



EIGHTH ITEM ON THE AGENDA

**Reports of the Programme, Financial
and Administrative Committee****First report: Financial questions***Contents*

| | <i>Page</i> |
|--|-------------|
| Programme and Budget for 2004-05 | 1 |
| Regular budget account and Working Capital Fund | 1 |
| Report of the Building Subcommittee | 2 |
| Information Technology Systems Fund | 5 |
| Project IRIS | 6 |
| Financial questions relating to the International Institute for Labour Studies..... | 9 |
| Security and safety of staff and premises | 10 |
| International Training Centre of the ILO | 11 |
| Documents submitted to the 66th Session of the Board of the Centre (Turin, 4-5 November 2004) | 11 |
| Report on the 66th Session of the Board of the Centre (Turin, 4-5 November 2004) | 11 |
| Use of the 2000-01 surplus..... | 14 |
| Technical meetings reserve for 2004-05 | 15 |
| Strategic Policy Framework (2006-09) (and preview of the Programme and Budget proposals for 2006-07)..... | 16 |
| Evaluation of the InFocus Programme on Skills, Knowledge and Employability | 32 |
| Evaluation of the InFocus Programme on the Elimination of Child Labour (IPEC) | 35 |

| | |
|---|----|
| Report of the Joint Inspection Unit of the United Nations on its activities for the year ended 31 December 2003, and other JIU reports..... | 41 |
| Other financial questions..... | 42 |
| Appendix: Remarks of the Director-General to the Programme, Financial and Administrative Committee | 43 |

1. The Programme, Financial and Administrative Committee of the Governing Body met on 10 November 2004, chaired by Mr. P. Séguin, Chairperson of the Governing Body. Mr. B. Botha (Employer spokesperson) was the Reporter.
2. The Committee was briefed by the Director-General on the Strategic Policy Framework (see appendix).

Programme and Budget for 2004-05

Regular budget account and Working Capital Fund

(First item on the agenda)

3. The Committee had before it a paper¹ containing information on the 2004-05 regular budget account and the position of the Working Capital Fund as at 30 September 2004.
4. The representative of the Director-General (Mr. Johnson, Director, Financial Services Department) reported that since 31 October 2004 contributions for 2004 and prior periods amounting to 790,400 Swiss francs had been received from three member States: Bosnia and Herzegovina had paid 10,743 Swiss francs towards its 2004 contributions; Venezuela had paid 772,600 Swiss francs of arrears; Armenia had paid 7,097 Swiss francs towards arrears. The total contributions received to date, therefore, amounted to 298,327,041 Swiss francs, comprising 251,289,650 Swiss francs for 2004 contributions and 47,037,391 Swiss francs for arrears of contributions. The balance due, as of 10 November 2004, was 198,313,751 Swiss francs.
5. Mr. Botha, speaking on behalf of the Employer members, thanked those Governments which had already paid their contributions and those which had paid arrears and congratulated those which had paid for 2005. He noted that the number of countries which had lost the right to vote had decreased. He asked if there was a concern about a possible deficit in 2004.
6. Mr. Blondel, speaking on behalf of the Workers, was pleased that 68.9 per cent of the contributions assessed had already been paid, and noted an improvement in respect of the same time the previous year when the figure had been 49 per cent. Nevertheless, he expressed concern at the considerable delays of some major contributors, that threatened the speed of, and even the ability to execute, the Organization's programmes. He was also concerned about the number of countries that had lost their right to vote during such a crucial period. He urged that the zero growth model be set aside to enable the Organization to have a more sizeable budget to allow it to meet all its responsibilities.
7. The representative of the Government of Canada reiterated the call to member States to fulfil their financial obligations and pay their dues in full. Despite a slightly improved situation, there was an unacceptably high level of outstanding contributions. He inquired about the number of member States that had made arrangements for repayment plans of outstanding arrears. He asked for clarification on the derogation from the Financial Rules which allowed transfer to a special fund for arrears.
8. The representative of the Government of the United States, noting a lack of detailed information on expenditure and the fact that 70-71 per cent of the total costs of the ILO were personnel costs, asked how closely actual staff costs per work-year compared with

¹ GB.291/PFA/1.

estimates, and what the estimate was for the rest of the biennium. He added that it would be useful for PFAC members to know how actual staff costs per work-year compared at this point in the biennium with the budget standard costs, and what were the estimated savings or deficits for the biennium in respect of standard costs. He asked how any deficit for the biennium would be covered, and, if there were to be savings, whether the Committee would be consulted on how to treat them.

9. The representative of the Director-General (Ms. O'Donovan, Executive Director, Management and Administration Sector) reassured the Committee that there would be no deficit in the current biennium; in fact, as evidenced by the flow of contributions, the Office was not facing a financial crisis. However, expenditure in the first nine months of the biennium had been heavy, and this continued a trend that had emerged during the last biennium, reflecting the positive development of an improved programme delivery. The higher rate of expenditure was a good indicator of the full use of resources. However, if this higher rate of delivery were to continue unchecked for the biennium, it would limit the ability of the Office to absorb the cost of extra activities which might be approved by the Governing Body, such as the Commission of Inquiry for Belarus, security at headquarters and the need to recover the budgetary reduction made for staff turnover, which for this biennium was US\$4.5 million. (If programme managers spent the full amount of their budget, the requirement to absorb US\$4.5 million could not be achieved within the current budgetary resources.)
10. Historically, new demands approved by the Governing Body during a biennium had been covered as a result of low implementation rates and, in some cases, excess capacity. The pressure exerted on the Office over recent biennia to seek efficiencies whilst, at the same time, expanding its services to constituents had led to a tighter budgetary situation which, when combined with the higher delivery rates, left no margin for savings to cover the new demands. Since this trend towards higher budget delivery had emerged, the Office had been constantly monitoring budget delivery and, where necessary, fine-tuning priorities and use of resources. Management measures were being adopted to ensure that the Office could responsibly manage the resources entrusted to it.
11. The representative of the Director-General (Mr. Johnson) announced that all repayment plans were being currently honoured by the 14 member States. Non-adhesion to a plan would lead to a loss of the right to vote. Concerning the treatment of arrears, any amounts received were first applied to replenishing the Working Capital Fund for temporary borrowings. Further amounts of arrears received were consolidated with current biennium income and at the end of the biennium, as provided for in the Financial Regulations, the existence of either a surplus or deficit could be determined. During the course of the biennium, no amounts are transferred to the Special Programme Reserve. He assured the Committee that any overestimate of staff costs would be reflected in an underspending of the budget or surplus. He referred to the surplus at the end of 1998-99, of which approximately half was due to favourable variance in staff costs.
12. The Committee took note of the report.

Report of the Building Subcommittee (Second item on the agenda)

13. The Committee had before it a paper² which was the report of the Building Subcommittee.

² GB.291/PFA/2.

14. Mr. Saldanha (Chairperson of the Building Subcommittee) presented the report in summary.
15. Mr. Botha asked that proposals involving expenditure, for example on the renovations to the headquarters building, should come to the PFAC before being discussed in the Building Subcommittee.
16. Mr. Blondel, taking the floor on behalf of the Worker members, congratulated the Reporter on his presentation. With regard to the Lima Regional Office, he was pleased that the work had been completed within the planned budget, time frame and without any accidents. He thanked the Government of Chile for the exemption from local sales tax granted to the Subregional Office in Santiago and regretted the delays in the case of the Dar es Salaam Office. An excellent analysis of the property belonging to the Organization had been submitted to the Building Subcommittee. It was clear that the main problems related to ILO headquarters. The building was already fairly old and presented safety, and even health, problems. Those matters should be addressed to the Safety and Health Committee and the responses provided to the staff. The necessary work would cost in the region of US\$60-80 million; it was therefore no longer just a matter for the Building Subcommittee, but also for the PFA Committee and even the Governing Body. The speaker asked that details on specific needs be provided to the Committee at its March 2005 session.
17. The representative of the Government of Kenya, speaking on behalf of the Africa group, welcomed the report. With regard to the premises for the regional office for the Americas in Lima, he was pleased to note that the new building had been inaugurated on 25 May 2004, completed on time and within the approved budget. The new building had already won several architectural awards and he commended the Office and the regional management team for the success of the project. With regard to the premises for the regional office in Santiago, Chile, the Africa group noted with satisfaction that construction work had begun in July 2004 and that a completion date was foreseen for May 2005 with about 40 per cent of the work already done. He also welcomed the news regarding the sales tax on the project as well as the efforts by the Office to terminate the current lease agreement with the owner of the present premises without any penalties or other costs to the ILO. The devaluation of the dollar from the time of submitting the project in November 2003 to the signing of the contract required an additional US\$120,000 to be allocated to this project. With this in mind, the Africa group endorsed the point for decision.
18. Concerning the premises for the ILO office in Dar es Salaam, he noted that the Office was now finalizing the remaining structural elements of the building in order to complete the project within the approved budget of US\$1.7 million. The Africa group urged the Office to speed up construction as any delay would incur further costs.
19. The Africa group agreed that there was an urgent need for the Office to develop an accommodation strategy for the Organization. Such a strategy should include such elements as geographical coverage, the ILO's requirements in terms of support for its present and future programmes, and the ability to serve ILO constituents effectively and efficiently.
20. The Africa group also believed that a further key consideration should be to ensure that Office accommodation met with health, safety and security requirements and standards. Approximately US\$60-80 million was required to effect the repairs needed in the headquarters building, and the Africa group believed that the Office should examine alternative ways of financing the repairs such as contacting the host government to provide an interest-free loan.

21. With regard to the external offices, several offices had been obliged to relocate from UN common premises. With regard to Abidjan, he hoped that the security situation would improve rapidly and not necessitate any hasty decision.
22. The representative of the Government of El Salvador, on behalf of the group of Latin American and Caribbean States (GRULAC), expressed satisfaction with the new regional headquarters for Latin America and the Caribbean in Lima. The GRULAC countries were happy with the final result which had stayed within budgetary limits. GRULAC expressed its gratitude to the members of the Governing Body and the Building Subcommittee and particularly to the Director of the regional office and the Government of Peru. Peru had shown a firm commitment to the project which had made it possible to have an office equal to the demands and expectations placed upon it.
23. The representative of the Government of Japan clarified his delegation's views on the accommodation strategy, which had not been fully reflected in paragraph 26 of the report. First, expenditure for accommodation should be financed by the Building and Accommodation Fund and the rules and procedures for using other means, for example loans, should be clearly stated in the strategy. Second, concerning the acceptance of gifts of land and buildings, he stressed the need for prior comprehensive assessment of its need for the ILO's activities and its financial implication including the operational costs. Third, the accommodation strategy should have the appropriate and necessary linkage with the security strategy. Regarding renovation and refurbishment of the headquarters, he believed that further careful discussion about the current financial situation was needed and he requested detailed information and the establishment of clear priorities.
24. The representative of the Government of the United Kingdom made corrections to paragraph 27 of the Building Subcommittee report. First, she had been speaking "on behalf of IMEC". The second sentence should have read: "On a national basis, she noted with concern that some dozen external offices did not conform to the MOSS recommendations as this record shows." The fifth sentence should be amended to read: "With regard to the general framework of the strategy, she stated that her Government attached the greatest importance to the location and geographical coverage of the external offices according to the programmes being carried out, while taking into account the issues linked to security and health and safety." A final sentence should also be added as follows: "She said all offices should have contingency and disaster recovery arrangements to ensure minimum disruption in the event of emergencies." IMEC looked forward to seeing a first draft of the accommodation strategy before the next Governing Body meeting for consideration alongside the draft budget.
25. The representative of the Government of Canada fully supported the IMEC statement. The Office had provided an information document on accommodation but he hoped that this would lead to a further document which not only provided an inventory but also an assessment of the situation, with recommendations as appropriate. Given the large sums of money involved, he asked how priorities would be established.
26. Mr. Botha wanted to know, in relation to the buildings, the ILO's policy towards depreciation of buildings and other assets.
27. The representative of the Director-General (Mr. Johnson), in reply to Mr. Botha, stated that any decisions on funding first came to the PFAC for consideration, whereas the implementation of an approved project could be managed by the Building Subcommittee. Concerning depreciation, the accounting rules and policies followed by the ILO were consistent with those followed elsewhere in the UN system, but these did not provide for depreciation of any fixed assets. Fixed asset costs were treated as expenditure in the year incurred. There was however provision from the regular budget to the Building and

Accommodation Fund of some 365,000 Swiss francs per biennium. This was a form of sinking fund used to replace and repair buildings as the need arose. Clearly, the numbers presented in the document showed this amount to be inadequate and further proposals would be made with regard to this issue.

28. *The Committee recommends to the Governing Body that:*

- (a) it authorize the Office to increase the estimated project cost for the Subregional Office in Santiago by US\$120,000, to be financed out of the Building and Accommodation Fund, in order to reflect the fall in the value of the dollar in relation to the peso between the autumn of 2003 and the start of construction;*
- (b) it take note of the action taken by the Office with regard to local sales tax reimbursements and notice to terminate the current lease;*
- (c) it request the Office to report on progress to the Building Subcommittee in March 2005.*

Information Technology Systems Fund

(Third item on the agenda)

- 29.** The Committee had before it a paper³ which provided an update on various IT projects.
- 30.** Mr. Botha noted the three items covered by the document. The first was headquarters/field data communications improvements. If he understood correctly, there were two phases to this project, one involving testing, undertaken by SITA, which had looked at the connections to offices, where it was found that almost half of the 45 offices tested were currently performing satisfactorily and would not require upgrading. This suggested that most would in fact require upgrading. The second phase was the upgrading of those offices, with three offices in Africa so far connected, Abidjan, Kinshasa and Algiers. He asked what was to follow and if there were funds to cover all offices. The second item was the electronic document management system (EDMS). Prototype expenditures amounted to US\$217,954 and he wanted to know if the balance would cover the rest of the project. The third item, the electronic voting system, worked well. He asked what would happen with the small cost saving made.
- 31.** Mr. Blondel, taking the floor on behalf of the Worker members, stated with respect to headquarters/field data communications improvements, that as IRIS would be coming into operation, it was no longer a matter of supplementary financing. He was pleased that the EDMS set up was within the planned budget. The speaker acknowledged that the electronic voting system installed at the last Conference had worked well, but wondered whether that system was not already outdated and whether it might be more rational to use terminals enabling delegates to vote using their badges.
- 32.** The representative of the Director-General (Ms. O'Donovan) confirmed that the second phase connection for the three priority offices was being finalized. The unspent balance from the budget allocated to improve the ILO's telecommunications infrastructure was sufficient to upgrade the remaining offices. With regard to the EDMS, the budget allocated

³ GB.291/PFA/3/1.

was for the development of the prototype only. Further development would require extra resources.

