INTERNATIONAL LABOUR OFFICE

Governing Body

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EIGHTH ITEM ON THE AGENDA

Report of the Programme, Financial and Administrative Committee

Third report: Programme and Budget proposals for 2008–09

1. The Programme, Financial and Administrative Committee of the Governing Body met on 14, 15, 16 and 22 March 2007 to consider the Programme and Budget proposals for 2008–09. [1] The Committee was chaired by Mr Mdladlana, Chairperson of the Governing Body. Ms Modeen (Finland) was the Reporter.

2. The Committee had before it the Director-General's Programme and Budget proposals for 2008–09. The Director-General's presentation of these proposals is attached to this report as Appendix I.

3. The Chairperson proposed the order of discussion suggested in document GB.298/PFA/13/D1. The Committee so agreed.

4. Mr Barde, speaking on behalf of the Employers' group, first of all recalled the importance the Employers attached to governance and considered that it should be improved, both by the Governing Body and the Office.

5. The Employers supported the strategic approach of the programme and budget, but felt that the time had come to reflect on that approach and also on its capacity to respond to constituents' needs in order to improve its transparency and efficiency. He regretted that they had not been consulted in the same way as for previous biennia, as that would have avoided the need for certain comments to be made.

6. As to the document itself, while the layout had been improved and the text was more readable, much information was still missing. On the matter of the very philosophy of the ILO, the Employers were sometimes under the impression that the Organization's role was to promote the United Nations (UN) in the eyes of the constituents. That was not how they viewed the matter. For them it was above all at the service of its constituents and should retain its tripartite character, including in the context of UN reform.

7. The Employers' group regretted that the ILO's fundamental areas were sometimes dealt with more effectively by other UN agencies, which meant that the ILO was losing

[1] GB.298/PFA/13.

expertise in areas such as occupational safety and health and migrant workers. It was important that it concentrate on its fundamental mission, namely defending and supporting social dialogue and the establishment of an environment conducive to job creation with a view to reducing poverty.

8. They supported the Strategic Policy Framework concept and accepted the six-year Framework proposed but with realistic long-term objectives. They hoped for an ambitious vision of the Organization based on the world of work, and a real debate and a text that would be adopted unanimously by the Governing Body, unlike the previous strategic framework. The ILO needed to provide technical services, and not simply offer policy advice without being able to measure the real impact. The ILO should not be just a standard-setting machine or be seen as just "policing" standards, because not everything was related to standards, a fact that was clear from constituents' priorities.

9. The Employers were unable to say whether the Office's proposals responded well to the priorities they had submitted during previous sessions, for want of information in the document. They were certainly pleased about the budget increases allocated to the objectives of employment and social dialogue. They were also satisfied to see the emphasis placed on the fundamental role of ACT/EMP, but wondered about the level of resources allocated to it. What the document lacked above all was transparency about ILO activities. As a group, the Employers wondered whether ILO activities would help strengthen the capacity of employers' organizations at the national and international levels, and whether they would bring added value for the Employers' group. He recalled that enterprises did not ask employers' organizations to deliver the ILO agenda.

10. The proposals submitted by the Office did not indicate which programme the Office intended to pursue to achieve its objectives. Nevertheless, there must be one. The workplans prepared by the departments contained valuable information, which the Employers would like to see. The Employers' group formally requested workplans by strategic objective, to be presented by the Executive Directors. Those workplans should indicate the means and resources proposed to achieve the intermediate objectives and should cover not only the departments at headquarters but also those in the regions. What was already being done in the Subcommittee on Multinational Enterprises could be used as a model. The workplans could be provided before the following November session.

11. With regard to indicators and targets, the links were not always clear and the names of the social partners and countries targeted did not appear often enough. An indicator showing the implementation of Governing Body decisions would be desirable. In the case in point, the Employers were still waiting for a discussion on decent work indicators – a decision taken in March 2004 – and paragraph 9 raised problems for them regarding the measurement of decent work and the fact that the Office was continuing research on that matter on the quiet. For the Employers' group, decent work brought together the Organization's four objectives.

12. In November, the Employers' group had recommended not to make systematic cuts, but rather to propose an order of priority. They regretted that the Office had not taken up that approach. Some programmes had even become obsolete, for example policy integration. That in turn contributed to imbalances in activities between Geneva and the regions and to a loss of expertise from the Office on certain subjects, owing to a lack of experts in Geneva. The Employers did not understand why Sectors 2, 3 and 4 should keep funds for the social dimension of globalization instead of developing their own themes.

