



SEVENTH ITEM ON THE AGENDA

Use of the 2000-01 surplus

1. At its 285th Session (November 2002) the Governing Body approved proposals on allocations of the 2000-01 surplus under the authority delegated by the International Labour Conference.¹ In the discussion,² the Office stated it would provide financial information and a results framework for all new allocations in the format used in Appendix III of GB.285/PFA/9.
2. In keeping with the above commitment, this document provides an update on the financial information and the results framework for all new allocations since last reported in November 2003.³ The first part reports on the status of approval and delivery, and the second describes an important new financial development, namely the exchange rate gains accrued on the 2000-01 surplus and their proposed use. The information is supported by Appendices I and II. Appendix I provides an overview of the allocations made under the 2000-01 surplus funds as at 30 September. Appendix II provides the results framework for all new allocations since last reported in November 2003.

Status of approval and delivery

3. In the November 2003⁴ discussion, some delegates expressed concern over the seemingly slow speed at which allocations of the 2000-01 surplus funds were being made and that they wished to see the process expedited in the future. At 30 September 2004, the Office has allocated 85 per cent of the total 2000-01 surplus towards objectives endorsed by the Governing Body in November 2002. While the rate of allocation has increased, approval is given by the Director-General only after careful assessment of the design of projects in terms of results-based programming standards and techniques and responsiveness to priorities and needs of constituents.

¹ *Provisional Record* No. 19, International Labour Conference, 90th Session, Geneva, 2002.

² GB.283/9/1; GB.285/10/1.

³ GB.288/PFA/8(& Corr.).

⁴ GB.288/9/1(& Corr.2).

4. In order to ensure timely delivery of approved projects, each project is monitored through monthly delivery targets.⁵ On average, the volume of expenditure per month against monthly targets reached 86 per cent on 1 July 2004. As soon as slow delivery performance is spotted, the responsible units are contacted to examine possible remedial measures.
5. As shown in Appendix I, some US\$7.9 million (15.3 per cent of total) remained to be allocated under the 2000-01 surplus on 30 September 2004, mainly in the area of regional services, crisis response and communications. Proposals for the use of the remaining funds are at advanced stages of development.
6. Information on achievements and milestones reached by surplus-funded projects will be reported in the programme implementation report submitted in March of each year.

Exchange rate gains on the 2000-01 surplus

7. Within the financial records of the Office, income surpluses are denominated in Swiss francs, whilst the budgetary estimates and expenditure are recorded in US dollars. The significant depreciation of the US dollar, from the 2002-03 budget rate of exchange of 1.77 Swiss francs to the dollar, to the operational rate of exchange of 1.25 Swiss francs to the dollar in February 2004, resulted in a substantial exchange gain in US dollar terms. The Office (after consultation with the External Auditor), took measures to realize this gain resulting in a net amount of some US\$16.0 million. The measures taken by the Office have protected the US dollar resource amounts approved by the Governing Body in November 2002.⁶
8. Further to the discussion in this Committee in March 2004 on the Information Technology Systems Fund, project IRIS,⁷ exchange rate gains of some US\$5.6 million have been used to fund IRIS development.
9. Given the circumstances described in GB.291/PFA/3/2, and in view of the need for and value of project IRIS, the Director-General proposes that all remaining realized exchange rate gains be transferred to the Information Technology Systems Fund to finance project IRIS.
10. ***The Committee may wish to recommend 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.***

Geneva, 14 October 2004.

Point for decision: Paragraph 10.

⁵ Monthly delivery targets are derived by dividing the total budget by the project duration.

⁶ GB.285/PFA/9.

⁷ GB.289/PFA/3(Add).