Project IRIS

33. The Committee had before it a paper⁴ providing an update on project IRIS.
34. The representative of the Director-General (Ms. Paxton, Executive Director, Social Dialogue Sector) reported on progress since March. The governance structures were all in place and were functioning well; considerable work had been done on change management, user involvement and training; the total cost of ownership study had been completed; options for the technical infrastructure had been fully explored and decisions made; communications about the project had been stepped up considerably; and part of the project had gone live both in headquarters and the field in order to produce the Programme and Budget for 2006-07. IRIS would replace all the major support and administrative processes in house, including a number of finance processes, travel, procurement, accounts payable and receivable, cash management, position management, a technical cooperation component and, significantly, a strategic management component. The Strategic Management Module, which had gone live in May 2004, linked resources to strategic objectives. The go-live date had been moved, as it was felt that to go live in November would be irresponsible. Despite delays in testing, results had been positive. System build was on track for completion on 19 November with a projected go-live date in February, subject to meeting certain milestones. In March 2004, it had been announced that building the system would cost US\$40 million, with another US\$2.5 million to be set aside for contingencies. The system would be built for the US\$40 million projected and the contingency would not be used. The delay in the go-live date of February would not add to the cost of the project, although there were some minor additional costs involved in maintaining the legacy systems for a few more months. The ILO's build costs, considering the scope of the project, compared quite favourably with those of other UN agencies. The cost of funding IRIS through the rest of the biennium was projected at US\$10.7 million, which included US\$2 million transition costs. These figures were the result of significant internal discussion and consultation and the Office believed them to be sound. The Office was asking that this amount be financed through the exchange rate gains in the cash surplus that currently stood at US\$10.4 million. The project would make up the difference between US\$10.7 million and US\$10.4 million through finding additional savings. This process, undertaken by the internal task force, was already under way.
35. After following all ILO procurement rules, it had been decided, with the approval of the Contracts Committee, to keep a significant amount of technical support in-house after go-live. Following an international competitive tendering process, it had been decided to outsource some components of the technical support. Only the pure technical infrastructure hosting and the maintenance of hardware and software systems would be contracted out. This was the best mix, both from a budget point of view, and from an ownership perspective in terms of what was important to retain in-house. The knowledge-intensive components would be kept within the ILO, while outsourcing technical IT components would be significantly cheaper. The mix also allowed for better security and disaster recovery, had the least impact on human resources and kept ILO skills and knowledge in-house.
36. Mr. Botha thanked Ms. Paxton for the detailed briefings undertaken since she had taken over the project. They were a model for transparency and had been worthwhile. Many of

⁴ GB.291/PFA/3/2.

the detailed questions had been answered. He noted the management structures put in place which appeared to be effective in dealing with the problems outlined, and accepted the new implementation date. He believed there was now as good a forecast of total costs as could be made, but that the cost of the project was the key issue. IRIS had begun with a predicted cost of US\$20 million and now stood at US\$50 million. This was an appalling situation and he hoped for a review or an analysis of the problems in order to avoid such occurrences in the future. There had been a real problem with management structures and he thought it timely to implement a new structure for running the project. He supported the decision point.

- 37.** Mr. Blondel, speaking on behalf of the Workers' group, also congratulated Ms. Paxton on the work done. The Workers would like a detailed submission of the costs already agreed for project IRIS and the costs anticipated. That calculation was essential given that the project, initially assessed at US\$20 million, had now reached \$40 million, or even more, and a request had been made to allocate the balance of the exchange gains realized on the 2000-01 surplus to project IRIS through the Information Technology Systems Fund. The Workers' group was also surprised that the project equipment was not in Geneva and that the Organization was thus losing a certain degree of control. The question was not just an economic one, it was also political. Lastly, the speaker emphasized the need for staff support for project IRIS. Information and training activities should be increased to encourage staff to see project IRIS as a dynamic tool to improve their situation.
- 38.** The representative of the Government of El Salvador, speaking on behalf of GRULAC, was pleased with the progress and for the detail of costs. GRULAC was worried about the overall cost of the project and with the annual estimated cost for maintaining IRIS from 2006 onwards, which presupposed budgeting US\$5.8 million a year. He wondered what the impact would be on the budget for 2006-07 and hoped it would not affect technical cooperation.
- 39.** The representative of the Government of the United Kingdom, speaking on behalf of IMEC, recalled previous statements in support of the IRIS project. IMEC members regretted the delay in the go-live date and sought an assurance that the completion of the key technical tasks would ensure no further delays. IMEC members had found the document difficult to follow. Figures for expenditure, future estimates and staffing were scattered throughout the paper. She recommended that future IRIS updates contain a clearer background to the expenditure undertaken, committed and planned and staffing levels, tabled in a one-page annex. The report raised a number of questions. She understood that the original Project Director had left and asked who was directing the project and on what terms. Paragraph 10 noted the gradual reduction of consultants and an increase in the number of ILO staff members involved in the project. It indicated a reduction from 40 to 20 of the former but did not give details of the increase of the latter. Paragraph 13 referred to the outsourcing of purchase, hosting and maintenance of the central computers to a specialized partner and she requested confirmation that a transparent and competitive tendering process had been followed. Paragraph 16 explained that once the IRIS system was up and running, the project team would be reduced from 120 to 55 over a period of two weeks. She sought assurance that the reduced team would be able to cope with the workload in the early stages of introduction. Paragraph 20 noted the total cost of ownership study estimates of US\$13.6 million for November 2004-December 2005 and steady state running costs for IRIS of US\$8 million per annum. In paragraph 22, the Office estimated that these figures could be reduced to US\$10.7 million and US\$5.8 million respectively. IMEC welcomed these efforts to reduce costs but, given the history of the project, would welcome an assurance that this could be regarded as the maximum estimates for IRIS implementation and running costs until the end of 2005. Paragraph 23 proposed that US\$10.4 million deriving from realized exchange rate gains could be used to fund IRIS until the end of 2005. Before agreeing to this, IMEC required

clarification of the total exchange rate gains mentioned in document GB.291/PFA/7 on the use of the 2000-01 surplus. That document proposed that the Committee recommend to the Governing Body that all remaining exchange rate gains be allocated to fund IRIS. She asked for confirmation that the remaining US\$10.4 million was the final amount outstanding.

40. The representative of the Government of the Islamic Republic of Iran believed that the IRIS project was an important project and the ILO deserved to enjoy the benefits; however, the Office must make sure that a line be drawn between necessity and luxury because in the current budget difficulties, the ILO did not have the money to spend on luxuries. It was important to be sure that the project remained a necessity. He asked for clarification on the tendering process for the contracting out of part of the project at US\$1.1 million and also a clear table of all expenditures, costs and budgets.
41. The representative of the Government of Japan supported the IMEC statement and the overall objectives of the IRIS project. He had concerns about the delay and the cost inflation of the project and asked for regular updates on the situation. He believed that the development and implementation process of IRIS should be financed through the Information Technology Systems Fund, utilizing the existing resources and that it should not be a burden on the regular budget. In March, he would like to receive information on the cost-saving effect of IRIS on the overall activities of the ILO.
42. The representative of the Government of the Republic of Korea made two points: the Governing Body was being asked to sign a blank cheque for the project; and large sums were being requested for IRIS without any alternative solutions being offered.
43. The representative of the Director-General (Ms. Paxton) explained that it was important to differentiate between the cost of building the project and running it on an annual basis. Regarding the use of the surplus, US\$10.4 million was the balance of exchange rate gains remaining but it was not the first time that exchange rate gains had been used to pay for IRIS. The cost projections had been the subject of considerable discussion, planning and consultation and were believed to be reliable, but they were projections nonetheless. The Director-General had already addressed the issue of a new management structure by creating the new Executive Director's position that had reporting lines from all main departments directly involved with IRIS. The Financial Services Department, Human Resources Development Department and Information Technology and Communications Bureau would all report to Ms. O'Donovan and there had been much work done to ensure a smooth transition. Training would be carried out to the greatest extent possible in headquarters for about 800 general users and 200 expert users. There were 95 training modules. Most of the instructors would be ILO staff. Scepticism about IRIS had been reduced and interest increased in how IRIS was going to improve people's working lives. Regarding savings and the impact on the budget, the paper had tried to detail what could be identified immediately in terms of short-term savings. The Task Force had recently been assembled to help in the transition and was also looking at the issue of short-term savings. The longer term savings had not yet been quantified but the ability to realize them would depend on the extent to which the ILO fully exploited IRIS. The team had mapped out 220 business processes, something never done before. This provided an opportunity to analyse and re-engineer the business processes. Regarding the question of consultants versus ILO staff, the general rule was to reduce the number of consultants and to increase the number of ILO staff involved in the project, in order to reduce the costs, transfer knowledge and increase ownership. This had been done. Change leaders had been appointed to determine who should receive training in which modules and what roles and responsibilities there would be throughout the house. There was continual interaction with the key users, who were essentially line managers, particularly in the support areas of finance, programme and human resources. There was a stakeholders committee of

approximately 30 people that met every two weeks to make business decisions and a project board which made key decisions. There was the Task Force and the trainers. The tendering process had been absolutely transparent and competitive, the team had followed all the rules and had carried out consultations throughout the house. The IRIS team had already been reduced to some degree and would be further reduced in the near future. It would, however, be of a sufficient size to offer the necessary support to users. LAN administrators, together with others, would be brought into the process of supporting the project as it went live.

44. The representative of the Director-General (Mr. Johnson) explained that the measures taken in February with respect to the surplus and exchange gains had as a primary objective to protect the funds already earmarked by the Committee from the 2000-01 surplus for various purposes. In addition to the exchange gains, approximately US\$5 million from the 2000-01 surplus had been allocated to the IT fund for the three small projects that were detailed in GB.291/PFA/3/1. In November 2003, it had been announced that part of the money set aside for one of these projects, the Wide Area Network, was no longer needed and thus, US\$3.4 million from the 2000-01 surplus was transferred to the IRIS project. The total net exchange gains realized in February 2004 were US\$16 million. US\$5.6 million had already been used to complete the development of IRIS, and the balance of US\$10.4 was required to fund the ongoing costs of IRIS through to the end of the current biennium. No more realized gains were available or expected to materialize. However, if the US dollar-Swiss franc rate were to strengthen significantly over the course of the current biennium, there was a chance that there could once again be a very small exchange gain that would become available in the surplus account.
45. The Chairperson referred to an outstanding question for Ms. Paxton on delocalization.
46. The representative of the Director-General (Ms. Paxton) stated that the hosting structure for IRIS was in the Netherlands, connected to headquarters and provided protection similar to a vault. There were two hosting locations, thus providing a complete backup in the event of a disaster.
47. The Committee noted the documents.

Financial questions relating to the International Institute for Labour Studies

(Fourth item on the agenda)

48. The Committee had before it a paper⁵ on the Institute's authorization to accept gifts and contributions, with a financial statement appended.
49. Mr. Suzuki (Employer member) reported that the Institute Board had endorsed the financial statement on condition that the Office provided additional related information. He suggested that the Committee accept the statement with the condition that a footnote be prepared.
50. Mr. Blondel, speaking on behalf of the Workers' group, said that he had no observations to make concerning that document, and that he welcomed the generosity of certain ILO officials.

⁵ GB.291/PFA/4.

51. The Committee took note of the paper.

Security and safety of staff and premises (Fifth item on the agenda)

52. The Committee had before it a paper⁶ providing information on implementation of security and safety of staff at headquarters and in the field.
53. Mr. Botha was concerned by the prospect of closing down access to the ILO while recognizing that the introduction of security measures was absolutely necessary. He requested an implementation report and asked for clarification on paragraph 9 which referred to a second stage.
54. Mr. Blondel, speaking on behalf of the Workers, emphasized the image of the ILO as a place of refuge and a symbol of freedom. Of course new security concerns had to be addressed, concerns that in fact were not exclusive to headquarters and were also present in the field, but the image of openness associated with the ILO should not be called into question. Neither, for the purposes of standardization with other institutions, should the building be turned into a fortress.
55. On the matter of entrance badges, the speaker asked what data the badges contained. They should not become a way of monitoring the movements of officials and people from the outside visiting the ILO. Lastly, it was important to consult the Staff Union and not to exceed the planned budget allocated to the project, particularly as the establishment of the various security measures had already been sufficiently costly and their effectiveness might be challenged.
56. The representative of the Government of Canada, speaking on behalf of the IMEC group, shared the views expressed by the Employers and the Workers with regard to the provision of an implementation report and, in particular, regarding paragraph 9.
57. The representative of the Government of the United Kingdom believed that the security of all international organization headquarters buildings in Geneva was to be established according to similar standards; and that all staff employed within them were to be protected to a similar standard. She asked whether the security of the ILO headquarters building was of the same standard as that of other headquarters buildings in Geneva. She suggested that in future it might be better to consider the Building Subcommittee report before discussing the issue of security and safety, given the linkage between the two.
58. The representative of the Director-General (Ms. Paxton) noted that an assessment and report would be possible once implementation was complete. As regards the second stage, the current implementation had first to be assessed before moving to another phase. The intention was to look at additional areas in the building where there might be additional security issues, such as machinery, equipment, etc. An internal task force had been set up, which she chaired and there had been consultations with the Officers of the Committee and she expected the consultations to continue. As regards confidentiality, this was part of the process. Regarding badge data, the underlying information was held by the accrediting department and not by security, and would not be shared. Limited data were captured within the badge. A database accessible to administrators would store information about people entering the building and would be used in case of an emergency to show how many people were in the building. The database would not be used for tracking individuals

⁶ GB.291/PFA/5.

and free movement was absolutely assured. Her understanding was that the security standards of the ILO headquarters were the same as those of other Geneva-based UN agencies and were MOSS compliant. However, if the security level for Geneva were to change, additional measures would be necessary, the most important of which would be the requirement to put film on the windows.

59. The representative of the Government of Spain, referring to paragraph 12 concerning the Port-of-Spain Office, asked if the indemnities that would be paid by the insurance to cover the damage were available or whether additional funding would be needed.
60. The representative of the Director-General (Ms. Paxton) promised to look into this point.
61. The Committee took note of the Office paper.

International Training Centre of the ILO (Sixth item on the agenda)

Documents submitted to the 66th Session of the Board of the Centre (Turin, 4-5 November 2004)

Report on the 66th Session of the Board of the Centre (Turin, 4-5 November 2004)

62. The Committee had before it two papers⁷ on the International Training Centre of the ILO, Turin.
63. Ms. Sasso Mazzufferi (Employer member), speaking on behalf of the Employers, welcomed the interesting and informative report, and also the documents submitted to the Board of the Centre. Paragraph 32 summarized the salient points, particularly the excellent results achieved by the Centre. That success should be translated into activities responding to the principal needs of the constituents. The ILO should have recourse to the Centre more often. More governments should participate in the voluntary contribution system and use the Centre to train their officials. The Centre should collaborate more with the employers' organizations of industrialized and developing countries. Finally, the current imbalance between workers' activities and employers' activities should be redressed.
64. Mr. Blondel, speaking on behalf of the Workers, hoped that account would be taken of certain observations that they wished to make concerning paragraphs 54 and 80 of the document. The Office was not involved sufficiently in the activities of the Turin Centre. Furthermore, the ILO provided no more than 10 per cent of the Centre's financing, while the European Union, for example, provided 28 per cent. If that trend continued, there was a risk that the Centre's activities would eventually no longer correspond to the general work of the Organization.
65. Mr. Rampak (Worker member) noted that in paragraph 80 of the report of the Centre, Ms. Brighi was described as an Employer member but was in fact a Worker representative from Italy. He spoke of the repeated desire to promote the Centre but complained of the

⁷ GB.291/PFA/6/1 and GB.291/PFA/6/2.

lack of budget funds. Repeating the comment made by the Workers' group in paragraph 33 of the report, he was disappointed that the Director-General had not been present at the meeting. He noted that only 10 per cent of the overall training activities at the Centre had a technical input on international labour standards. In 2003, the overall percentage of workers' participation declined to 11.9 per cent, compared with 14 per cent in 2002. It was important that the Workers' group be consulted on invitations for training at the Centre. He thanked the Management System Information department at the Centre, which had closely worked with ACTRAV in development of distance education and trade union networks, but pointed out that management of the Delta programme was inadequate. Regarding technical and regional programmes, the Workers' group recommended close consultation with ACTRAV and ACT/EMP, in order to actively involve constituents. He requested that the current procedure of issuing a certificate of attendance be continued. The Workers' group welcomed the increase of women-specific or gender-related training activities, as well as the growth in the number of female participants. He requested an update on the process of integrating the ILO and the Turin Centre as far as mobilization of staff was concerned. On the question of pensions, he was glad that the problem had been resolved, but he still required an answer on the question of appointing a programme manager for the African States. He urged the social partners to make the Turin Centre a training facility par excellence.