13. Neither did the Employers understand the suspension of the Resolutions Committee at the International Labour Conference (ILC). They hoped that in November the Governing Body would address the operation of the Resolutions Committee and the mechanism for

submitting resolutions, which they currently found unsatisfactory. That discussion should be part of the debate on the reform of the ILC.

14. With respect to the proposed budget, the Employers supported the idea that the money must go to where the constituents were, but again emphasized the need to improve governance in the regions. They therefore hoped that the regional budgets would be presented by intermediate outcome and not only by strategic objective. The budgets for the regional directors should be much more detailed and indicate the priorities for each region. That could also solve governance problems in some offices, as mentioned by the External Auditor. The Employers wanted a single ILO comprised of headquarters and the regions.

15. The Employers also wanted more details about the technical cooperation expenditure proposed under the regular budget, and in particular the proportion going to Turin. They recalled that they had requested an increase in the technical cooperation budget allocated to ACT/EMP, in order in particular to finance employers' activities in Turin, as had been done for the Workers, and reiterated that request.

16. The speaker explained that the Employers' group sometimes felt left in the dark with regard to certain budgetary decisions and, like the Workers and the Governments, wished to be involved in finding solutions.

17. With respect to the new Regular Budget Supplementary Account (RBSA), the Employers in principle had no objection to such an account. However, the RBSA did raise certain questions. Consultations should be continued on the matter, particularly with regard to its composition and its role within the Committee.

18. He asked whether the purpose was to fill in the gaps in the regular budget – including those arising in administrative areas – or to finance the priorities of the constituents. The Employers also wanted to know whether private sector foundations would be able to contribute to the account, how the account would work, and whether decisions regarding allocations would be made by the Office, donors or the Governing Body. The Employers did not wish to see the Office transformed according to the wishes of donors without consideration for the beneficiaries. They wanted to know the role of the account in relation to technical cooperation projects, and whether donors would contribute to the RBSA instead of funding such projects. The memory of the Technical Cooperation–Resource Allocation Mechanism (TC–RAM), which had served in the past only to fund projects that nobody wanted, was still all too fresh in their mind. The Employers did not want to see two separate budgets and two separate ILOs.

19. The Employers as a group were concerned for the status of the workers: there was a risk that officials whose salaries were paid out of that account would not have the same status as those paid from the regular budget.

20. With respect to the common principles of action, the Employers were happy with the wording of the principles but were still concerned about a fundamentalist approach to their use. They were important factors to take into account, but they were not always relevant to all the ILO's activities. Certain activities – some of them of fundamental importance – were not covered by these principles. The approach defined in paragraphs 127 and 129 was far too inflexible.

21. With regard to human resources, the programme and budget did not discuss the implementation of the Human Resources Strategy adopted during the previous year. One worrying aspect was the number of vacant posts in the regions. The Employers wished to know the precise number of vacant posts in the regions and what the ILO planned to do to resolve the problem. One consequence was that officials in situ were obliged to do the

work of experts, even if that fell outside their area of expertise, because the experts in question had not yet been appointed. Lastly, the Employers wanted to know where the money allocated to these posts was actually going, who was spending it and on what activities. They did not want to see a lack of transparency with regard to the use of funds for other purposes.

22. Finally, the Employers regretted that the necessary provision had never been made for the upkeep and renovation of the headquarters building. That being the case, and in view of the urgency of the situation, they supported the decision taken by the Building Subcommittee for a comprehensive solution. In that context, they considered that the Organization, for its part, must incorporate sufficient annual provision, in the Programme and Budget for 2008–09 and throughout the subsequent two financial periods, in addition to other contributions to be negotiated by the Office. Sufficient provision should subsequently be made to cover future upkeep and renovation work, to the value of at least 1 per cent of the value of the property.

23. In conclusion, he explained that the Employers were expecting the reply of the Director-General to contain clarification regarding the grey areas they had pointed out and responses to their demands. They wanted the ILO to succeed and to be able to meet the needs of its constituents in the conditions of today's world of work.