Appendix I

| Item | Approved resources | Reporting period up to Sept. 02, reported in GB.285/PFA/9 | | Reporting period: Oct. 02-Sept. 03, reported in GB.288/PFA/8(Corr.) | | Reporting period: Oct. 03-Sept. 04 | | | Under development |
|--|--------------------|---|-------------------|---|-------------------|------------------------------------|----------------|-------------------|-------------------|
| | | Already allocated | Earmarked | New allocation | Total allocation | New allocation | Earmarked | Total allocation | |
| World Commission on the Social Dimension of Globalization | 2 800 000 | 2 800 000 | – | – | 2 800 000 | | | 2 800 000 | – |
| International labour standards | 2 900 000 | 111 590 | 759 950 | 315 498 | 1 187 038 | 1 712 634 | | 2 899 672 | 328 |
| Response to crisis and emergencies | 8 000 000 | 2 586 000 | 3 415 000 | 901 903 | 6 902 903 | 68 000 | | 6 970 903 | 1 029 097 |
| Security and safety of staff | 3 450 000 | 1 750 000 | 1 500 000 | 200 000 | 3 450 000 | | | 3 450 000 | – |
| Investments in management capacities | 6 000 000 | – | 1 930 000 | – | 1 930 000 | 2 730 000 | 706 960 | 5 366 960 | 633 040 |
| Regional services | 10 000 000 | 100 000 | 2 123 000 | 2 459 000 | 4 682 000 | 1 081 740 | | 5 763 740 | 4 236 260 |
| Statistics | 2 000 000 | 477 000 | 523 000 | – | 1 000 000 | 490 000 | | 1 490 000 | 510 000 |
| Gender equality | 2 000 000 | – | 965 000 | 300 000 | 1 265 000 | 325 000 | | 1 590 000 | 410 000 |
| External communications | 3 500 000 | 303 736 | 2 148 300 | – | 2 452 036 | | | 2 452 036 | 1 047 964 |
| Tripartism and social dialogue | 2 900 000 | – | – | 504 600 | 504 600 | 2 395 400 | | 2 900 000 | – |
| Subtotal | 43 550 000 | 8 128 326 | 13 364 250 | 4 681 001 | 26 173 577 | 8 802 774 | 706 960 | 35 683 311 | 7 866 689 |
| Transfer to Building and Accommodation Fund ¹ | 2 750 000 | 2 750 000 | – | – | 2 750 000 | | | 2 750 000 | – |
| Transfer to Information Technology Systems Fund ¹ | 5 000 000 | 5 000 000 | – | – | 5 000 000 | | | 5 000 000 | – |
| Total | 51 300 000 | 15 878 326 | 13 364 250 | 4 681 001 | 33 923 577 | 8 802 774 | 706 960 | 43 433 311 | 7 866 689 |

¹ Use of resources in the Building and Accommodation Fund and the Information Technology Systems Fund is subject to the approval of the Governing Body.

Appendix II

Results-based information for new allocations under the 2000-01 surplus

This section describes the results-based framework for all new allocations made since the last report in November 2003.¹ Complementarities and coherence between the regular budget, extra-budgetary resources and surplus-funded work are key criteria in the appraisal. References are made to the relevant sections in the Programme and Budget for 2004-05 under each item below.

Where no new allocations were made, the item is not listed.

International labour standards

Objectives, indicators and targets were provided in GB.285/PFA/9 and GB.288/PFA/8 (& Corr.).

| New targets and allocations | Time frame | Allocation |
|---|------------|------------------|
| <i>Myanmar:</i> Pursuant to the understanding reached with the Myanmar authorities in March 2002, the project aims to assist the authorities in their efforts to ensure the prompt and effective elimination of forced labour. | End 2005 | 300 000 |
| <i>Better impact of standards:</i> Development of integrated approaches in four areas (migrant workers, occupational safety and health, employment, and maritime); to support the rapid application of the large number of recently ratified core labour standards through elimination of backlogs in processing first reports; improve the quality of advice provided to constituents through better country-level information systems; and integrate standards into country programmes. | End 2005 | 769 703 |
| <i>Maritime:</i> Preparatory Technical Maritime Conference and consultations with constituents on the proposed instruments prior to the Maritime Session of the ILC. | End 2005 | 642 931 |
| Total | | 1 712 634 |

References to the Programme and Budget for 2004-05

- Normative action: paragraphs 158-159, text box after paragraph 159.

Response to crisis and emergencies

Objectives, indicators and targets were provided in GB.285/PFA/9 and GB.288/PFA/8 (& Corr.).

| New targets and allocations | Time frame | Allocation |
|--|------------|---------------|
| Europe | | |
| <i>Serbia and Montenegro:</i> Strengthened local capacity for providing quality business development services to small and medium enterprises through Local Economic Development Agencies (LEDA) in Jablanica and Pcinjski Districts. This project is part of a larger donor-funded programme. | End 2005 | 68 000 |
| Total | | 68 000 |

¹ GB.288/PFA/8(& Corr.).

References to the Programme and Budget for 2004-05

- Applying enterprise development policies: paragraph 186.
- Applying post-crisis reconstruction policies: text box after paragraph 194.