- 66.** The Workers also highlighted modifications to paragraph 54 of the Turin Centre report. The fourth sentence from the end should read: "She welcomed the steps undertaken by the Centre to overcome such a situation and for active cooperation, particularly with the trade unions. She looked forward to the meeting to be held in the next few weeks." In paragraph 80, "in Myanmar" should be replaced with "Burmese trade unions" in the first instance and with "in Burma" in the second.
- 67.** Mr. Anand (Employer member) spoke of the need to bring the Turin Centre and the Institute closer together with regard to future work on both training and research issues. The Director-General had initiated a move in that direction, but there had been no positive developments since. South Asia had made little use of the Centre and India had not participated in activities for the last two years. He trusted that something would be done to improve this situation.
- 68.** A representative of the Government of Italy expressed the support of the Italian authorities for the work done at the Centre, noting the constant increase in the number of activities and the satisfaction with course quality expressed by participants. The nine tenders won by the Centre in 2003 was a clear demonstration of its competitiveness. In 2003, 9,749 pupils from 177 countries attended the Turin Centre, a positive result which encouraged Italy in its commitment toward the Centre. Italy was the Centre's main source of financial resources. In 2003, a contribution to the regular budget of 7.5 million euros was approved as well as a voluntary contribution of 6.6 million euros for specific activities. In addition, the Piedmont region and the City of Turin both provided substantial financial contributions. The accommodation facilities would be doubled at a cost of approximately 18 million euros, to be covered by national and local authorities, in time for the 2006 Winter Olympics. Regarding the relationship between the Office and the Centre, the Director-General had set up a Task Force in 2003 to examine ways and means to further enhance cooperation and synergies. The Task Force had concluded its work recently and made a number of proposals, particularly directed towards technical cooperation. He welcomed progress concerning the mobility of personnel between the Office and the Centre and noted with satisfaction that the Centre had already integrated into its plan of activities the priorities set forth by the International Labour Conference. He drew the attention to the necessity to differentiate the financial resources of the Centre and requested the ILO to guarantee adequate financial resources in future, both in accordance with 1983

agreements between the Government of Italy and the ILO, and by channelling a greater share of technical assistance resources in the area of training to the activities of the Centre.

- 69.** The representative of the Government of Belgium stated that the Belgian Government was coming to the end of its term of office as a member of the Board of the International Training Centre of the ILO, and that it was a donor to six of its programmes associated with the Organization. Four subjects were of particular importance to it, namely, social dialogue, gender mainstreaming in the Centre's programmes, the evolution of the long-term impact of the Centre's activities, and the relationship between the Centre and the ILO. The Centre had made 18 proposals concerning the follow-up to the report of the World Commission on the Social Dimension of Globalization. Training activities on offer related to topics examined at sessions of the ILC, such as youth employment, migration and work in the informal economy, and technical cooperation was increasingly taken into account. The speaker concluded by welcoming the relevance and range of training on offer at the Centre as well as the rapid execution of activities.
- 70.** The representative of the Government of Jordan hoped that the Office would review the issue of the diverse sources of financing of the Centre and urged members to increase contributions. He was satisfied with the programme prepared for the Arab countries in 2005 and with the priorities established at regional level. He welcomed the Centre's three-year programme to cover capacity building in the Labour Ministry of Jordan.
- 71.** The representative of the Government of South Africa underscored the importance of filling the long-vacant post of the Manager of the Regional Programme for Africa at the Centre. With regard to paragraph 39 of the document, South Africa asked that the third and fourth sentences read as follows: "He noted the Centre's intention to implement initiatives with regard to the World Commission on the Social Dimension of Globalization. He drew the Centre's attention to the outcome of the recent Extraordinary Summit of Heads of State and Government of the African Union on Employment and Poverty Alleviation, which had just been held in Ouagadougou. At this summit, the African Heads of State and Government committed themselves to support and implement the recommendations of the World Commission's Report on the Social Dimension of Globalization. In addition to this, they adopted a Plan of Action with several key priority areas of which the first was to ensure political leadership and commitment to create an enabling environment of good governance. The strategies and recommended actions set out in this Plan of Action should be taken into account by the Centre."
- 72.** The representative of the Government of France welcomed the results achieved by the Centre, which were largely due to the excellent work of Mr. Trémeaud. Nevertheless, he shared the employers' and workers' concerns about the changes in the Centre's funding. Eighty-two per cent of its operations depended on market-based funding, which meant it took on the role of training services provider for subjects sometimes remote from ILO activities. Furthermore, the Office did not have sufficient recourse to the Turin Centre in respect of the training element of its programmes, although the Centre offered a high degree of potential for training and intellectual activities. Lastly, the speaker associated himself with the conclusions of the Government delegate of Italy.
- 73.** The representative of the Government of Argentina stressed the importance of the Centre as a means of developing the necessary institutional capacity to implement the Decent Work Agenda. He considered that the discussions and decisions of the recent meeting of the Centre's Board would enable the Centre to continue carrying out this function adequately in the context of developments in the changing world of work. He was in favour of holding a discussion on the results of the work of the task force in line with the proposals of the representative of the Government of Italy.

74. The representative of the Government of Brazil made a correction to the Brazilian statement in paragraph 51 of the report: after “strategic objectives” there should be included: “He also expressed the satisfaction of the Brazilian Government with the increase in the number of Brazilian participants in the Centre’s activities in 2003 and underlined the expectation that this could represent a new trend within the Centre.” After “Colombia” the sentence should read: “recalling the support of the group of countries of Latin America and the Caribbean to the special technical cooperation programme between the ILO and the Government of Colombia, regretted the low number of activities in Portuguese and, particularly, the absence of activities in Portuguese on social protection”.
75. Mr. Trémeaud, Executive Director of the International Training Centre of the ILO, Turin, said that the speakers’ observations had been duly noted. It was important to distinguish between the nature of the funding of the Centre and its activities. In fact, although ILO direct funding now only represented 18 per cent, and the remaining 82 per cent came from other sources, the Centre was organized around the four strategic objectives, developed programmes that were in keeping with those of the Office, since currently two-thirds of its activities were at the heart of the Organization’s mandate. The Task Force entrusted by the Director-General to make proposals to better articulate the activities of the Centre and the ILO had made its proposals, some of which had already been put into practice, for example the document relating to the system of mobility between the Centre and the Office, while others were under way. The ILO had entrusted more document production work to the Centre, and contacts were developing in respect of the planning of Office activities. Guidelines had been prepared to ensure systematic consultation of the Centre by ILO officials and experts when designing technical cooperation projects. This document was the subject of recent consultations. When it came into force, and if it were systematically applied, the Centre would be used much more and in a much better way for implementing the ILO’s technical cooperation projects.
76. The Director-General thanked Mr. Trémeaud and his staff, the number of which had remained constant while participants had increased fivefold over 15 years. Regarding the task force, there was a process under way by which the recommendations were being progressively implemented. The issues of the budgetary structure of the Centre and the contributions of the ILO were in the hands of the Governing Body. The budget structure of the ILO would be discussed in March and it was important to reinforce the Centre in terms of the ILO contribution to its regular budget. The process of finalizing use of the technical cooperation resources of the ILO as a whole was in hand in order to improve integration of the Centre into the ILO. Management initiatives were needed to achieve a higher level of integration and cooperation. Donor countries could bring their focus to bear more on the Centre, where the key subject of capacity building was also part of almost every country’s development policy priorities. He suggested that there be regular informal meetings on the Centre during Governing Body sessions to discuss capacity building organized between the Centre and the Office. He also suggested that the Board of the Turin Centre convene in Geneva to provide more visibility.
77. The Committee took note of the Office papers.

Use of the 2000-01 surplus (Seventh item on the agenda)

78. The Committee had before it a paper⁸ concerning use of the 2000-01 surplus.

⁸ GB.291/PFA/7.

79. Mr. Botha agreed with the point for decision.
80. Speaking on behalf of the Workers' group, Mr. Blondel said that, in view of the amounts already committed to project IRIS, there was no choice but to support the point for decision.
81. The representative of the Government of El Salvador, speaking on behalf of GRULAC, noted that as of 30 September 2004, 85 per cent of the surplus for 2000-01 had been allocated and there remained only US\$7.9 million, representing 15.3 per cent of the total surplus. GRULAC requested that the special technical cooperation programme for Colombia be included among the proposals being prepared for the utilization of funds that had not yet been allocated.
82. The representative of the Government of Indonesia supported GRULAC on the question of giving priority to the programme for Colombia.
83. The representative of the Government of Canada regretted that time constraints had not allowed a more detailed discussion of the use of the surplus.
84. *The Committee recommends to the Governing Body that all remaining exchange gains on the 2000-01 surplus be allocated to the Information Technology Systems Fund to fund project IRIS.*

Technical meetings reserve for 2004-05 (Eighth item on the agenda)

85. The Committee had before it two papers⁹ on the technical meetings reserve for 2004-05.
86. The Chairperson explained that, following consultations, a large level of consensus had been reached on two meetings: Tripartite Meeting of Experts on the Fishing Sector and Tripartite Meeting of Experts: ILO Non-Binding Multilateral Framework for a Rights-based Approach to (labour) Migration. This selection would leave US\$230,000 available for a third meeting. The social partners had expressed a preference for the Meeting of Experts on Updating the List of Occupational Diseases but there was no consensus amongst Governments.
87. Mr. Botha asked whether the number of experts to attend the meetings could be reduced in order to hold the three meetings.
88. Mr. Blondel, speaking on behalf of the Workers' group, said that he was not questioning what had already been decided. He wondered why the composition of the Tripartite Meeting of Experts on the ILO Non-Binding Multilateral Framework for a Rights-Based Approach to Migration would consist of 20 Government representatives and only ten Employer and ten Worker representatives. He considered there to be an imbalance. The Workers favoured the idea of holding the Meeting of Experts on Updating the List of Occupational Diseases, and felt there was consensus in that regard following consultation with the Employers. Lastly, they thought an urgent meeting should be held on the end of the Multifibre Arrangement and wondered whether funding might be considered. The strategy for 2006-09 should take that need into account.

⁹ GB.291/PFA/8(&Corr.) and Addendum.

89. The representative of the Director-General (Mr. Thurman, Director, Bureau of Programming and Management) explained that the Governments had expressed interest in six meetings, including that on occupational diseases but no consensus had emerged beyond the meetings on the fishing sector and migration.
90. Mr. Botha believed that there was a way to hold all three meetings and that some Governments could possibly attend the meeting on labour migration as observers.
91. The representative of the Government of Kenya expressed a preference for the Tripartite Meeting of Experts on the Fishing Sector, together with meetings (e) and (c) from the selection available.
92. The Chairperson suggested that there should be further consultations in order to achieve consensus on the third meeting.
93. The representative of the Government of Canada requested that the title of the meeting in English refer to "Labour Migration". She explained that, due to the importance of this issue for Governments and the serious implications that a change in composition of the meeting could have on the outcomes, the number of participants should remain the same as originally stated. A change in the composition of participants could have serious implications upon the outcome of the meetings.
94. Mr. Blondel, speaking on behalf of the Workers, said that he had hoped that the already existing consensus between Employers and Workers would influence the Governments. He supported the Chairperson's suggestion in the hope that it would lead to a general consensus.
95. The Chairperson suggested that consultation could continue over the course of the next week.
96. *The Committee recommends to the Governing Body that the following meetings be financed by the use of US\$454,524 from the technical meetings reserve for 2004-05: Tripartite Meeting of Experts on the Fishing Sector; Tripartite Meeting of Experts: ILO Non-Binding Multilateral Framework for a Rights-Based Approach to Labour Migration* (and that a decision regarding the use of the remaining balance on the reserve be subject to further consultations).

Strategic Policy Framework (2006-09) (and preview of the Programme and Budget proposals for 2006-07) (Ninth item on the agenda)

97. The Committee considered a paper¹⁰ on the Strategic Policy Framework, as well as the Director-General's presentation (see appendix).
98. Mr. Botha referred to the Director-General's statement and asked the Director-General to clarify the relationship between the Treasurer and the Executive Director and himself.
99. The Employers regarded debate on the proposed Strategic Policy Framework as key to the future of the Organization, at a time when partners were being asked to adapt the nature

¹⁰ GB.291/PFA/9.

and focus of the ILO. The Employers considered that for them the ILO was an organization centred on the world of work. However, they were concerned that the ILO could be being increasingly driven by the report of the World Commission on the Social Dimension of Globalization. They were concerned that the World Commission's report was not yet ILO policy and that it had not yet been meaningfully debated in the PFAC and the Governing Body. The Employers were concerned about a global advocacy role for the ILO which focused on voice, rather than representation, on globalization in all its facets and on general poverty reduction rather than focusing on the world of work and the needs of workers and employers to fight poverty. The Employers were also sensitive to the prospect of the Organization moving into the worlds of finance and macroeconomic policy.

- 100.** He believed that the ILO's contribution to the present challenges in the world came from the effective pursuit of its historic purpose as adapted by the ILO governing institutions over time. It was only through that focus that the ILO could be seen as a credible actor in policy development and implementation. The Employers needed to be able to identify with what the ILO represented. The Employers' vision of the ILO was of a tripartite organization with a tripartite spirit; an organization that looked to assisting in the creation of the right national labour market environments, in that they were conducive to business and enterprise creation which promoted employment, protected workers in their work and through social protection ensured an affordable and sustainable safety net in times of adjustment and need. For the Employers, this was decent work.
- 101.** He did not think that the Strategic Policy Framework document was sufficiently clear in this respect. It was only through an environment conducive to business and enterprise creation that the ILO could contribute to poverty alleviation within the Millennium Development Goals. It was also through successful business that ILO objectives could be achieved on employment creation and promotion of higher labour standards. He sought to see these priorities reflected within both the Strategic Policy Framework and standards and fundamental principles and rights at work.
- 102.** The first strategic objective was one of the main pillars of the Organization. However, it had to remain relevant to the real world of today's workplaces and this required new approaches on standards and fundamental principles. The Employers continued to view the strengthening and improving of the Declaration as priorities to which sufficient resources must be devoted.
- 103.** In strengthening the Declaration, the Employers supported programmes that increased the visibility and the effectiveness of technical cooperation. This required the Organization to ensure that constituents were actively involved in the development and implementation of technical cooperation programmes. In improving the Declaration, the Employers supported the allocation of resources towards the revision of the follow-up mechanisms.
- 104.** The term "standard setting" should include creation of new instruments, revision of outdated instruments, consolidation of existing instruments and discussion under the integrated approach. Priority should be given to the revision of outdated standards identified by the Working Party on Policy regarding the Revision of Standards, and to implementing the discussions under the integrated approach and its follow-up.
- 105.** The Employers continued to support IPEC, particularly in its efforts to eliminate the worst forms of child labour. However, the Office should involve employers' organizations more closely in its activities.
- 106.** The text on the first strategic objective was general and too broad. He asked how the Office would proceed to achieve the objectives. He questioned the choice of indicators, the guarantee of an outcome, and the role of the ILO supervisory mechanism for the promotion

of standards. For instance, the Office needed to explain why it labelled the up-to-date list of Conventions and Recommendations as “a more concise set of decent work labour standards”. The Office should make efforts to obtain technical cooperation for the implementation of standards and not only for IPEC and the Declaration.

- 107.** The Employers heard frequently how employment should be at the heart of economic and social policy and at the heart of the ILO. The Employment Sector as a whole must be supported by the regular budget funding necessary for it to fulfil its mandate as well as being given a focus by the Office for extra-budgetary resources. Enterprise development, together with improving productivity and competitiveness, were equally important contributors to employment creation. The Employers could not accept that these objectives received proportionately less funding in the future.
- 108.** Outcomes and their achievement should be more detailed. The first priorities for the Employers were job creation and enterprise development. He strongly believed that the ILO was uniquely positioned to give assistance to its constituents to implement meaningful job creation programmes particularly in terms of entrepreneurship, small and medium enterprises and micro, small and medium enterprises, whether in the formal or informal economy. In this respect, he expected to see the Job Creation and Enterprise Development Department given the strongest possible support. The recent report of the UNDP, “Unleashing entrepreneurship”, and the report of the World Bank, “A better investment climate for everyone”, could assist in this area.
- 109.** The second priority was in the informal economy and the regulatory environment. In terms of policy coherence, this was a topic which would help to bring together efforts of different agencies and donors to devise focus strategies that drew on the expertise of specialists in labour law, small and medium enterprise development, employment and microfinance to deliver specifically designed recommendations to address the identified causes of the informal economy.
- 110.** The third priority was the Global Employment Agenda. He saw this as the ILO’s collective response to the employment challenge. The Employers expected to see national reviews and national initiatives to get the Global Employment Agenda more fully operationalized at country level.
- 111.** The fourth priority was business linkages. The ILO should develop strategies to integrate multinational enterprises with local SMEs in developing countries. This had great potential for advancing economic and social objectives simultaneously.
- 112.** The fifth priority was skills. The ILO should consider carefully how to give effect to the new Recommendation on human resources development. The Employers’ group could not support a global campaign for its promotion, which ignored their concerns. Nevertheless, most areas were positive and should be promoted in a tripartite collective effort.
- 113.** A sixth priority was youth employment. A specific ILO youth employment programme was required with clear objectives and clear lines of coordination within the Office. The ILO needed to follow through on the recent United Nations resolution on youth employment which specifically asked the ILO to play a role in development of national action plans on youth employment.
- 114.** On employment strategy, the Office needed to develop innovative strategies for national development, new methods of capitalization, financing and public/private partnerships, in order to improve the ability of constituents to influence national economic and social policies, thereby playing a stronger role in the PRSP processes.