24. Mr Blondel, speaking on behalf of the Workers' group, recalled in his introductory remarks the principle that Executive Directors reported to the Director-General, not to the Governing Body, and welcomed the concern shown by the Employers for the situation of ILO staff and for the Organization as a whole.

25. Turning to the question of the Organization's budget, he supported Mr Barde's view that a permanent zero-growth budget policy was not a good management tool. Like the Employers, the Workers had not been consulted when the budget had been drawn up.

26. He noted that the Office had during the current year set up a supplementary account, which gave rise to a number of other questions, and considered that the real problem lay with the reluctance of certain member States to provide the ILO with the funds it needed.

27. With regard to paragraph 8 of the document, which explained the primary focus of the programme and budget, he welcomed the fact that it called on the constituents to play a greater role in implementing the strategic objectives through the introduction of a new category of outcomes to be attained, namely, intermediate outcomes intended to supplement the immediate outcomes, which were the responsibility of the Office.

28. There was another new development this year in that the programme was linked to the reform of the UN system. The Workers were ready to support that reform provided that basic concepts, practices and tripartism were not called into question.

29. Against that background, the Workers had studied paragraphs 11, 12 and 13 of the document, which described the framework of collaboration with the programmes of the UN, and wanted the Organization to play an active role in that regard.

30. As for the budget strategy, the Workers understood that, as it had not been possible to reach a consensus on a real growth, the Office had had to create a supplementary account for the ordinary budget, in addition to the two existing sources of funding. They were not sure that the Governments were in favour of the special funds but supported anything that would contribute to financing the ILO budget, as long as that did not prevent a significant increase in the ordinary budget in the future.

31. Nevertheless, the Workers wished to make it clear that efforts to achieve concrete and realistic results should not lead to excesses such as the suspension of the Resolutions Committee, or making savings to the detriment of the *Provisional Record*. The Workers urged that the Resolutions Committee be re-established and that the *Provisional Record* be produced in its original form.

32. Looking at table 1 and paragraph 20 of the document, the Workers noted that the resources allocated to standards had been reduced while those set aside for employment had been increased. Although the Workers agreed that the Organization should not restrict itself to developing standards, it should at the very least be able to continue to develop and promote them and ensure their implementation. Technical cooperation activities were important, but complementary activities should not be undertaken at the expense of core activities.

33. The Workers welcomed the transfer of US$3.4 million from headquarters to the regions, although they felt that funds could have been divided up among the regions more judiciously.

34. They questioned the sum of $2.5 million allocated to activities related to UN reform, and wanted more information on that issue.

35. With regard to paragraph 25, the Workers noted that $1.5 million had been set aside to improve financial oversight; they considered that sum to be excessive.

36. Paragraph 27 (concerning Part IV of the budget) contained a reference to the sum of $5.9 million to fund institutional investments. The Workers felt that the sum was acceptable, but that it should be the final figure.

37. Paragraph 30 set out the measures adopted by the Office in order to make savings. The Workers wished to recall in that regard that they believed that the concept of decent work also applied to the Organization and that the ILO should be setting an example.

38. The Workers did not accept the explanation contained in paragraph 31, according to which a reduction in certain technical services had a negative impact on the deployment of IRIS in the field. From the very beginning, they had warned the Office of the need to involve staff in the process. They hoped that the system would be fully operational as soon as possible.

39. The Workers noted that, in paragraph 32, cost increase for 2008–09 was estimated to be 7.4 per cent. They hoped that the forecasts would prove to be accurate, as otherwise the Organization risked incurring a budget deficit.

40. The Workers considered the figures concerning extra-budgetary technical cooperation resources contained in paragraph 33 to be more reassuring, with a record figure of $350 million. The speaker thanked all the Governments for their generous efforts.

41. As to the information concerning the distribution of extra-budgetary expenditure contained in table 4 and paragraph 35, the Workers hoped that consultation mechanisms would be formalized.

42. With regard to activities in Africa, the Workers wished to point out that standards also included freedom of association, living and working conditions, and health. Against that background, they were not convinced that $44.4 million would be enough. The situation for Asia was similar, and the Workers questioned the effectiveness of the standards component in the field in certain regions.

43. What worried the Workers most was that social dialogue was everywhere relegated to second place. For them, employment should occupy a prominent place in all development activities, as should respect for workers' fundamental rights. That was why they had stressed their commitment to the employment agenda, within the framework of the Decent Work Agenda.