Investment in management capacities

Objectives, indicators and targets were provided in GB.285/PFA/9.

| New targets and allocations | Time frame | Allocation |
|--|------------|------------------|
| <i>Pilot leadership and management development programme:</i> The objective is to provide a foundation for a leadership and management learning and development programme in the Office to build staff management capacities. An additional US\$416,960 is earmarked for this project. Milestones include: | | |
| <ul style="list-style-type: none"> ■ pilot training modules conducted in relation to key management needs; ■ create practical means through which management knowledge and competencies can be improved on an ongoing basis; ■ mobilize headquarters and field participation and achieve greater collaboration and integration of ongoing work programmes; and ■ promote individual responsibility to address personal and professional development needs. | End 2005 | 2 500 000 |
| <i>Evaluation capacity:</i> To strengthen independent evaluations in the ILO as well as to reinforce self-evaluation as a management tool. An additional US\$290,000 is earmarked for this project. | | |
| | End 2005 | 130 000 |
| <i>Management diagnostics:</i> To strengthen the Office's capacity to carry out organizational efficiency studies, benchmarking and other critical analysis of the Office's structure and procedures. | | |
| | End 2005 | 100 000 |
| Total | | 2 730 000 |

References to the Programme and Budget for 2004-05

- Results-based management: paragraph 303 (evaluation capacity, management diagnostics).
- Savings against benchmarks: paragraph 305 (management diagnostics).
- Human resource development: paragraphs 306-308 and text box after paragraph 309 (pilot leadership and management development programme).
- Technical cooperation quality: paragraph 311 (evaluation capacity).

Regional services

Objectives, indicators and targets were provided in GB.285/PFA/9 and GB.288/PFA/8 (& Corr.).

| New targets and allocations | Time frame | Allocation |
|--|------------|------------|
| Americas | | |
| <i>Central America:</i> Follow-up programme to the Santo Domingo Agreement on increasing social dialogue capacity of subregional tripartite institutions for the adoption of the "Agenda Laboral". | | |
| | End 2005 | 140 000 |
| <i>Regional:</i> Promoting the Decent Work Agenda within regional integration institutions in Latin America and the Caribbean: influencing the development agenda of countries in the region through the Decent Work Agenda. | | |
| | End 2005 | 372 500 |

| New targets and allocations | Time frame | Allocation |
|---|------------|------------------|
| Arab States | | |
| <i>Lebanon:</i> Development of new and productive small enterprises in the food production industry in the south, thus enhancing employment opportunities in an area still in a post-conflict situation. | End 2005 | 200 000 |
| <i>Iraq:</i> ILO technical cooperation based on decent work within the post-war reconstruction effort. Specifically, the project will contribute to the following three results: <ul style="list-style-type: none"> ■ institutional capacity building in areas identified in the joint technical cooperation agreement between the Ministry of Labour and Social Affairs and the ILO; ■ a solid institutional and legal foundation established for effective social dialogue among tripartite partners on labour and employment issues in reconstruction; ■ an expanded technical cooperation programme in Iraq following initial ILO assistance through effective resource mobilization within the framework of the UN Strategic Plan and with the donor community. | | 175 000 |
| Europe and Central Asia | | |
| <i>Regional:</i> Demonstrating the relevance of the ILO by addressing key concerns of the region, namely good governance and migration in a report to be presented at European Regional Meetings in 2004. The report will review ILO activities in the region, and address good governance and globalization with particular attention to youth employment, labour market policy, pensions and labour force participation, and migration. | End 2004 | 94 240 |
| <i>Kazakhstan:</i> National and local employment and training institutions' capacity is strengthened using the TREE (Training for Rural Economic Empowerment) methodology. | | 100 000 |
| Total | | 1 081 740 |

References to the Programme and Budget for 2004-05

- Applying enterprise development policies: paragraph 189 (Kazakhstan, South Lebanon).
- Applying post-crisis reconstruction policies: text box after paragraph 194 (Iraq, South Lebanon).
- Expanded use of social dialogue: paragraph 262 and text box after paragraph 262 (Central Americas, regional Americas, regional Europe).
- Integrated policies for decent work: paragraph 271 (regional Americas, regional Europe).
- Communication and visibility: paragraph 295 (regional Europe).