- 115.** On multinational enterprises, he supported the BASI database as a source of good practices in the area of CSR. In addition, increased resources should be devoted to the promotion of the MNE Declaration, which he viewed as an important reference for companies in the area of CSR. Given that the Global Compact was addressed primarily to business and sought the engagement of business in the promotion of the ten fundamental principles, the ILO should ensure the intimate involvement of employers in future activities related to the Global Compact.
- 116.** The work of the ILO on social protection should be based on the resolution concerning social security adopted by the International Labour Conference in 2001 and the conclusions on occupational safety and health in 2003, as well as on the work done on HIV/AIDS in the workplace. The Employers had three priorities in this objective: Firstly, the Global Campaign on Social Security and Coverage for All. At the ILC 2003, this Global Campaign was launched officially with the participation of the social partners. It was a good example of an ILO project, supported by workers and employers and strongly involving them in its implementation including through an informal supportive group. The Campaign must therefore be funded through the regular budget and through other mechanisms, such as TC-RAM, to give effect to the constituents' priorities. Secondly, regarding occupational safety and health (OSH), the Employers believed that the ILO must implement the priorities outlined in the conclusions adopted in the June Conference. There was a need to raise widespread awareness of the importance of OSH and to strengthen the capacities of ILO constituents, and to raise the visibility of the ILO and its occupational safety and health instruments, including through free access to information. There was a need to promote a culture of prevention, to develop national programmes with the involvement of employers' organizations and to provide technical advisory services and financial support to developing countries. Finally, there was a need to collaborate with other international organizations on a tripartite basis, particularly with the World Health Organization at national level.
- 117.** As far as HIV/AIDS was concerned, greater emphasis and support must be given to HIV/AIDS and the world of work. The constituents, especially the social partners, appeared to have been forgotten in the texts of the proposed outcome. The Office should provide sufficient resources for the implementation of the IOE/ICFTU joint statement and efforts. HIV/AIDS was resulting in heavy costs for employers due to the loss of skilled workers and the need to train new workers. Awareness raising in the education of workers and employers in this area should receive a higher priority. Like the Global Campaign on Social Security and Coverage for All, this could be done through InFocus initiatives. He awaited greater clarification on the third outcome on the social economic floor before giving support, since it raised concerns.
- 118.** As far as social dialogue was concerned, the major priority was to strengthen the representation services and influence of employers' organizations. However, employers needed to see their concerns on tripartism within the ILO and the role of ACT/EMP also taken into account. ACT/EMP needed to be equipped to build alliances and communication networks within the Office and to guarantee that employers were consulted on all ILO projects. They also needed to be resourced to enable them to undertake the technical cooperation programmes designed to strengthen employers' organizations. He viewed the present situation as highly counter-productive in terms of both human and monetary resources. The issue of the differential funding of ACT/EMP and ACTRAV had been raised in the past. ACT/EMP should be properly funded through the regular budget to increase its influence in the work of the ILO across all the sectors and particularly for funding technical cooperation activities for employers, as well as helping to ensure that the Employers' group's strategy was reflected in the thinking and working of the Office.

- 119.** He was strongly opposed to any cuts in the budgets of ACT/EMP and ACTRAV and wanted to see additional funding made available. Social dialogue should remain focused on constituents, that is employers, workers and governments. The references in paragraphs 17, 20 and 131 to a global community of multiple actors or key actors were confusing. The ILO should have clear and transparent partnerships. The resolution concerning tripartism and social dialogue adopted by the 90th Session of the International Labour Conference in 2002 should guide the ILO on this issue. Paragraph 32 should be reworded by reference to this resolution.
- 120.** With regard to tripartism, he was surprised to see the ILO wishing to work directly with parliaments (paragraph 65), and not through governments. How would this work in practice?
- 121.** He pointed out that the ILO was not the only organization that could bring NGOs, employers and workers together. As far as sectoral activities were concerned, follow-up of the conclusions of the numerous meetings that had been held must be ensured. The financial envelope for sectoral activities should be clearer so that employers could better monitor ongoing activities. Sectoral activities must remain constituent-driven and provide for the involvement of ACT/EMP in design and implementation. Outcome 4(c) needed a clearer explanation with respect to the indicators.
- 122.** He believed that the ILO must increase the focus of the Decent Work Agenda on a more practical basis to identify opportunities linked to the world of work. In the Employers' view, it could be more realistic, such as the generation of sustainable employment through the effective working of labour markets. Another concern was the trend to measure decent work by statistical indicators whilst the concept itself remained largely subjective and included several intangibles, especially in the areas of rights and dialogue, which could not be measured. Despite the opposition of the ILO Labour Statisticians Conference and a Governing Body decision, the Office had forgotten these recommendations and had developed a composite index ranking all countries. He was concerned by the way measurement tools and statistical indicators, not always linked to the world of work, had been developed. He awaited tripartite debate on this issue before any further actions were taken. Any attempt to use statistics should be first discussed politically to avoid misuse and wrong messages, and recent work in this regard affected ILO credibility.
- 123.** With regard to the World Commission's report, activities related to the follow-up relevant to the ILO should remain within the scope of strategic objectives of the ILO and be subject to the direction of the Governing Body. The ILO's role in following recommendations of the World Commission's report had to address only those recommendations which the Governing Body supported as being relevant to the work of the ILO in line with the Strategic Policy Framework. The report included a number of proposals related to the ILO's core responsibilities. Their implementation needed to be considered against other priorities and the needs of constituents. The ILO should not look to the World Commission's report follow-up at the expense of expressed constituents' needs.
- 124.** He was of the opinion that the ILO should not compete with other United Nations bodies in areas of the World Commission's report. The financial constraints would be detrimental to the main objectives of the ILO.
- 125.** In the Programme and Budget for 2004-05, the emphasis was on poverty reduction. However, the ILO should focus on labour issues related to the workplace and the labour market. There was a danger that the purpose of the Organization would move away from serving constituents' needs in these fields. Poverty reduction and social justice should be consequences of ILO activities in the world of work.

- 126.** He wanted to see the Employers' vision of the ILO strategy reflected in the Strategic Policy Framework and how the Office would deliver its programmes. Employers were not encouraged by some of the current text of the document since it did not focus on their priorities and gave only general indications on future work without giving sufficient ideas as to how these would be achieved. The proposal on global production systems could not be supported as it was not regarded as a priority given current fiscal constraints. It did not respond to urgent needs in developing countries. Similarly, the proposal on building a socio-economic floor remained vague. The reference in paragraph 34 on issues not linked to the world of work, debt relief and trade access, while true, was not relevant to the mandate of the ILO and must not distract from the need for a focus on productive work. The Office also needed to recognize current financial realities. The budget was not increasing, extra-budgetary support was declining and too many decisions were taken with regard to expenditures not foreseen in either the programme or the budget.
- 127.** Paragraph 7 was deeply worrying because it implied cuts in technical activities especially in the Employment Sector. Activities that were identified by the Governing Body as suitable for ILO follow-up to the work of the World Commission should also be done via extra-budgetary funds when donors were willing to support them. The Employers would like to see this policy framework elaborated bearing in mind the constituents' expectations. He looked forward to seeing a new document in March which reflected these views so that it could be considered with the Programme and Budget for 2006-07. Employers would appreciate seeing a presentation of future activities through workplans presented by each Executive Director.
- 128.** At the national level, better involvement of the social partners was required. The Office needed to explain exactly what decent work country programmes were (DWCPs), and how they functioned, and worked towards the realization of the ILO's mandate. Only two out of about 40 Employers present were involved with DWCPs in their country. In the Programme and Budget for 2004-05, six shared policy objectives cutting across the four strategic objectives were presented. He required information on the purpose of the five mainstreamed goals. It was clear that they were not necessarily the major priorities but elements to take into consideration when the Office was working to achieve ILO objectives. The first goal – a fair globalization – was very broad and not always easy to relate to the historic mandate of the ILO. With regard to technical cooperation, the main discussion would take place at the technical committee, but some points could be stressed at the present meeting: the Employers were concerned last year about the use of the TC-RAM mechanism to finance activities which were far from the constituents' priorities. This mechanism was supposedly created to finance those projects which responded to constituents' needs. The mechanisms should be transparent and constituency-driven. He did not support the evolution of technical cooperation with a decreased budget. The Office should determine a strategy to balance donors' priorities with constituents' needs.
- 129.** Some other managerial issues came under other points of the PFAC agenda, for example, security, IRIS, IT projects and HR strategy. The Employers wanted to see a new, ambitious and comprehensive setting out of the HR strategy. As indicated in paragraph 80, a number of officials would be leaving and their replacements and transmission of knowledge should also be addressed. Few improvements in terms of results on the wider issue of placing suitable persons with enterprise experience in the ILO had been seen and the Employers considered this as detrimental to the institution.
- 130.** With regard to evaluation, the Office needed to start a reflection with constituents on how to improve the evaluation process in order to achieve an independent and transparent process and robust outcome. The text mentioned a system operating by the end of 2007 and the Office needed to give details on this programme. The Employers could also not support paragraph 43.

- 131.** The Employers expected prudent fiscal planning and implementation of a programme centred on constituents' needs and awaited a new paper incorporating all the views that had been expressed.
- 132.** Mr. Blondel, speaking on behalf of the Workers, thanked the Director-General for having pointed out, in his opening remarks, that the decline in the financial strength of the Organization since 1996-97 was 6 per cent. In fact, re-establishing that strength alone would already give rise to great satisfaction. The Workers were pleased that 2 per cent of the budget would be allocated to training, but they hoped that the management of that 2 per cent would, as soon as possible, be the subject of some clarification. Moreover, the duties of the Treasurer should be clearly defined, in accordance with the Financial Regulations.
- 133.** With regard to the proposed Strategic Policy Framework, the speaker was pleased that it was based in part on the comments of the Workers. The Organization's budget was one way of expressing its policy and was not just a financial instrument. The Workers supported the approach based on outcomes used. They were particularly convinced of the crucial importance of the comparative advantage of the ILO, i.e. tripartism, standards and the unique role of the Organization within the United Nations system. They believed also that the Organization should integrate into its own work the conclusions of the World Commission on the Social Dimension of Globalization that were of interest to it. With regard to the three concepts listed in paragraph 10, the Workers wished to add that of tripartism, as a priority instrument. Strengthening institutional capacities, particularly those relating to knowledge management, statistics and communication, should involve not only the Office but also the tripartite constituents of the Organization. The Workers were ready to place their skills and their vast networks at the disposal of the ILO.
- 134.** There were some gaps in the document. Its response to the challenges being faced by the world of work was not sufficiently specific. With regard to paragraphs 33 and 101, the Workers recalled that their fundamental rights were human rights, independent of any economic consideration. The supervisory mechanisms should be maintained, if not improved, and the promotion of the ratification and implementation of standards should remain at the heart of the work of the Organization.
- 135.** Parallel to the objective of decent work, and in the framework of the Global Employment Agenda, the ILO should not ignore the situation of workers who had lost their jobs as a result of relocation and those whose economic situation had worsened or who had lost their social protection, issues that paragraph 35 only touched on. In that context, more specific measures should be taken to compensate, for example, the consequences of the ending of the Multifibre Agreement, which would leave millions of people unemployed, particularly in developing countries.
- 136.** The Workers shared the idea proposed in paragraph 43 of joint action by the various actors in the emerging global community. However, the ILO should not deviate from its basic mandate, which was to serve its own constituents, i.e. the social partners, whose role in the sphere of work was unsurpassed when compared to that of the various actors in the global community.
- 137.** With regard to the long-term strategic framework, the six major areas for a fairer globalization, cited in paragraph 44, should be transformed into action programmes integrated into the strategic and operational objectives defined by the Governing Body. With regard to gender equality, the resolution adopted in June 2004 should be implemented, and the implementation of the resolution concerning tripartism and social dialogue should be continued in 2006-09. The establishment of national decent work programmes with the active participation of the social partners could be a key instrument in the planning of ILO activities in the field.

- 138.** In the framework of the more extensive programmes, employment and the exercise of freedom of association in export processing zones were not mentioned in the document. It was vital that the ILO undertake work in that regard and also tackle the problems of relocation, a cause of labour and employment insecurity.
- 139.** Paragraph 62, on partnership, did not mention the World Trade Organization, and the Workers wished to include that in their deliberations. In order to strengthen governance and management transparency, they were prepared to contribute to reinforcing the role of the Governing Body in that regard, it being understood that the responsibility of the Director-General would remain absolute. They supported the idea of greater transparency in the preparation and approval of technical cooperation programmes, as covered in paragraphs 73 and 74, and they believed that using the IRIS system should help with that. As was highlighted in paragraph 77, in 2002-03, the Organization allocated extra-budgetary funding equivalent to 52 per cent of the regular budget for the same biennium to technical cooperation. The Governing Body should give its opinion more clearly and more regularly on that subject. Moreover, the Director-General should clarify further the following issues: taking into account regional developments such as the social dimension of regional and subregional integration in the strategic framework; striking a balance in the resources allocated to large meetings and their follow-up; strengthening of the capacity of constituents; and the participation of ACTRAV and ACT/EMP in technical cooperation and in the implementation of the strategic framework.
- 140.** The employers' and workers' organizations had at their disposal high-calibre expertise, which should have a significant impact of recruitment criteria. With regard to the management of human resources, a long-term strategy for the recruitment and strengthening of staff capacities should be developed. The strategic framework should clearly define the areas and criteria for the use of the 2 per cent of the budget allocated to staff training.
- 141.** In the third part of the document, dealing with the Programme and Budget for 2006-07, the allocation of extra-budgetary resources according to operational objective and the outcomes by country and by region should be included. The Office should indicate the amount of the technical funding from the regular budget for all strategic objectives.
- 142.** With regard to Strategic Objective No. 1, the Workers were concerned about certain passages in paragraph 99, as they believed that the implementation of standards should come under independent supervisory machinery, even if the efforts made by the countries as far as ratification was concerned would always be appreciated. Ambiguous terminology with regard to monitoring standards should be avoided and there should be reference to a system or a mechanism rather than to a process. Ratification of standards should remain central to ILO concerns. Decent work for all depended on it.
- 143.** As the World Commission had recommended, it was necessary to analyse the impact of the policies of other organizations such as the IMF, the World Bank or the WTO on the rights of workers to ensure that their policies did not run contrary to those of the ILO. In the general interest, workers should also be encouraged to join trade unions.
- 144.** With regard to Strategic Objective No. 2, the strategy should aim to strengthen the capacities of employers' and workers' organizations to ensure their involvement in the planning and implementation of economic and social policies. It should also transform the informal economy in an integrated framework of decent work. Policies and programmes aiming to create decent jobs and education and training opportunities for workers in the informal economy would help their integration into the formal economy.