44. With regard to paragraphs 38–44, covering use of the RBSA, the Workers were pleased that the emphasis of the RBSA was on Decent Work Country Programmes (DWCPs) as an integral element of the United Nations Development Assistance Framework (UNDAF) and national development plans; they would also like to see constituents' capacities strengthened.

45. However, the Workers found it harder to understand the criteria used to arrive at budget estimates for the RBSA: $21 million for employment and $11 million for standards, while the share of the regular budget allocated to standards was in practice over $50 million. That appeared to be inconsistent.

46. With regard to Strategic Objective No. 1, the Workers continued to see a gulf between resources for the fundamental Conventions, child labour and six other Conventions. Putting the three sources of funding together gave $156.9 million for child labour, 4.3 times more than the $36.8 million for all the other Conventions mentioned in the Declaration.

47. Concerning Strategic Objective No. 3, the Workers observed that there was a decrease of $5,184,588 for social protection. Such a decrease would compromise the extension of social protection coverage. If people were to work they needed to be in good health. That was also an essential factor in decent work and poverty reduction.

48. Despite certain criticisms of the document made by the Workers, they had identified many good intentions. In concluding his speech, Mr Blondel hoped above all that the principles would be principles of action and not remain pious wishes.

49. The representative of the Government of the Netherlands, speaking on behalf of IMEC, welcomed the structure and presentation of the document and felt that transparency had been improved. However, one fundamental shortcoming was the absence of baselines. He also noted that some targets had remained unchanged since the previous programme and budget, and indicated that, where possible, targets should be adjusted on the basis of progress made earlier in the biennium. He expressed continued support for the Decent Work Agenda, and stressed that the ILO should focus on putting theory into practice, organizational coherence, inter-agency coordination and wider application of DWCPs. A summary of DWCPs should be appended showing their status in each country.

50. The speaker welcomed the attention given to UN reform and encouraged the ILO to join "One UN" pilots. He also expressed appreciation for the Director-General's efforts to strengthen ties with other UN organizations, and supported further technical assistance delivery modalities in partnership with the UNDP. He requested a workplan with expected results and costs in regard to ILO participation in UN reform, in particular the pilots, in time for the 2007 session of the ILC. The speaker strongly supported proposals to strengthen the ILO's normative and advisory roles and questioned why the promised knowledge-sharing strategy was not in the programme and budget and asked for it to be reinserted.

51. With regard to programme priorities, he emphasized that the Governing Body should scrutinize the increased demand for ILO services. There was a need to better identify what priorities must get done and any funding gaps. The speaker also pointed out potential

redundancies between the joint immediate outcomes and the activities within the four strategic objectives and suggested that they be streamlined.

52. The speaker expressed surprise that the renovation of headquarters was not in the programme and budget. The proposed $2 million in the Building and Accommodation Fund was insufficient and should be at least 1 per cent of the total value of the building.

53. Speaking on human resources, he expected stronger links between programme priorities, financial resources and staffing requirements. He queried the exact percentage of staff costs absorbed, as the figure was listed as 69 per cent in paragraph 445 and as 70 per cent in paragraph 29. He was pleased to see increased resources for evaluation.

54. He stated that IMEC needed further clarification on the implications of RBSA. He expressed strong support for the field structure review. Other savings could be found, including by reforming the Conference. He requested further information on costs savings related to the Conference and on delegation of authority to the field, including decentralization of resources. In conclusion, he said that IMEC supported the general strategic approach proposed by the Office in document GB.298/PFA/13.

55. The representative of the Government of South Africa, speaking on behalf of the Africa group, expressed support for the Decent Work Agenda as the ILO's contribution to national development and poverty reduction strategies. He asked how resources could be made available to ensure delivery of the Decent Work Agenda. The Africa group endorsed the concept of common principles underpinning all ILO policies. Having acknowledged budgetary constraints and the difficulty of raising assessed contributions, the Africa group supported the proposed establishment of the RBSA, taking into account the zero growth budget. However, that account should not be taken as a substitute for contributions to technical cooperation programmes, or used to the detriment of certain regions.