Statistics

Objectives, indicators and targets were provided in GB.285/PFA/9.

| New targets and allocations | Time frame | Allocation |
|---|------------|----------------|
| Measuring decent work and assessing progress in Asia and the Pacific: Countries in Asia and the Pacific will have developed methods for collecting data on decent work to develop and implement the Decent Work Agenda and monitor progress made in reducing its deficit. | End 2005 | 490 000 |
| Total | | 490 000 |

References to the Programme and Budget for 2004-05

Decent work statistics for constituents: paragraph 292 and text box after paragraph 292.

Gender equality

Objectives, indicators and targets were provided in GB.285/PFA/9 and GB.288/PFA/8 (& Corr.).

| New targets and allocations | Time frame | Allocation |
|--|------------|----------------|
| Africa | | |
| <i>Morocco:</i> Gender mainstreaming capacity building for constituents in the decent work programme in Morocco. The project will increase the capacity of the Moroccan textile and clothing industries and the relevant sectoral constituents to incorporate the gender dimension into relevant policies and implement gender sensitive programmes. | End 2005 | 80 000 |
| Asia and the Pacific | | |
| <i>China:</i> Enhanced gender mainstreaming capacity of the government, employers' and workers' organizations, and All China Women's Federation with a view to effectively promote gender equality into national employment policies (total budget for project is US\$170,000). | End 2005 | 45 000 |
| <i>Indonesia:</i> Ministry of Manpower and Transmigration (MOMT) will have put in place policies and programmes for the application of equal employment opportunity in the workplace, and to oversee their implementation and evaluation. | End 2005 | 200 000 |
| Total | | 325 000 |

References to the Programme and Budget for 2004-05

- Realizing fundamental principles and rights at work: paragraph 143 (Indonesia).
- Employment policy support: paragraph 172 and text box after paragraph 175 (China).
- Gender-responsive dialogue institutions: paragraph 260 (China, Yemen).
- Integrated approach to decent work: paragraph 271 (Morocco).
- Gender equality: paragraphs 280-282 and text box after paragraph 282 (all projects).

Tripartism and social dialogue

Objectives, indicators and targets were provided in GB.288/PFA/8(& Corr.).

| New targets and allocations | Time frame | Allocation |
|--|------------|------------|
| <i>Interregional: Delivering decent work:</i> Enhancing the role of tripartism and social dialogue in ILO activities as well as demonstrating the effectiveness and relevance of social dialogue in meeting development goals at national/sectoral levels. | End 2005 | 290 000 |
| <i>Interregional: Addressing decent work deficits in the informal economy</i> | | |
| Workers' objectives: | | |
| <ul style="list-style-type: none"> ■ improved knowledge of innovative strategies used by workers' organizations to reach, recruit and organize workers in the informal economy; ■ increased awareness of legal and institutional obstacles to the realization of fundamental principles and rights at work and enhanced capacity to campaign on these issues and to support workers' organizations within the informal economy; ■ strengthened trade union capacity to organize, represent and provide relevant services to informal economy workers and to participate in national and international policy debates. | | |
| Employers' objectives: | | |
| <ul style="list-style-type: none"> ■ strengthened capacities of employers' organizations to represent and provide services to self-employed persons and employers in the informal economy; ■ strengthened capacities of employers' organizations to promote at national level the formalization of the informal economy, or parts thereof. | End 2005 | 1 444 200 |

| New targets and allocations | Time frame | Allocation |
|--|------------|------------------|
| <i>Interregional: Enhancing the capacity of workers' and employers' organizations to participate in the PRSP process</i> | | |
| Workers' objectives: | | |
| ■ Strengthen the capacity of workers' organizations to participate and influence the design, implementation, monitoring and evaluation of PRSPs. | | |
| ■ Assist workers' organizations to integrate the Decent Work Agenda in PRSPs and to promote pro-poor economic growth. | | |
| ■ Strengthen and where possible institutionalize national social dialogue on socio-economic policy and facilitate an innovative policy dialogue between trade unions and the Bretton Woods institutions on PRSPs, including regional dimensions. | | |
| Employers' objectives: | | |
| ■ strengthened capacity of employers' organizations to participate in and influence PRSPs on employment policy and private sector development; | | |
| ■ strengthened capacity of employers' organizations to enter into strategic alliances with relevant national partners to influence the design, implementation and monitoring of PRSPs. | End 2005 | 661 200 |
| Total | | 2 395 400 |

References to the Programme and Budget for 2004-05

- Strengthen tripartism and social dialogue: paragraphs 235-262 and text box after paragraph 247 (all projects).