145. The document did not make sufficient reference to the Global Employment Agenda, nor to the role of trade unions. Outcome 2(b).1 should not refer to “values” but rather to core “standards” of the ILO. The Workers supported the idea of training to improve industrial relations. The social responsibility of enterprises should be defined on the basis of standards and the ILO Declaration.
146. With regard to Strategic Objective No. 3, social protection was an essential factor in poverty reduction and the social partners should participate in governance in the area. Social protection should be based on the principles of solidarity, universality, equality and dignity.
147. With regard to occupational safety and health, and working conditions, the Decent Work Agenda should be based on the wide variety of standards adopted by the ILO. The Workers were particularly pleased with the last paragraph of Outcome 3(b).1 in paragraph 115. With regard to work on migration and HIV/AIDS, there should be more collaboration with the employers’ and workers’ organizations. The resolution concerning tripartism and social dialogue, adopted in 2002, should allow the consultation process with the social partners to be strengthened. The Workers wished to see the concerns of the constituents duly reflected in the operational objectives and the outcomes of the Programme and Budget for 2006-07.
148. The campaign for the ratification and implementation of the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), should be diligently pursued.
149. In the framework of Strategic Objective No. 4(b), it was not enough to offer services to the informal economy; its conversion to a formal economy should be encouraged. The Workers wished to have better information on the new InFocus initiatives referred to in paragraphs 130 and 131.
150. Overall, the training, whether directed at staff or at constituents, showed serious gaps. The ILO should therefore develop better integrated training and research policies, with the International Institute for Labour Studies, the International Training Centre in Turin and the training centres in the field, in order to achieve all the operational objectives.
151. With regard to the section entitled “More services with less resources”, and in particular paragraph 137, the speaker recalled that in 1997-98, the share of the technical cooperation budget for ACTRAV and ACT/EMP was 10 per cent. In 2003-04, that share had fallen to 3 per cent, in spite of the constant increase in requests for assistance from trade union organizations worldwide.
152. The Workers wondered why the financial resources of the ILO were steadily decreasing and why, in spite of the example provided by other international organizations, the Organization did not seem to be able to discard the principle of zero growth. They hoped to have some discussion on the issue.
153. The speaker concluded by hoping that the 2006-07 budget would be a growth budget.
154. The representative of the Government of the United Kingdom, speaking on behalf of IMEC, supported the overall aim of making decent work a global goal the integrating theme guiding ILO actions during the period 2006-09. The Organization had an important role to play in the follow-up to the World Commission but she was concerned that some of the six proposed medium-term objectives outlined in paragraph 44 were overambitious. The proposal for a multilateral framework for the cross-border movement of people was very different from the non-binding multilateral framework for a rights-based approach to

labour migration envisaged by the 2004 ILC. The ILO had a role to play with regard to employment and labour rights of migrant workers but the cross-border movement of people generally was beyond the scope of the Organization's mandate and expertise. She requested further elaboration of what was meant by a socio-economic floor.

- 155.** The document had identified the need for the Organization to invest in its own effectiveness and she believed that this should be an ongoing, rather than a medium-term goal. Both the Strategic Policy Framework and the programme and budget should incorporate strategies for the improvement of the ILO's management of finance, human resources, property, knowledge and IT. Such strategies would set goals to be achieved within each biennium and would include indicators of achievement. There should be resources dedicated to achieving this objective, to ensure past under-investment was not repeated.
- 156.** With regard to Part I of the document, she asked for clarification of what was meant in paragraph 25 by strengthening the labour standards system. IMEC fully supported the partnership approach outlined in paragraph 37. The development by the ILO and other international organizations of a globalization policy forum could be considered but the idea that the ILO would organize such a global event required further thought and consultation. IMEC also welcomed the elaboration of operational outcomes but stressed that indicators and targets had to be relevant, specific and realistic.
- 157.** In Part II, IMEC strongly supported the partnerships already established and encouraged continued efforts to contribute to PRSPs and to UNDAF. IMEC agreed that the Organization needed to strengthen its analytical and statistical capacity, particularly the quality and impact of its research and policy approach. More information was required about the flagship thematic report mentioned in paragraph 72 and on how this would differ from other ILO publications. IMEC supported the development of an effective communication strategy as an ongoing objective. Paragraph 86 referred to a system of oversight and evaluation being put in place by the end of 2007. IMEC encouraged a more rapid implementation of this objective. There was a clear link between the Strategic Policy Framework and an accommodation strategy and yet, despite IMEC's request in June 2004 for the provision of the latter, no such strategy had been produced. There was an urgent need for a review of the field structure to ensure that field offices were both responsive to constituents' needs and cost effective.
- 158.** IMEC welcomed the inclusion of the preview of the Programme and Budget proposals for 2006-07 and reiterated the need for indicators and targets which were relevant and specific. The Office should not hesitate to discard those indicators which were no longer in line with the new Framework. The proposals in paragraphs 130 and 131 were not clear and further clarification was sought. Given the extensive discussions, IMEC expected to receive a revised document that reflected the views of the Governing Body. The programme and budget should be distributed as early as possible in order to allow sufficient time for its consideration.
- 159.** On behalf of the Governments of the United Kingdom and Australia, she stated, with regard to the issue of budgetary growth, that cost increases should be covered by efficiency savings and adjusting priorities. At this stage, neither government could agree to further growth in the regular budget.
- 160.** The representative of the Government of Japan, speaking on behalf of the Asia-Pacific group (ASPAG), supported many of the elements within the Framework. However, there was a need to establish clear priorities. The ASPAG had consistently believed that priority should be given to Strategic Objectives Nos. 2 and 3 but welcomed the views of the Office in this respect. He supported the process of decentralization outlined in the document and

looked forward to the ILO giving the appropriate level of priority to its work in the Asia-Pacific region. As setting priorities could only be meaningful when linked to funds allocation, he requested the distribution of the Programme and Budget for 2006-07 as early as possible. The ASPAG could not comment on the future size of the budget without first seeing this document.

- 161.** In his view several aspects of the Framework and its 2006-07 programme and budget preview gave rise to considerable confusion. If the test of a good strategic plan was the extent to which it clearly set out goals, the action that would be taken to achieve them and how their achievement would be measured, then ASPAG believed that the Strategic Policy Framework required further work before adoption. The additional effort should focus on four issues: (1) the relationship between the Strategic Policy Framework and the programme and budget should be clarified, taking into account their specific purposes. The first two parts of the document discussed a range of broad objectives. However, when the strategic objectives, operational objectives and outcomes incorporated into the programme and budget preview were considered, only some of the objectives discussed in Parts I and II were given direct expression. Others were not referred to at all. Similarly, while the preview had carried over the four strategic objectives that underpinned the Programme and Budget for 2004-05, there was little direct discussion of them in the first two parts; (2) the scope of the new overall objective and its associated outcome should be made clear. ASPAG noted that an overall objective – decent work as a global goal – had been added to the programme and budget and an accompanying outcome had also been inserted. He asked if this new goal and outcome was a statement of the central goal of the Organization and if it was henceforth the central purpose of the ILO. He also asked if it was intended that this goal cover the period of 2006-07, the period of the next programme and budget, or 2006-09, the period of the new Strategic Policy Framework; (3) the rationale for reusing the 2004-05 programme and budget strategic objectives should be explained and their relationship with the new outcomes made more explicit. Noting that the four strategic objectives from the 2004-05 programme and budget had been carried over, he asked if it could be assumed that they remained unchanged even though there now appeared to be a new overall objective and outcome. He also asked how the new outcomes related to the old strategic objective; (4) the new outcomes should be better defined and the actions taken to achieve them clearly described.
- 162.** The programme and budget included several layers of objectives or outcomes but nowhere was there a clear statement of the action the ILO would take to achieve them. He asked what specific outputs would be produced to achieve the outcomes identified. The “indicators under development” provided some information from which it could be deduced what was intended but the reader of this kind of document should not have to engage in this kind of guesswork. Some of the outcomes also remained very loosely defined. For instance, how could one measure improved labour and social outcomes in specific sectors?
- 163.** He recognized that the indicators were still under development but were sometimes confused with outputs rather than being measures of achievement. Information regarding the quality of the products delivered or their cost was also noticeably absent. Moreover, ASPAG remained strongly committed to evaluation. Getting these indicators right would create a strong information base for targeting more detailed evaluations of programme performance over time.
- 164.** He looked forward to seeing a set of indicators which would enable all those interested in the work of the ILO to easily assess, whether it achieved the goals it had set itself to the required standard and at a reasonable cost.

- 165.** ASPAG believed that the PFAC should recommend to the Governing Body that the Office be asked to undertake further work on the Strategic Policy Framework to address the issue identified. He also proposed that these revisions be subject to further consultation in the period up to the March 2005 Governing Body. The final Strategic Policy Framework could then be adopted along with the 2006-07 programme and budget at that meeting.
- 166.** On behalf of the Japanese Government, another representative added a statement supporting the ASPAG and IMEC statements, and believed that in order to implement the Framework, joint programmes between the ILO and some countries or regions were very effective in terms of cost effectiveness. There was, for example, APSDEP (Asian and Pacific Skill Development Programme) which aimed at improving the level of vocational training in the region and was a joint programme with the ILO Regional Office for Asia and the Pacific. This programme played a key role in regional skills development. He hoped for further initiatives from the ILO on this programme. He further commented on the budget proposal for 2006-07, stating that it was the most effective financial discipline to absorb cost increases through the efficiency savings which was a cornerstone during preparation of the new programme and budget. He wanted to see concrete numeral data on the result of the cost-saving efforts on the ongoing budget. In addition, he wanted to see these results and further efforts reflected in the budget proposal along with the results of the efforts for more efficient budgeting through the termination of obsolete programmes and re-examination of each programme based on the results of programme evaluation.
- 167.** The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the principal goals outlined in the document and the ILO's commitment to improve the relevance, effectiveness and efficiency of its work as stated in paragraph 49. He urged the Office to focus on the Decent Work Agenda. The four strategic objectives of decent work remained relevant and needed to be enhanced by reference to results achieved. Further refinement of the operational goals and indicators was required and the Africa group fully supported the idea of operational outcomes outlined in paragraph 54. Strengthening human resources capacity remained critical, particularly in Africa where many experienced staff were retiring and vacancies remained unfilled. He encouraged the ILO to further develop its partnerships with regional groupings in the African region. Finally, the Africa group welcomed the transparent budgetary information to be produced by IRIS. The roll-out of IRIS to the regions was critical.
- 168.** The representative of the Government of Germany explained that her Government would find it rather difficult to accept any growth in the ILO budget, particularly as it was aiming for zero growth in its own domestic budget. Voluntary contributions to specific projects were not subject to quite the same constraints and she looked forward to her Government continuing to provide such contributions.
- 169.** The representative of the Government of Spain supported the IMEC statement but acknowledged that the request of the Director-General for increased resources could not be ignored. His Government would consider the request whilst further studying the Framework document.
- 170.** The representative of the Government of El Salvador, speaking on behalf of GRULAC, welcomed the focus on decent work as a global objective. Globalization was having a significant impact on labour in the region and he urged the Office to promote discussion with a view to establishing national responses to the issues arising from globalization, including the possibility of establishing a National Commission on the Social Dimension of Globalization. The Framework document lacked clarity and required a more analytical approach to the issues involved, such as the definition of decent work as a global objective. With regard to the budget, the objectives integrated were not clearly defined and the link between these objectives and strategic goals was not evident. GRULAC, whilst

sympathetic to the request for increased resources, nonetheless urged the Office to make every effort to avoid an increase in the budget.

- 171.** The representative of the Government of Mexico supported the statement made on behalf of GRULAC. She therefore encouraged the Director-General, given this difficult financial situation, to make every effort to avoid increases in the budget for the next biennium and to ensure that the budget adhered to the strategic objectives in order to achieve the global objective of decent work. An increase in the ILO's budget would be difficult to accommodate.
- 172.** The representative of the Government of France thanked the Office for its succinct report and he supported the statement made on behalf of IMEC, except with regard to the principle of zero growth. The French delegation approved the first part of the document entitled "Mandate and priorities" and embraced the objectives stated therein. The 2006-09 period would be decisive in that respect for the effectiveness and the credibility of the Organization. Success came from establishing priorities, focusing on the most effective tools and making transparent the working of the Office. The speaker noted the willingness to decentralize technical cooperation on programmes by country, to continue the decentralization process towards the external offices, and to strengthen the capacities of the tripartite actors, in particular those who were involved in the PRSP process.
- 173.** He expressed concern at the lack of priority given to the least developed countries and in particular to Africa. Moreover, the fact that extra-budgetary funding had gone from 34 per cent in 1998-99 to 52 per cent in 2002-03, and that it would reach 70 per cent in 2009, showed a drift that could make every effort at budgetary programming futile. Other institutions in the system were trying to remedy the situation and France reiterated its request for an in-depth discussion on the issue before setting the budget for 2006-07. Finally, France did not subscribe to the principle of zero growth. In addition, the figures submitted in paragraphs 134 and 135 were an acknowledgement of a worrying decrease of 15 per cent in real terms between 1978 and 1979. The Governing Body should carry out a more positive estimate of the means required for the aims of the strategic plan.
- 174.** The speaker supported two innovations: the introduction of operational objectives and outcomes at an intermediary level; and the systematic and transparent provision of information on the allocation of funding according to strategic objective, operational objective and region, referred to in paragraph 132. The speaker concluded by supporting the point for decision in paragraph 145 and by recalling the need for a discussion on the evolution of the regular budget and of extra-budgetary funding.
- 175.** The representative of the Government of Argentina supported the GRULAC statement and stressed the need for the ILO to coordinate its initiatives in the area of decent work with those of other international organizations. Several of the proposals from the World Commission had been directed towards the ILO and, given its tripartite nature, he believed that the Organization could play an important role in achieving the coherence of policies, both nationally and internationally, which had been referred to by the Commission. Accordingly, he supported what was contained in paragraphs 26-30 and 43 and 44 of the document. He encouraged the Director-General to avoid an increase in the budget whilst recognizing the ILO's right to propose a budget level appropriate to the demands placed upon the Organization. His delegation would be highly attentive to the arguments and reasoning put forward by the Office and would give them due consideration when it came to taking a decision on the matter.
- 176.** The representative of the Government of Brazil supported the GRULAC statement and, whilst acknowledging the resource issues faced by the Director-General in drawing up the Programme and Budget for 2006-07, wished to remind the Office of the financial

constraints prevailing in many developing countries. He hoped that cost-saving efforts would remain an integral part of the preparation of the programme and budget proposals.

- 177.** The representative of the Government of New Zealand expressed support for the statements made on behalf of IMEC and the Asia-Pacific group and endorsed the strategic priorities which aimed to reinforce the ILO's focus on the achievement of the Decent Work Agenda. She supported the prioritization of employment in the Strategic Policy Framework. The ILO played an important role in both supporting member States as they worked to achieve decent work outcomes domestically and in facilitating information on sharing best practice between members. She welcomed the reference in paragraph 98 to establishing a methodology for reviewing decent work and the impact of globalization. Given the growing demand for resources, she endorsed the ILO's recognition of the need to set priorities and looked forward to the early distribution of the programme and budget proposals.
- 178.** The representative of the Government of Italy supported the IMEC statement and was pleased to see that the role of the International Training Centre in Turin had been included within the Framework document. He shared the concerns expressed by the representative of the Government of France with regard to technical cooperation funding and believed that the Committee could act as an important forum for a discussion of the issues arising from this source of funding.
- 179.** The representative of the Government of Barbados endorsed the GRULAC statement and was concerned to see the reference in paragraph 144 to a possible reduction in programme activities and services should the budget level status quo prevail. She supported the proposals outlined in the Framework in principle but believed that the policies and programmes against discrimination referred to in Outcome 1(a).1 should be expanded to include other vulnerable groups such as young people, those with disabilities and those living with HIV/AIDS. She also wished to see a greater emphasis on country-specific and subregional programmes.
- 180.** The representative of the Government of Kenya endorsed the statement made on behalf of the Africa group. The four strategic objectives of the ILO remained relevant and he fully supported the point for decision.
- 181.** The representative of the Government of the United States supported the IMEC statement and stressed the importance of strengthening core capacity to support technical activities. The Framework lacked clarity in several respects and she questioned why the mainstream goals shown in paragraphs 123-129 of the document appeared to be what had previously been referred to as cross-cutting issues or shared policy objectives. In addition there was a lack of logic in the way in which activities had been ascribed to particular strategic objectives. What seemed to be a change in terminology gave rise to confusion and she strongly recommended that the ILO retain the same titles for its objectives in the 2006-07 programme and budget in order to convey a sense of consistency.
- 182.** The representative of the Government of the Russian Federation supported the priorities and objectives outlined within the Framework. He looked forward to reviewing the 2006-07 programme and budget proposals at an early stage but emphasized that any increase in expenditure should be covered by cost savings and a reallocation of priorities.
- 183.** The representative of the Director-General (Mr. Thurman) said that all comments would be carefully taken into account. Much of the feedback had been expressed in results-based terms and this facilitated the Office's work when drawing up budget proposals. Much progress had been made on a results-based budgeting and management system but further development was still needed. This would be supported through an external evaluation

during 2005. IRIS would also enable the Office to provide greater detail on resources and increased transparency. He agreed with many of the comments regarding the need to reinforce evaluation. Many speakers had asked for results-based budgeting and management techniques to be applied to support services. This was being done and more specific and measurable results would be proposed in this area. The requirement to produce higher quality indicators applied throughout the Organization and all the sectors and regions of the ILO were involved in the process as part of the preparation of the programme and budget proposals.