56. The representative of the Government of the Russian Federation welcomed the message of the Director-General regarding the need for cooperation and consultation with constituents and different institutions. He stated that there should be more emphasis on practical results in the proposals. He requested more precise information on IRIS implementation and its assimilation by staff. The increase in resources for the European region was too small in comparison with others. While his Government was not opposed to zero real growth, the 7.4 per cent cost increase was too high.

57. The representative of the Government of Ireland supported the RBSA concept and principles. However, she considered that the proposal needed further debate, clarification and discussion before it could be implemented. She asked for clarification on how the RBSA would impact on the existing extra-budgetary contributions. In addition, she pointed to the need to ensure transparency in RBSA allocations and an outline of how priorities would be established. Lastly, she wondered if the Office would see the RBSA as a permanent resource in the future.

58. The representative of the Government of Mexico, speaking on behalf of GRULAC, supported the proposals which, he noted, emphasized making decent work a reality and strengthening tripartite structure. He pointed out the difficulty faced by some member States in making increased budgetary contributions, and recognized the effort made by the Office to meet member States' expectations and demands for technical assistance. GRULAC noted with interest the proposed RBSA to bridge the budgetary gap.

59. The representative of the Government of the United Kingdom was pleased that most of the suggestions made by his Minister were reflected in the document, which was on the whole clearer and a significant improvement over previous years. He noted the very positive

statements made on reform and the intended actions. However, not all intended actions were backed up by measurable indicators. He suggested including information on DWCPs, in particular country indicators to help to clarify how the ILO would measure its intended participation in the UN country teams, its linkages with the UN resident coordinators and its cooperation with other UN bodies.

60. He urged the ILO to participate in the "One UN" pilots. Despite the lack of a presence in every country, the ILO should maximize existing resources in regional hubs to participate effectively in the pilots. The planned field structure review would be critical in that respect. He would welcome clarification on the use of the proposed $2.5 million to support action on UN reform.

61. On results-based management, he urged the Director-General to accelerate internal reform. He supported the IMEC statement but wanted clarification on the increased budget level in relation to the level adopted by the Governing Body in March 2005. The proposed budget of "$638.2 million was far in excess of what the United Kingdom could accommodate. He hoped that the Director-General would consider revising the overall figure by a thorough strategic assessment of the merits of increased demands, and a process of strict priority setting. As possible areas for savings, he suggested that the Office: (i) look closely at staff structure and grading; (ii) reduce the length of the Conference; (iii) rationalize ratification campaigns; (iv) revisit indicators and targets which were not specific; and (v) review any areas of duplication or overlap between ILO work and the work of other organizations. He suggested that the RBSA proposal be considered after agreement on the budget. Lastly, he commented that the common principles of action were confusing and not wholly consistent with the strategic objectives.

62. The representative of the Government of the Bolivarian Republic of Venezuela supported the GRULAC statement. He stated that the Director-General's proposal was an experimental initiative and referred to the Office's innovative efforts. He expressed no objection to the proposed budget, and recognized the pressure to increase technical cooperation and the desire of countries to maintain the budget at zero growth. He considered that constituents' concerns regarding the innovative nature of the RBSA were legitimate and expressed his direct preoccupation concerning the possibility that donors or development assistance organizations might endeavour to impose certain criteria distorting the priorities set by the Governing Body.

63. The representative of the Government of Jordan supported the RBSA proposal. However, he pointed out that the account should not lead to an increase in the overall regular budget, and requested greater detail on how it would be applied. He also referred to the budget for the Palestinian Authority, which should be increased, taking into account the difficulty and hardships faced by the Palestinian people.

64. The representative of the Government of Mexico supported the GRULAC statement. He pointed out that in order to meet that obligation, his Government had to implement austerity measures and discipline with regard to the expenditure of the international organizations in which it participated, in line with the following objectives: achieving medium-term savings and linking them to a programme of better governance in those organizations; taking specific action with regard to human resource management, standardization of structures and procedures to improve the budget, and securing efficiencies and restructuring staff costs to curb cost increases. His Government, as the tenth largest contributor to the ILO, was also committed to helping ensure that its budget was managed in a responsible, efficient and effective manner. The Government of Mexico also had to meet its commitments to the ILO in the light of the austerity measures introduced at the federal level in his country. Accordingly, he was unable to support the Programme and Budget proposals for 2008–09 as they had been presented. He therefore

requested that they be adjusted in keeping with zero nominal growth. The cost increase factor, especially the staff costs, would lead to an increase in assessed contributions by member States. He suggested a revision of the proposals. Furthermore, he proposed that the Office undertake a cost-benefit study, as recommended by the External Auditor. The study should include a review of human resource strategies to ensure the efficient establishment of priorities and the achievement of savings. Regarding the RBSA, he understood that it was proposed in view of the impossibility of increasing the regular budget and because the budgetary resources could distort the priorities of the Office. He noted that the combined sum of the budgetary resources and the RBSA represented 63.6 per cent of the proposed level of the budget for 2008–09.

