, since regional proposals often encompass several operational objectives. Nonetheless, it is clear that the 2000-01 surplus contributes in terms of achievement of targets and the quality of the results achieved. A table summarizing the estimated use of the 2000-01 surplus across 2002-03 and 2004-05 biennia by strategic objective, shared policy objectives and governance, support and management categories is to be found under *Budgetary features (table 4)*.