- 184.** He acknowledged the comments concerning the complexities of the programme and budget process. Cross-cutting programmes, shared policy objectives and mainstream goals had evolved and it was important to ensure that the final proposals were as clear as possible. Linking budget proposals to strategic proposals was difficult to achieve given the constraints of zero growth, which tended to make the process of reviewing proposals an administrative rather than a strategic exercise.
- 185.** The Strategic Policy Framework was intended to provide a broad strategy framework, not a detailed statement of the contents of the programme and budget. Many delegates had asked for an early distribution of the programme and budget documents which, in reality, meant that these would have to be ready for translation before the end of 2004. Such a timetable would not leave time for a formal revision of the Framework, but consultation would continue on the programme and budget.
- 186.** The Director-General welcomed the wide-ranging comments of the Committee. He recalled the discussion of the Strategic Policy Framework for 2002-05 and that it had two objectives: the first was to indicate the general direction for the ILO and the second was to look at the structure of the next budget. There had been many specific comments but overall there was general agreement over the need to maintain continuity with the broad strategic framework set earlier. With regard to the next programme and budget there had been a large number of suggestions about priorities. There had also been a discussion of whether the framework was being over influenced by the World Commission report. The Director-General did not believe so and pointed to the retention of the four strategic objectives set in the previous Strategic Policy Framework. There was no question of the institutional nature of the ILO being changed. As the document repeated many times the ILO's identity was tripartism and in delivering its activities it was reinforcing tripartism and servicing constituents' priorities.
- 187.** In this regard, the ILO was refining the idea of decent work country programmes. There had been a number of pilot programmes and they had differed, reflecting constituents' views and the national contexts. The ILO worked on the basis of national requests, which were growing considerably, and would thus continue to refine its work on country programmes. Similarly with regard to decent work indicators, the idea had evolved to fit local circumstances in part because it had been felt right to allow a certain creativity in developing a new concept. This was not unusual in international organizations, which often released documents to stimulate thinking and reactions to ideas. The ILO did not have a policy on decent work indicators and it would be for the Governing Body to approve one at the appropriate time.
- 188.** The discussion had brought out two clear messages – strengthen institutional capacities and regional presence. These were both integral to the Strategic Policy Framework paper and particularly important for the least developed countries. The recent Ouagadougou Summit had shown a number of interesting aspects of the ILO's potential role. One was that developing country finance ministers were very supportive of the ILO's ideas on the centrality of decent work to poverty reduction and a fair globalization. A second was that the social partners, in this case with civil society organizations, could make an important

contribution to development policies. And third that the ILO had been able to collaborate with 15 other international organizations to provide an issues paper for the Summit. Coherence was a practical proposition and vital to ensuring that the international system responded to constituents' needs.

- 189.** Replying to the worries that the future direction of the Organization was being shaped mainly by the report of the World Commission, the Director-General recalled the process of establishing the Commission and addressing its recommendations. The Governing Body had felt that an independent Commission was appropriate for a comprehensive examination of globalization because it would entail examining a wide range of policy areas. Its report had been very well received in many quarters for three basic reasons: it was critical of the fact that the benefits of globalization were not reaching enough people, but it was positive that it could be reshaped and that its 57 recommendations were realistic and balanced. The report was now in the hands of governments and others, including the ILO, for their consideration. At the ILO, the Governing Body had requested the Director-General to prepare a report to Conference on the ILO role in a fair globalization. The six broad areas for action had been discussed and widely supported. Now the issue before the Committee was how to take them into the programmes of the Organization. The current discussion was a step towards the next programme and budget. The Working Party would discuss the question of relationships with other organizations.
- 190.** The issue of delocalization had been raised. It was clearly important for the ILO to respond to such concerns in industrialized countries at the same time as working for poverty reduction in the developing world. The need to address both issues illustrated the importance of the international system working together to raise growth, investment and employment. The Philadelphia Declaration gave the ILO a mandate to look at how financial, economic and other policies affected the decent work goal. The high levels of unemployment, of the working poor and of informal economy workers had to be tackled by starting a cycle of enterprise development, investment, job creation and increasing consumer demand. Countries expected the international system to respond coherently to this. The ILO could have a voice in such an effort if it decided to.
- 191.** On the proposed work regarding migrant workers, this would be a follow-up to the International Labour Conference decisions rather than the World Commission report, which had discussed migration more broadly.
- 192.** The globalization policy forum had evoked a large number of comments. He clarified that the idea would in no way affect the ILO's tripartite structure. It could be considered as a possible mechanism for engaging with potential supporters of the ILO's Decent Work Agenda. The strength of the ILO's tripartite structure was remarkable and had a huge contribution to make in addressing global issues. However there was need for further discussion and reflection on the idea of a globalization policy forum.
- 193.** Winding up, the Director-General said that he felt that redrafting the Strategic Policy Framework was not necessary. The comments made in the discussions would orient it for the future. The more urgent task was to build a Programme and Budget for 2006-07 for consideration in March. In addition to the views expressed in the debate there would need to be consultations during its preparation. He said that he would also use his introduction to the next programme and budget to offer a strategic orientation based on the discussion in the Committee. A key issue would be the budget level. He had heard the various comments, some sympathetic to a real increase, others having doubts and others saying no. He would give the question detailed consideration but the possible options were not going to make decision taking easy. His responsibility was to propose a programme and budget, with full costings, based on sound management and it would be for the Committee to make its recommendations on his proposals in March.

194. The Chairperson drew the Committee's attention to the proposed point for decision in the paper. Mr. Botha said that the Employers were not in a position to endorse the Strategic Policy Framework and that he felt that this was not the sense of the Director-General's closing remarks. The Director-General agreed that the best way was to note the paper plus the discussion because not all of it had been approved and there were many comments. The document and the comments would constitute the basis for the next steps. The Chairperson agreed and this clarification was accepted.

195. *The Committee recommends to the Governing Body that it:*

(a) note the Office document GB.291/PFA/9 (Strategic Policy Framework for 2006-09), taking into account the views expressed during the discussion including the closing remarks of the Director-General;

(b) request the Director-General to take the discussion of the Strategic Policy Framework for 2006-09 and the preview of the Programme and Budget proposals for 2006-07 into account during the preparation of the programme and budget proposals for the next biennium.

Evaluation of the InFocus Programme on Skills, Knowledge and Employability (Tenth item on the agenda)

196. The Committee had before it a paper¹¹ on the evaluation of IFP/SKILLS.

197. Firstly, Mr. Botha wanted, on behalf of the Employers, to pay tribute to Pekka Aro, who was the soul of this programme. He had referred on numerous occasions to Employers' concerns about the subjective nature of some of the evaluations, but admitted that the independence of evaluations was improving, becoming more objective, tougher, more evaluative and more transparent. He found the responses to the evaluations positive and wondered whether discussions should not also take place in the appropriate Committee. He was disappointed that there was no detail of activities led by the employment department, but asked if this could be attributed to the fact that the present document was a summary. He asked where the programme's extra funds came from and their amount; he also wanted to know how they were used. He thought a list of technical cooperation projects useful, especially to clarify paragraph 24. In paragraph 11, he noted a decrease of ILO staff working in the training area as well as a decrease in technical cooperation on training. This was a major concern for the Employers' group. Much of the work was focused on the 2000 Conclusions and on the revision of Recommendation No. 150, but the document was not clear on how items and sub-items were defined. He wanted to know what activities were done with the constituents and to what extent there had been involvement with employers. As far as the recommendations were concerned, he repeated his concerns with the decreases in budget in the employment area. He supported the point for decision.

198. Mr. Blondel, speaking on behalf of the Workers' group, paid respect to the memory of Pekka Aro, the former Director of the Programme. He recalled the primary importance of training in the world of work, stressing the need to provide the necessary resources for it. These training activities should not be the responsibility of the ILO alone, but should be undertaken in conjunction with other institutions such as the World Bank. With regard to paragraph 16 of the document, the Workers' group considered that training and skills

¹¹ GB.291/PFA/10.

development constituted a dynamic whereby workers could enter the formal economy. In respect of paragraph 27, the Workers were concerned about the use of profit-making private organizations. The speaker also asked for an explanation regarding the weak role of Asia in technical cooperation expenditure, as shown in table 8 of the document. Lastly, he expressed deep regret that the document did not refer to the Human Resources Development Recommendation (No. 195) adopted at the last session of the Conference. The affirmation of the right of all to education and training was an important element in the globalization debate, and the Office ought to indicate how it intended to help governments and the social partners to apply this Recommendation. The Workers' group stressed that future programmes must be prepared in close collaboration with ACTRAV and ACT/EMP.

- 199.** The representative of the Government of South Africa, speaking on behalf of the Africa group, commended the Office for an honest assessment and evaluation of the programme. Although the Africa group agreed with the finding that the programme was highly relevant, it was concerned about the capacity of personnel as indicated in paragraphs 10-13 and, in particular, the staff turnover and capacity in the regions. The thematic issue was a reality that needed strategic focus. The finding in paragraph 16, which referred to the workplan having reflected the debate relevant to high-income countries only, was of concern, especially as Africa was grappling with the challenges of poverty alleviation and an ever-growing informal economy. The Africa group welcomed balancing focus and themes. The recommendation in paragraph 41(iii) was clear. The Africa group fully supported this in the light of realities in the African region. Priority themes should be guided by the overall goal of alleviating poverty and enhancing skills for economic development. This approach should be underpinned by resources and driven by member States. He urged the Office to enhance the capacity of regional and area offices, and multidisciplinary teams. He endorsed the recommendations and recommended further consultations particularly at regional level.
- 200.** The representative of the Government of Kenya endorsed the statement on behalf of the Africa group. He however noted that the programme was weakly integrated. There was urgent need for restructuring the programme's reporting system, stability in staffing, and revamping management and Professional grades. There were clearly too many work items in a dispersed programme of work. He noted the concentration of missions to Western and Eastern Europe, with bias to the higher income countries. Since the inception of the programme there had been inadequate funding which continued to diminish during the period under evaluation. The low expenditure per work item, per year, brought into question the viability of the strategy of consolidation. However, Kenya appreciated the development of the Recommendation concerning human resources development and training, adopted during the 92nd Session of the ILC and was pleased to note the close working relationship established with the World Association of Public Employment Services. Kenya, however, called for stronger cooperation and collaboration by the programme with training institutions in the African region. Kenya supported the point for decision.
- 201.** The representative of the Government of Canada welcomed the evaluation of an important IFP. The section outlining the developments of the programme's structure, resources and programme of work was particularly informative and the evaluation clearly identified how organizational fragmentation, limited resources and a dispersed programme of work impacted on efficiency and effectiveness. She welcomed the recommendations in paragraph 41, and in particular, endorsed subparagraph (i). The suggestion in subparagraph (iii) that resources be distributed across thematic priorities was particularly useful. The current level of resources could not support all current activities. Some activities would have to be consolidated and/or eliminated in order to target limited resources to a small number of well-defined priority themes, as identified in subparagraph (iii) of paragraph 41.

The revised strategic outcomes and indicators for monitoring and performance measurement, recommended in subparagraph (v), should be included in the 2006-07 Programme and Budget. She noted that the programme had already endorsed the recommendations and asked for a progress report on implementation to be presented to the March 2005 Governing Body.

- 202.** The representative of the Government of the United Kingdom commended the evaluation and declared that the programme was highly relevant to current employment challenges and the key area of work. The ILO was well positioned to review, analyse and disseminate best practice. She supported continuation of the programme, taking into account the findings of the evaluation and the recommendations. In particular, she stressed the need for the programme to refocus efforts on a limited number of priority themes and ensure that clear objectives and measurable outcomes were developed. She hoped that the complement of field specialists in sub-Saharan Africa would improve.
- 203.** The representative of the Government of China noted the close link between decent work and training and hoped that the programme would live up to expectations of the Members.
- 204.** The representative of the Government of United States thanked the Office for the evaluation report. She asked if the decrease in the number of Professional staff working in the training programme at headquarters was accompanied by an increase in training personnel in the field and what effect this had on the programme. Paragraph 21 stated that it was appropriate to ask whether the resources available could support the high number of work themes. She thought the better question was whether it should support the higher number. She asked if the technical cooperation unit appearing to operate in relative isolation had led to duplication of effort on technical cooperation. She also thought it useful to know if efforts to influence World Bank policy had been effective. It was unclear how the evaluators had arrived at some of their recommendations for the proposed overall aim of the programme and the redistribution of resources across thematic priorities. It would have been useful if the evaluation had included recommendations as to which priorities would be appropriate given the current capacities and past accomplishments of the programme. She would have welcomed suggestions as to what targets and indicators the evaluators would be appropriate on the basis of what they had uncovered during the evaluation. She requested that in the development of the programme and budget proposals for March 2005, a limited number of priorities be identified and relevant targets and indicators be developed and attached to them.
- 205.** The representative of the Director-General (Ms. Stewart, Director, IFP/SKILLS) noted that the programme staff had welcomed the evaluation and, as new Director, she found it useful having it available to begin her tenure. Referring to the meeting in paragraph 46, she mentioned that field specialists had been invited as well as the Turin Centre, the APSDEP programme and CINTERFOR. The meeting agreed on thematic priorities: focus on skills and employability for poverty reduction, with a particular focus on the informal economy; skills and employability for youth; and training systems and training policies. With those broad themes a set of criteria against which each work item should be measured were identified. The criteria made the work demand-driven with a focus on the ILO's comparative strengths. Cross-cutting themes were also important and there was a firm desire to involve the social partners more closely. The IOE had already attended a staff meeting and the Workers would also become involved. On the issue of technical cooperation, there had been a downturn and it was important to make products more relevant to donors. Discussion had taken place on this issue in order to develop a strategy. A significant number of areas where the working relationship could be integrated more effectively had been identified. She reiterated the importance of the evaluation and the commitment to continuously improve the programme. Together with ACTRAV and

ACT/EMP a plan of action to help build guides jointly in terms of certain aspects of the recommendation was being developed.

- 206.** *The Committee recommends to the Governing Body that it request the Director-General to take into consideration the above findings and recommendations, together with the deliberations of the Committee, in the further implementation of the Skills, Knowledge and Employability Programme.*

Evaluation of the InFocus Programme on the Elimination of Child Labour (IPEC) (Eleventh item on the agenda)

- 207.** The Committee had before it a paper¹² on the evaluation of IFP-IPEC.

208. Mr. Botha found the evaluation refreshingly independent and objective, though more objectivity could be achieved. He was concerned that the evaluators be truly independent. Other concerns related to the position of IPEC with regard to the strategic objectives; another was the proposal to merge IPEC with the Declaration. He requested details of the reasons behind this proposal. He asked in what forum IPEC should be evaluated: in the PFAC, LILS or in the Committee on Technical Cooperation. There were several reports on IPEC from different committees and this should be simplified. The PFAC was the most logical body to review IPEC, but its agenda was heavy. He noted the recommendations on involvement with constituents and called for it to be extended. He wanted to see a paper in March on how the Office planned to give effect to the recommendations and to provide time frames. He supported the points for decision, particularly the one regarding national involvement. He thought it important for review of IPEC programmes to take place nationally, and that the tripartite partners should be involved.