65. The representative of the Government of Argentina associated himself with the statement made by GRULAC. He supported the Decent Work Agenda, which would help the Office's work to be more tangible. With respect to the RBSA, he considered it an innovative mechanism to meet constituent demands for ILO assistance. It should be considered an opportunity and a challenge, as well as a reaffirmation of the Office's commitment. He requested further discussion on the subject to better understand the details of the RBSA.

66. The representative of the Government of Kenya associated himself with the statement made by the Africa group. He supported the proposal for an RBSA on condition that the Office provide transparent and more ample information regarding the way it distributes the resources to strategic objectives. He noted that there was also a need to ensure a fair distribution of resources among regions.

67. For savings purposes, he invited the Office to identify any redundancies in the role and the scope of its activities with other UN agencies. He also supported the engagement of the ILO in UN reform, as long as the Organization's core responsibilities were preserved. He encouraged the Office to mainstream the decent work programme in UNDAF.

68. The representative of the Government of Honduras looked favourably upon the creation of an RBSA. His Government reiterated its vote of confidence in the Director-General to manage and administer such an account through the existing ILO mechanisms. Honduras considered, as stated by the Director-General, that this would serve to increase and strengthen the decent work programme execution capacity by country, by the enhancement of national development components. It should be spread among the regions in a balanced manner, in particular in favour of the highly indebted poor countries, within the priorities established in the approved budget and, more especially, within the context of national poverty reduction programmes. With regard to the work to be financed by the RBSA, as announced in the proposal, his Government considered that, in consultation with tripartite constituents, it would be possible to include other high-priority activities for countries within the strategic objectives. His Government was also of the opinion that, through additional consultations between the tripartite constituents and the Office, it would prove possible to dispel the concerns expressed by many delegations in the debate. For these reasons, Honduras believed that with an inclusive and transparent approach, it would be possible to reach consensus to approve future growth to ensure that the ILO would be able to respond effectively to countries' needs.

69. The representative of the Government of Spain agreed with the statement of IMEC, including the remark made on the RBSA, and requested that the Office provide more detailed information. He highlighted the role of the ILO in the promotion of freedom of association and in social progress. Concerning the common principles of action, he stated that they risked creating confusion and invited the Office to remove them from the document.

70. He mentioned the importance of the adoption of the Maritime Labour Convention, 2006, and reaffirmed, citing the new Convention as an example, the necessity for the Office to think and act globally. He also reiterated the relevance of the ILO's role and its action in labour migration issues which were a high priority for his country.

71. The representative of the Government of France supported the IMEC statement. The speaker noted the progress made in results-based management through the introduction of intermediate and immediate outcomes. That showed the will of the Director-General to improve good governance. At a practical level, he expressed appreciation for the introduction of joint outcomes and highlighted the need to move from joint outcomes to joint strategies. He also encouraged progress to be made in re-examining the field structure of the ILO and requested additional information on methods and timelines for action. Furthermore, he stressed the need for an independent evaluation of the study to be carried out. In that regard, he welcomed the commencement of improved integration of the Human Resources Strategy into the global results-based management strategy, even if it was necessary to take this yet further, and emphasized the improvements to the functioning of the monitoring and evaluation system.

72. At the same time, he observed that the budget direction proposed in the document required further clarification. In fact, he considered that the document put forward no arguments concerning the redistribution of resources allocated to technical sectors. The speaker quoted the example of the reduction of the social protection objective budget. Consequently, the speaker requested the Office to provide additional information in that respect.