209. On behalf of the Workers' group, Mr. Blondel welcomed this report, which was a response to a number of observations. However, he said that it would have been desirable if the evaluation team had adopted a global approach and a strategic vision for child labour. Furthermore, the Workers rejected the idea that poverty was the sole cause of the scourge of child labour; in their opinion, its roots lay in social injustice and a lack of political will. Therefore, the emphasis should be on the importance of universal education to the fight against child labour, rather than on promoting one convention over another. The Workers were in favour of tripartite governance for IPEC and looked forward to proposals for a new way of managing the Programme that would integrate its activities into the strategy defined by the Governing Body. They proposed that one day of the March Session each year should be entirely dedicated to matters relating to this Programme. Relations between the IPEC International Steering Committee, the various Governing Body committees and the Governing Body itself needed to be clarified. The speaker stressed that it was essential to reinforce cooperation with the social partners and to involve trade union organizations in the fight against child labour. On the question of IPEC staff, the Workers' group wished to see strategic improvement in recruitment and training along with an increase permanent posts on the management team in Geneva, including possible recruitment from the social partners or through staff exchange programmes set up with ACTRAV and ACT/EMP. Lastly, the speaker supported the point for decision but, for the sake of accelerating the process, wished to replace the phrase "in the 2006-07 biennium" in subparagraph (e) with "at its November 2005 session".

¹² GB.291/PFA/11.

- 210.** The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the report and evaluation. The evaluation was timely, given that IPEC had been in operation for over ten years. IPEC had done well in profiling the worst forms of child labour globally, as evidenced by the high rate of ratification of Conventions Nos. 138 and 182. More needed to be done in assisting member States to comply with these Conventions and the integration of the work of IPEC Office-wide remained a challenge, given the multidimensional nature of the programme. IPEC had made excellent progress in the African region. Human resources capacity remained a critical issue in the regions for implementation of the programmes. In this regard, the comments on strengthening of resources at the regional level were welcome, but there was concern about funding posts with extra-budgetary resources which would eventually lead to a loss of institutional memory. He noted that 73 per cent of the source of IPEC funding for the period under review was extra-budgetary and this was worrisome, given that donor priorities changed over time. Such a trend could not be sustainable in the long run. He urged the Office to begin shifting resources to the regular budget. Impact assessment remained a critical indicator for the elimination of the worst forms of child labour and this was feasible, given that the programme had existed for over ten years. He supported the move to redefine the indicators to assess the impact of IPEC. The other aspect of impact was related to the collaboration between the ILO and agencies. The questions of the role of the IPEC Steering Committee and its ambiguity and the accountability of IPEC should be considered seriously. The Steering Committee was not a Governing Body committee and there was an agreement that the Steering Committee should be a partnership forum for information exchange and discussion of issues. He believed that the role of the IPEC steering committee should be enhanced further to strategically steer the work of IPEC. He sounded a note of caution that if the steering committee were to be converted to a fully fledged Governing Body committee, this could cause difficulties for smaller delegations, in particular from the developing countries which could not cover all the work of the committees of the Governing Body. In order to enhance the role of the steering committee in governance, it would be useful to explore its reporting arrangements. He thought it logical for the steering committee to report to the PFAC. He supported in principle the measures proposed to enhance the role of the steering committee and endorsed the recommendations.
- 211.** The representative of the Government of El Salvador, speaking on behalf of GRULAC, was pleased that the question of management had been addressed. GRULAC supported independent evaluations. Fruitful cooperation between the ILO, UNESCO and the International Bureau of Education were aspects which could be evaluated and had been highlighted by GRULAC. GRULAC recognized the importance of improving the educational infrastructure. The ILO should evaluate what had been described as shortcomings and promote new initiatives in the field of microfinance, the development of enterprises and the training of young people in technical knowledge and HIV/AIDS. GRULAC supported the points for decision, stressing the participation of the social partners with the objective of establishing cooperation with IPEC in the context of globalization and permanent change. It also supported the priorities recommended in the evaluation report and the need for ongoing financial control. GRULAC hoped that it could count on future reports with new management studies which would give more dynamism to the programme.
- 212.** The representative of the Government of India expressed appreciation of IPEC's role. India had been a member of IPEC since 1992, when it became the first country to sign an MOU with the Organization. Over more than a decade, the ILO had contributed over US\$2 million. The Government of India had been implementing its policy on the elimination of child labour since 1987. The national child labour project scheme was a project-based action programme and formed a component of the national policy on elimination of child labour, implemented in 100 districts across 13 states. During the

current plan, the scheme would cover another 250 districts in the country, with an outlay of US\$126 million over a period of five years. Besides this, the Government of India and the US Department of Labor had also initiated, as equal partners, a US\$40 million project aimed at eliminating child labour in ten hazardous sectors across 21 districts in five states. This project, popularly known as INDUS, had already been launched. As a part of the IPEC initiative, similar projects had also been proposed in two other states. There was a need to evaluate IPEC continuously, though no evaluation was complete unless seen in the context of the other child labour elimination programmes and policies organized by the national government. He suggested that the ILO take into consideration the efforts of national governments before forming a broad overall view of its own contribution towards eliminating child labour. He supported the recommendations.

- 213.** The representative of the Government of Kenya endorsed the statement made by the Africa group and explained that Kenya had been one of the first countries to be chosen for the implementation of the IPEC programme in 1992. Kenya supported the recommendation that member States should ensure effective participation of social partners in national steering committees and IPEC activities. With regard to governance, policies, structures and processes, Kenya agreed with the recommendations and that work should be initiated in the current biennium for a participatory process to establish a basis for future impact assessment of IPEC programmes in a results-based framework. The Governing Body should endorse the role of the International Steering Committee, clearly redefining its name, purpose and terms of reference. Currently, its role appeared ambiguous and IPEC's accountability was unclear. On management issues, Kenya welcomed the proposal that the management model be developed in the medium term in the context of new Office-wide changes in operating systems. These would provide guidance for more formal collaborative arrangements between units working on child labour and improved reporting to the Governing Body on efforts by the Office. She agreed with the view that there was a need to improve the interface of IPEC's business processes with Office-wide structures and systems in line with IPEC's strategies and programme approaches. Urgent research into the possible links between child labour and other development issues such as health and HIV/AIDS was needed. Kenya supported the points for decision.
- 214.** Mr. Anand (Employer member) suggested that whatever form the organization of the International Steering Committee took, it should also apply to the national-level steering committees. Projects in a particular country or state should be seen or evaluated by a small tripartite group from within the national-level steering committees rather than engaging outside external evaluators.
- 215.** The representative of the Government of France thanked the Office for its evaluation of a Programme that was very important to the Organization. After underlining the positive outcomes of the Programme, he dealt with questions of content and governance. On the first point, the link between IPEC and SafeWork required strengthening. On the second, the speaker spoke in favour of a progressive reintegration of IPEC in the work of the ILO. With particular reference to finance, he said that a better balance had to be found between extra-budgetary financing and ordinary budgetary resources. He also asked the Office to provide precise figures on the percentage of extra-budgetary contributions as part of the total financing of the programme. Speaking pragmatically, it would be desirable for expenditure on technical assistance to constituents relating to the design of country programmes or TBPs, as well as expenditure on logistics or permanent staff, to be gradually charged to the ordinary budget. Regarding management, he said that such a reintegration should allow the Governing Body to regain authority for monitoring and orientation of IPEC. The speaker finished by supporting the point for decision and the amendment proposed by the Worker representative.

- 216.** The representative of the Government of Indonesia said Indonesia had signed a MOU on the time-bound programme. Although improvement was needed, the overall programme strategies and approach were very encouraging. She underscored the importance of dialogue between governments and their social partners when formulating programme strategies. IPEC should also continue to develop more innovative programmes. IPEC's accountability needed to be more clearly defined in order to formulate comprehensive and integrated programmes. In this regard, the role of the ILO would be more pertinent in combating child labour through better coordinated technical cooperation with countries. She approved continuation of the Steering Committee as a forum for dialogue and exchange of views between receiving and donor countries. The involvement of the representatives of the social partners was welcomed. Indonesia was doing its utmost to combat child labour. As a follow-up to implementing the relevant Conventions, the Government had recently enacted new laws and directives. National statistics showed a decrease in child labour both in urban and rural areas. Although the Government recognized that poverty was the main cause of child labour, it remained committed to its elimination through various gradual yet comprehensive approaches. She agreed with the recommendations.
- 217.** The representative of the Government of Canada noted the recurrent theme in the evaluation of the need to better integrate IPEC into the regular programming and structures of the ILO. This called for dialogue and better collaboration between IPEC and other units as well as the recognition that elimination of child labour was a shared endeavour for the Organization. In turn this would contribute to the ILO being better able to position itself to develop strategic alliances and partnerships at the global level with the aim of mainstreaming child labour into the social and economic development agenda. She strongly endorsed the recommendations in the detailed evaluation. There was a need for review of IPEC's advocacy strategy. The recommendations with respect to strategic approaches to advocacy, targeted communication, outreach and dissemination of material should receive appropriate follow-up. It was time to undertake a broader impact assessment of IPEC work. A set of objectives, targets and indicators should be presented for discussion at the March 2005 Governing Body. With respect to the point for decision, she supported the decision points in paragraph 167(a)-(d), but regarding paragraph 167(e), she was of the view that all of the recommendations of the detailed evaluation should be considered as well as the deliberations of the PFAC when reporting back to the Governing Body. This report should take place sooner than the 2006-07 biennium and she supported the request by the Workers' group that a report on actions taken, and on how the ILO would address the challenges identified in the evaluation, be delivered to the Governing Body in November 2005. She supported the proposal that the IPEC Steering Committee become a consultative partnership forum and the question of appropriate mechanisms for Governing Body oversight of IPEC should be addressed in the context of the current review of the functioning of the Governing Body.
- 218.** The representative of the Government of the United States found the evaluation a step in the right direction for participatory evaluations. Nonetheless, she continued to have reservations. It seemed particularly inappropriate that the evaluation had begun before the terms of reference had been finalized. She questioned whether the limited number of case studies and the means of selecting them could give a truly objective picture of the programme. She found that the full-length evaluation report provided an important rationale for the conclusions and recommendations contained in the document, which was not obvious from the report. She considered a number of the conclusions and recommendations to be particularly important and felt that they should have been included specifically in the point for decision. She welcomed the recommendations that IPEC assess the implications of increased emphasis on upstream interventions and area and sector-based programming and that it formulate indicators for institutional change. She also supported the recommendation that IPEC be better integrated into the Office structure as a

whole and that associated resources be monitored and reported to the Governing Body so that a true picture of the ILO's effort on child labour could be obtained. She welcomed the emphasis on the need to ensure core capacity and sustainability for IPEC and continued to believe that impact evaluations were important for demonstrating effectiveness of ILO programmes. She had been interested to note that an impact evaluation had not proved feasible owing to the lack of an explicit and well-defined results-based framework. She attached particular importance to the recommendation that the Director-General initiate work in the current biennium for a participatory process to establish the basis for a future impact assessment of IPEC and a results-based framework. All of the recommendations included in the fuller evaluation report should be taken into consideration by the Office in determining the way forward. She noted in paragraph 127 of the full evaluation report a recommendation that the Governing Body examine ways to ensure sufficient time was given in the PFAC for discussion of strategic programme directions and results. She supported this idea and believed that it was important, not just for IPEC, but for all other programmes of the ILO. While the full report suggested mechanisms to ensure this consultation, she looked to the Office to provide options to consider as to how to make this happen. She suggested that a report on progress be made available before the 2006-07 biennium. She believed that the recommendations concerning the development of an appropriate results-based framework, with corresponding targets and indicators, be developed for the 2006-07 programme and budget and the initiation of work to establish a basis for future impact assessment be included in the point for decision. Rather than propose an amendment, she sought the assurance of the Office that it intended to implement these recommendations.

- 219.** The representative of the Government of Italy noted that Italy was strongly committed to IPEC. The increase in extra-budgetary funds should be seen as a strength and not a weakness of the programme. It was a good indicator of the capacity of the programme to attract resources. He accepted the recommendations of the Office. The problem was that the share of extra-budgetary funds was too high. Impact analysis and clarifying the criteria for impact analysis was required.
- 220.** The representative of the Government of Venezuela supported the intervention made by GRULAC. Venezuela was combating child labour through an education programme. By the end of 2003, more than a million children were covered by the programme. The strategy was supplemented by parental education through missions and literacy campaigns. To date, 1,250,000 people had been taught to read and write in one year.
- 221.** The representative of the Director-General (Mr. Tapiola) said that the proposal to report on implementation in November 2005 presented no problem. On the issue of management, consideration was being given to how IPEC and the Declaration secretariat could be brought under joint management as equal partners. The issue was how to rationalize management and support structures through a more compact administrative system, with a sensible ratio of directors and staff for the overall work on fundamental principles and rights at work. The preparations for this would be concluded by March. The evaluation recommendations did not have to be changed in any way and there was no obvious need to change the Steering Committee. The complementarity of Conventions Nos. 182 and 138 was evident and work was carried out on that basis. The link with education was important. Over the last year the Office had had considerable inputs in cooperation with UNESCO in the framework of Education For All and progress with UNICEF, the World Bank and others, with a focus on Millennium Development Goals, particularly regarding education. Wider publicity had been obtained by working through the Department of Communications and Public Information. For an organization like the ILO, a single communications strategy and department was essential. The Office was looking at how advocacy could be organized in a more unified structure. The main barrier was resources, and advocacy was not cheap. The relationship between the Steering Committee, the PFAC

and the Committee on Technical Cooperation had not yet benefited from a suitable model. More reflection was required. There had been a continuous increase of activities with the trade unions and with employers' organizations. In 2004, the Office conducted training for 250 staff members from all regions and the topics covered in particular concerned the Conventions and working with workers' and employers' organizations. IPEC had a legal unit which cooperated with the International Labour Standards Department on supervision of the Conventions. He promised to investigate the claim that the plan of action did not have sufficient tripartite follow-up. The Office was aware that the major part of action against child labour was done by countries themselves, not by ILO or IPEC, but the aim of the evaluation was to assess the ILO's efforts through IPEC and other units. The number of children in hazardous work was something like 177 million and the nexus between child labour and occupational safety and health was being worked on. There had been a joint expert meeting, four joint publications and collaboration on research and on labour inspection. The real figure of extra-budgetary versus regular was more than 73 per cent extra-budgetary resources. Regular budget funding for IPEC had been in place since 2000 only. On follow-up to the recommendations, many had already been the subject of follow-up action. Two examples were work on the results-based framework and impact assessment regarding indirect beneficiaries.

222. The Chairperson noted that the recommendation had been corrected in the final paragraph in order to request the Director-General to consider the recommendations of the evaluation, together with the deliberations of this Committee, and to report back to the Governing Body at its November 2005 session on the actions taken.