73. The representative felt that the overall rate of a 7.4 per cent increase in costs was too high, and suggested that the Office review the figure downwards. With regard to the proposed introduction of the RBSA, he welcomed the pragmatic approach taken and expressed appreciation for the explanatory note. However, he called for the preservation of the balance between the two modes of financing – regular and voluntary contributions – to the extent that that corresponded to the tripartite, standard-setting essence of the Organization. Finally, he reiterated his support for the outlines of the document and the Director-General's efforts to limit the growth of the regular budget.

74. The representative of the Government of Germany noted that the cost increase rate of 7.4 per cent was too high and invited the Office to review the rate. She also requested more detailed explanations of proposed cost increases. She encouraged the ILO's participation in "One UN" pilot projects. With regard to the RBSA, she invited the Office to undertake more consultation with the constituents and supported the idea on an experimental basis.

75. The representative of the Government of Hungary supported the IMEC statement and agreed with the proposed zero real growth budget. He also welcomed the Office's active commitment to participation in the "One UN" initiative. Regarding the RBSA, he requested that the Office provide additional information concerning its relationship with the regular budget and which programmes would be financed.

76. The representative of the Government of Italy associated herself with the IMEC statement. She noted that the Programme and Budget for 2008–09 went in the right direction, especially in the light of the ILO's strong engagement in UN system reform and the attention given to UN system-wide coherence initiatives. She also noted the progress on the introduction of the results-based management strategy adopted in the November 2006 session of the Governing Body. The representative also supported action towards decentralization and the transfer of resources from headquarters to the regions. With regard to the creation of an RBSA, she remained open to the possibility but invited the Office to study the experiences of other agencies, such as UNESCO.

77. The representative of the Government of Ethiopia supported the statement made on behalf of the Africa group. He supported the Director-General's innovative initiative to create the RBSA. He noted that it would enhance the Office's capacity to deliver assistance in the field through DWCPs and to mainstream the Decent Work Agenda in national development plans, despite strong regular budgetary constraints. The creation of that account would only be a short-term measure, and he called on the Office to continue its efforts in undertaking consultations with constituents in order to seek consensus on the question of real growth in the regular budget.

78. The representative of the Government of the United States noted that the establishment of the RBSA proposed in the document was a creative approach. However, she shared the concerns and questions raised by other members of the Committee. She highlighted the importance of providing a workplan. With regard to the common principles of action, she expressed the view that they seemed redundant. She fully recognized that the ILO was a knowledge centre, and urged the Office to have external peer review in order to maintain and enhance its knowledge and influence on external institutions. She regretted that no baseline information could be found in the document. Although she strongly supported the Office's active participation in UN reform initiatives, she did not consider that this required the proposed allocation of $2.5 million and named other UN agencies that had not included such funds in their budget.

79. She questioned the use of funds for follow-up to fair globalization. She also questioned the funds allocated for policy integration, noting that the statistics budget was separate. She considered that the joint immediate outcomes made inter-office policy integration functions increasingly redundant. With the introduction of DWCPs as the ILO's delivery mechanism, the role of the Policy Integration Department's national policy group was unclear. It was also unclear how the International Policy Group's products would fit into the planned research strategy and what the role of the Policy Integration Department would be in relation to the Research and Publications Committee and the International Institute for Labour Studies. She called on the Office to identify further areas of savings and invited it to study the recommendations made by the United Kingdom. She requested that the budget be reviewed on the basis of zero nominal growth.

80. The representative of the Government of Canada supported the IMEC statement. He acknowledged the efforts made on consultations by the Office on the document under review. Concerning financial realities, he underscored the zero nominal growth policy applied by his administration to all UN agencies, as it also applied to the national context where austerity measures, programme cuts and/or budget reallocations took place to compensate for inflation and other cost increases. In that respect, he questioned the use of the $594 million baseline for 2008–09 as that figure corresponded to a recosting of the approved 2006–07 budget. The speaker did not support the proposed RBSA, which could undermine discipline and blur the levels of governance.

81. The representative of the Government of Australia, speaking on behalf of the Asia–Pacific group (ASPAG), also acknowledged the efforts made on consultations. He welcomed the importance of regional priorities and DWCPs in the preparation of the proposals, as well as the focus on empowering tripartite partners. However, he regretted that the document was too general. He called for further work towards the identification of more specific programme activities, baselines and indicators. He also called for additional clarification in the process of priority setting and questioned the potential overlap between common principles of action and the strategic objectives. He asked for more details on the building refurbishment and for an overall strategy in that respect. He underscored the importance of the field structure review, which should lead to cost savings. He noted that the review was not sufficiently detailed in the proposals.