223. *The Programme, Finance and Administrative Committee recommends to the Governing Body that it:*

- (a) reconfirm its commitment to the elimination of child labour and endorse current IPEC strategies (recommendation 14(a));*
- (b) invite member States to ensure effective participation of social partners in national steering committees (recommendation 14(d));*
- (c) continue to examine ways to better link standard setting with technical cooperation (recommendation 18(a));*
- (d) endorse in principle a role for the IPSC as a partnership forum (recommendation 18(c)); and*
- (e) request the Director-General to consider the recommendations of the evaluation together with the deliberations of this Committee and report back to the Governing Body at its November 2005 session on actions taken.*

**Report of the Joint Inspection Unit of
the United Nations on its activities for
the year ended 31 December 2003, and
other JIU reports**
(Twelfth item on the agenda)

224. The Committee had before it a paper¹³ on the report of the JIU.
225. Mr. Botha endorsed the document.
226. Mr. Blondel, speaking on behalf of the Workers' group, said that they had particularly studied the report of the Joint Inspection Unit of the United Nations mentioned in paragraph 4 of the document, which dealt with the problem of education. They welcomed the fact that a JIU report referred to the work of the ILO, and that it recognized that child labour was a major obstacle to attaining Education for All, one of the Millennium Development Goals. In drawing up development strategies to combat poverty, governments and social partners should bear in mind the need for a progressive abolition child labour. The speaker welcomed the document, which he believed was very positive.
227. The representative of the Government of Canada asked if ILO comments to both the JIU and CEB could be made available and if there was a particular reason why they were not reflected in the report.
228. The representative of the Government of Russian Federation highlighted the topical nature of the report regarding strengthening the supervisory role of the governing bodies in document JIU/REP/2001/4 and expressed appreciation for recommendation 2(d) which, for some reason, did not appear in the ILO document. The recommendation referred to the establishment in international organizations of small advisory or consultative groups on administrative and budgetary issues, which would be subject to the finance committees. He proposed that such a body might be useful in the ILO, attached to the Governing Body. He stressed the importance of observing the principle of multilingualism in the United Nations system. In paragraph 46 of JIU/REP/2002/11, there was a description of the situation with respect to both interpretation and written translation in the ILO. He requested the Director-General to provide, starting at the March session of the Governing Body, a translation of all documents of interest into Russian and other languages. The ILO web site existed in three languages only. The productivity of the ILO and its efforts to promote its standards in the Commonwealth of Independent States depended to a great extent on whether the information was available in Russian. He urged the Director-General to look into the possibility of gradually moving over to using all the languages of the ILO on the web site and hoped that a document could be provided to the March session of the Governing Body.
229. The representative of the Director-General (Mr. Thurman) said that the comments of the ILO on this paper could be made available to governments. The Governing Body would address the ILO's relation to the Joint Inspection Unit reports in March. The procedure through which JIU reports were summarized and reported to the Governing Body would also be considered in March.
230. The report was noted.

¹³ GB.291/PFA/12.

Other financial questions (Thirteenth item on the agenda)

231. The Committee had before it a paper¹⁴ on the financial arrangements for the Governing Body delegation to the Extraordinary Summit of Heads of State and Government of the African Union in Ouagadougou.
232. Mr. Botha stated that he would take up his financial questions directly with Mr. Johnson.
233. Mr. Blondel, on behalf of the Workers' group, supported the point for decision.
234. The representative of the Government of South Africa expressed the appreciation of the Africa group for the role played by the ILO in respect of the arrangements and substance and input to the Summit. He supported the point for decision.
235. *The Committee recommends that the Governing Body approve that the total cost of the tripartite delegation of US\$11,500 be financed in the first instance from savings in Part I of the Programme and Budget for 2004-05, on the understanding that, should this not prove possible, the Director-General would propose alternative methods of financing at a later stage in the biennium.*

Geneva, 16 November 2004.

(Signed) B. Botha,
Reporter.

Points for decision: Paragraph 28;
Paragraph 84;
Paragraph 96;
Paragraph 195;
Paragraph 206;
Paragraph 223;
Paragraph 235.

¹⁴ GB.291/PFA/13.

Appendix

Remarks of the Director-General to the Programme, Financial and Administrative Committee

(Geneva, 10 November 2004)

Monsieur le président,

Spokespersons of the Government, Employers' and Workers' groups,

Members of the Governing Body,

Dear friends,

This session of the PFAC is seized with important programmatic and financial agenda items.

In many ways, they are encapsulated by the Strategic Policy Framework for 2006-09 submitted for your consideration and built around making decent work a global goal. This goal can be progressively achieved through different avenues, from national decent work country programmes, on which so many of you have asked the Office to cooperate with you, to putting employment at the heart of MDGs, PRSPs and next year's review of the Millennium Declaration.

Your decisions on priorities will guide the medium-term course of action of our Organization.

The preview of the Programme and Budget for 2006-07 will permit you to identify more precisely the programmes and activities we should concentrate on in the coming biennium.

Let me begin by saying how energized I feel by the challenges that lie ahead for our tripartite ILO.

Our issues, whether protection and dignity at work; or employment creation, initiative and enterprise development; or workers' rights, voice, organization and dialogue for problem-solving, lie at the heart of people's agenda and political processes in all countries. We stand for values that people and societies care for. Both our goals and our means of action respond to hopes that are widespread in today's world.

In fact, making decent work a global goal is already happening.

The common ground and the common sense proposals that our tripartite balance produces is attractive beyond our Organization.

Today that is expressed in the positive reactions to three simple but profound policy ideas we have put forward: employment as the sustainable way out of poverty; decent work and its four strategic objectives as a development tool; and a fair globalization that creates opportunities for all, as a source of global stability.

There is no reason for us to change course. The Strategic Policy Framework is a call for continuity based on the tripartite consensus of these last years and the institutional and policy challenge that globalization places at our doorstep as discussed by the ILC in June. It is strictly rooted in the mandate given by our Constitution.

Your discussions and decisions will shape the future course of our programmes. Allow me to put your debate in the context of three developments that will bear on us in the years ahead:

1. the opportunities that a shift in the international debate towards ILO goals bring to us;
2. by consequence, new demands placed on the capacity of the Office;
3. which brings me to the budgetary strictures of our Organization.

I wish to address these points in turn.

1. Opportunities

Ever since the Social Summit in Copenhagen – which centred on eradicating poverty, fostering full employment and promoting social cohesion – international policy thinking has been shifting towards ILO goals, not least, the objective to reduce poverty by half, by 2015.

The debate on achieving the Millennium Development Goals has taken a further step in highlighting the role of productive employment and decent work in poverty alleviation strategies.

This view has been echoed in several recent high-level meetings – from the first-ever African Union Summit on Employment and Poverty Alleviation in Ouagadougou to the special Summit of the Americas when leaders in Nuevo Leon, Mexico, declared their support for “the principles of decent work proclaimed by the International Labour Organization” and the importance of workers’ rights and dignity for development.

Secretary-General Kofi Annan amplified this during the UN launch of the World Commission report in September.

He stated: “The best anti-poverty programme is employment. And the best road to economic empowerment and social well-being lies in decent work”.

The message of the World Commission on the Social Dimension of Globalization has been widely disseminated and generally well received. The need for a fair globalization that creates opportunities for all is emerging as a reasonable and common sense approach from which all countries can benefit.

Yet we know that in too many countries there are large decent work deficits and that not all countries have the same opportunities. The simple – yet powerful – notion that no one should be left behind is the most sensible route to stable societies and global security.

The waste of talent worldwide represented by large-scale youth unemployment is a stark indicator of the challenges we face.

And I do not use the word “security” lightly. We all know that if the many imbalances in the life of individuals, families and communities continue, social stability is at risk.

The implementation of the ILO’s mandate and tripartite policies is one of the surest routes to people’s security and this is a solid foundation for global security.

Yet, these difficulties present us with a window of opportunity, there to be seized. The letter and spirit of our Constitution compel us to act.

The new international context has expanded the demand by our constituents to consolidate the four pillars of decent work. This continuity is a central feature of the Strategic Policy Framework 2006-09 before you.

Making decent work a global goal means first and foremost intensifying our work with constituents in countries reviewing, designing, demonstrating and supporting feasible courses of action to expand decent work opportunities for women and men. Within each member State, our constituents should be able to measure progress towards its own decent work goals and assess policies accordingly.

Regional and subregional institutions are best placed to define a balanced path to regional economic integration in support of decent work. A prime example is the approach taken at the recent African Union Employment and Poverty Summit which identified member States together with the regional economic communities and the African Union as the principal bodies responsible for implementation.

The meeting of our constituents in the European Regional Meeting next February in Budapest as well as the Asia-Pacific Regional Meeting in the Republic of Korea in October 2005 will deal with employment, poverty and governance issues. So will the Americas Summit in Buenos Aires in December 2005. In this context, I should also mention the successful China Employment Forum in April past.

Engaging with multilateral institutions and global partners is also essential.

Employment is the missing link between growth and poverty reduction in international policy-making. Indeed, inequality and informality are worsened when growth, which creates wealth, is not

accompanied by decent jobs, which spreads wealth, through investment and consumption. When that sound market cycle is broken, we are in trouble, as we are today. No single institution can claim to have a solution on its own; but together we can deliver better results for the people we serve. On this key issue, the multilateral system is underperforming.

2. Responding to new demands: Strengthening our institutional capacity to act

All of this puts new pressures on our institutional capacity to deliver. The Organization and the Office are called to task. Let me mention some key challenges as I see them.

A. Upgrading technical capacities

We must continually upgrade our contributions to the achievement of identifiable and measurable results. The introduction of results-based management throughout our programmes must be continued and strengthened.

Our technical capacity to carry out practical policy analysis must be enhanced, particularly with respect to the ability to deliver policy integration at the national level. We must display thorough review and analysis of recent trends, robust demonstration of the feasibility of diverse courses of action relative to different realities, and validation of suggested courses through vibrant tripartism and partnerships.

This calls for expanded statistical information and comparative analysis, a true knowledge bank of the world of work. The gender dimensions of decent work must be systematically explored in all our work.

B. Deepening policy advice on our four strategic objectives in countries and regions

Our Strategic Framework is best viewed through the four dimensions of decent work as central components of the social dimension of globalization, with gender and development working across these dimensions:

- consolidating a universal floor of rights at work, assisting constituents and member States and other relevant actors to promote and apply labour standards and fundamental principles and rights at work;
- putting employment at the centre of economic and social policies and promoting enterprise development;
- financing and managing expanded coverage of social and labour protection;
- reinforcing tripartism and social dialogue and stimulating wide participation of social partners in the design and implementation of policies.

In spite of an increase in resources to the regions since 2000, our capacity in the regions, subregions and countries remains far from adequate given the growing demands from our constituents. Gradually, a new generation of ILO managers in field offices should be able to count on an appropriate distribution of the core skills of the Office.

Our assistance to constituents' requests will be increasingly formulated in results-based and integrated programmes marrying our strategic priorities with local characteristics; country programmes should be fully ingrained within the activities of technical units at headquarters.

This will accelerate the integration of regular budget and extra-budgetary programmes. We must respond to the growing demand for greater technical cooperation resources for the regions within a forward-looking dialogue with donors.

C. *Reinforcing tripartism and better external partnerships*

Tripartism is our institutional identity. We must systematically continue to reinforce it. From the institutional strength of our tripartite structure, the ILO must expand its capacity to work in partnership with other institutions, organizations and actors sharing our messages and approach.

It is by working effectively with and through like-minded partners in countries, regions and globally that the ILO can best achieve our common goals. After all, the ILO cannot implement the Decent Work Agenda without the multilateral system and other key actors focusing on a fair globalization. But the system as a whole will not achieve a fair globalization without responding to the democratic demand for decent work at the country level.

D. *Investing in staff development*

A stronger ILO must be based on the development of staff capacities. I have decided to dedicate, as of 2006, a minimum of 2 per cent of the staff budget of each major programme to human resource development and training.

The Office will be facing an extensive renewal in staff. Over the next five years, almost half of present senior managerial and professional staff, as well as support staff, will have reached retirement age.

This confronts us with a huge knowledge transmission and team-building challenge – and it presents us with an opportunity to tailor recruitment of highly competent and qualified professionals, expand opportunities for women in senior positions and open attractive career paths to our most deserving and productive staff. We should broaden still more the multicultural character of our staff.

3. *Budgetary strictures: The limits of zero growth*

Moving from opportunities to capacities, I now turn to their budget implications.

For many years the ILO has managed its budget within the zero growth limit set by the International Labour Conference. Zero growth has meant falling real resources: in constant dollars the ILO budget has dropped by close to 6 per cent since 1996-97.

Within the constraints of a declining real budget, I have applied a very prudent management of our financial resources. I have pursued efficiency gains and generated savings wherever justified and possible. This has allowed me to channel additional resources to the regions and to technical programmes in direct support to constituents.

Since 1996, resources in the regions have increased in real terms by 8.3 per cent, whereas those of technical services have been basically maintained. During the same period, resources for management services have declined by 4.1 per cent, support services dropped by 22.6 per cent, and policy-making organs were reduced by 25 per cent.

Let me state again that our resolve to achieve greater efficiency is a continued commitment. We are vigorously streamlining administrative structures, reducing unnecessary overheads, and introducing more effective methods of work at all levels.

I have recently appointed a new Executive Director with responsibility for all management and administrative services of the ILO and an Executive Director for my office, whose responsibilities include overseeing technical cooperation and regions. I have become much more involved in the ILO activities and programmes in these areas, given the higher political importance they are receiving.

I inherited a structure where in addition to financial services, the Treasurer and Financial Comptroller was also responsible for publications, the library, information technology and internal administration. I have decided that the Treasurer should be exclusively dedicated to financial functions as described in the financial rules and regulations. Consequently, the Treasurer will report to me, through the Executive Director for Management and Administration.

These appointments have been made in consultation with the Officers of the Governing Body. They have no cost implications and have been made within the framework of the current programme and budget as approved by the Governing Body. I expect that these appointments will lead to greater efficiency and synergies in support of our technical and field programmes.

However, we are now reaching the limits in terms of efficiency gains.

Real programme increases have only been possible through corresponding cuts in other parts of the budget. In a number of our services, consecutive cuts have now reached their limit.

It is increasingly difficult to finance out of general savings additional activities decided by the Governing Body. This is because actual programme spending is now very close to approved allocations.

And most urgent, some essential “institutional” investments now need to be made.

Among them, significant investments in staff capacity development, in physical security of our premises, in information technology, and in maintenance of buildings and facilities. Application of the United Nations Minimum Operating Security Standards requires new investments. Crisis situations entail significant relocation costs. Our approach to the security of staff and premises must always be to ensure a balance which guarantees an adequate level of security while respecting the ILO tradition of openness and the privacy of staff.

Several ILO premises, including our headquarters, are ageing; maintenance costs are rising. Replenishing the Building and Accommodation Fund has become urgent. Absorbing the operating costs of IRIS and its deployment to the field will have to be addressed.

With your approval, a portion of the 2000-01 surplus funds has been dedicated to urgent expenditures. But the investments made are not commensurate with the needs.

Commitment to further savings and efficiency

So let me be clear. I am committed to pursuing savings and seeking greater efficiency in the use of our resources. The diligent application of results-based management is a tool for greater cost control and monitoring of performance.

As for previous biennia, I have asked all programme managers to prepare their 2006-07 proposals with a resource target equivalent to 95 per cent of their current allocations. To achieve this, programme managers have proposed cuts in overheads, in managerial positions, more rational structures, reduced travel and external collaboration and other measures. I am currently examining these proposals.

The stark reality is that the long-postponed investments mentioned above are larger than the significant savings we have provisionally identified.

This confronts the Office with very difficult choices.

It would not be responsible on my part to ignore the urgent investments in staff capacity, information technology, security, facilities and buildings which as I said can no longer be postponed.

Nor can I ignore your calls for greater support and services. We have only inadequately responded to calls for expansion of our regional programmes or increased regular budget support to programmes financed mainly through extra-budgetary resources. Donors suggest we should invest more in product development so as to renew our programmes. You have asked for more thorough and regular evaluation of all our programmes. The International Labour Conference supported six areas of work on the ILO’s contributions to a fair globalization. Funding for a Maritime Session of the International Labour Conference is required.

This places the preparation of my Programme and Budget proposals for 2006-07 in a very difficult context.

I appeal to your guidance.

Paragraph 144 of the Strategic Policy Framework starkly states the situation: “*Should the budget level status quo continue, the ILO would be faced with the need to realize essential investments and reduce programme activities and services to constituents at a time of growing*

demand ... this will inevitably require a serious discussion by the PFAC on the regular budget level and how to address the priority investments for which resources are not available.”

Your discussion will guide my decisions in preparing the programme and budget proposals I will submit to you next March. Given the context I have just described, I cannot make these decisions without first hearing your views.

I know full well these are not easy questions for anybody and particularly those developed and developing countries that carry a heavier budgetary load. I know full well the problems you face and the positions you have taken. I know we do not have easy answers.

But I would be remiss in my own responsibilities if I did not spell out the accumulated implications of a 6 per cent decline in our regular budget over these last ten years.

Let me state, in closing, that whatever your opinions on these matters, you can count on the full commitment of the Office throughout its programmes and activities to continue servicing you to the best of our abilities. We will continue to do as much as we can to make tripartism a strong, positive and respected voice in national and international circles. And I have no doubt that together we will be successful.