82. Concerning work with the UN system, he stressed that it should be done via the regular budget and should not negatively impact on the provision of services. He encouraged continued savings and austerity measures. Concerning the RBSA, he stressed that the mechanism should not undermine the need for rigour in the regular budget. He reiterated that the strategic policy framework should guide the programme and budget preparation and hoped for the amendment of the proposals before the forthcoming ILC.

83. The representative of the Government of El Salvador supported the GRULAC statement. He welcomed the RBSA as an innovative proposal that responded to the demands of some governments for alternatives to secure resources needed to meet demands for ILO services. He was also interested in understanding how the voluntary nature of the RBSA would be guaranteed and how its implementation and oversight would be managed.

84. The representative of the Government of Japan supported the IMEC statement. In addition, he expressed his Government's thanks for the document submitted, as it had a more results-based approach. He pledged support to the ILO's mandate and called for continued internal savings. He supported a zero nominal growth budget.

85. The representative of the Government of Chile supported the GRULAC statement. Concerning the RBSA, he viewed it as a way to expand the role of the DWCPs within the context of UN reform. He underscored that the RBSA should not lead to new obligations against the regular budget for member States in future budgets.

86. Speaking on the RBSA, the representative of the Government of Cuba expressed interest in the new modality but called for a substantive debate on the supervisory mechanism associated with the account. The speaker welcomed more detailed evaluation and called for continued increased internal savings.

87. The representative of the Government of China thanked the Office, expressed support for the decent work approach and hoped for DWCPs to be put into practice. She welcomed the savings efforts made and called for a zero growth budget. Concerning the RBSA, she hoped that the Office could clarify whether the modality would have an impact on the level of voluntary contributions and whether the new mechanism would be sustainable.

88. The representative of the Government of Finland, speaking on behalf of the Nordic Governments, noted that the budget discussion should be based on an assessment of the relevance and impact of the ILO. She stated that a zero nominal growth position was not acceptable as a principle. She called for the reinforcement of financial systems through a better definition of priorities, increased resource-based management and progress towards an integrated budget for all sources of funds. She viewed the RBSA as a potential step in that direction. She called for the RBSA to be based on reliable accounting and adherence to the Organisation for Economic Co-operation and Development (OECD) criteria for official development assistance (ODA) eligibility. Finally, she underscored that administration of the RBSA should be based on cost recovery, which should not exceed 7 per cent.

89. The representative of the Government of the Republic of Korea supported the ASPAG statement. He noted that the proposed cost increase level was the highest since 1994–95 and that it would lead to a substantive increase of the contribution of his country. He therefore called for additional savings measures, in particular in the human resources area. He agreed with the principle of the RBSA but asked for clarification on the oversight aspects and called for the Governing Body to agree on its level.

90. The representative of the Government of Senegal supported the statement made by the Africa group. He underscored that the debate on the RBSA should not limit itself to the

question of whether the modality should exist but should rather include the impact and results it would have in terms of increased services to constituents.

91. Mr Barde, speaking on behalf of the Employers' group, wished to clarify that his group's intention had been to request Executive Directors to present a written account, for example, of the strategies in their respective areas, either in the PFA Committee or in others, which would improve visibility. He pointed out that there was no question of encroaching on the Director-General's prerogatives. Concerning the differences in the budget allocations between employment and the other strategic objectives, the Employers had always been in favour of identifying priorities in order to establish conditions favourable to employment. With regard to the building allocation, he explained that the proposed budget line was $2 million, not $5.9 million, as the latter amount included other components not connected with the building.

92. Mr Blondel, speaking on behalf of the Workers' group, summed up the problem concerning the building allocation. A total of 120 million Swiss francs had to be secured, with a margin of 20 per cent. To that should be added the building loan. However, the speaker was glad to see that some governments had not ruled out a growth budget. Questions remained with regard to the future of the RBSA. He thanked those governments that had already expressed their commitment. His dearest wish was to see the amounts in question included in the regular budget.

93. The Chairperson opened the discussion on regional priorities (paragraphs 68–117).

94. Mr Barde, speaking on behalf of the Employers' group, was glad to see that employment was the main priority, indicating that the ILO was more than just a standard-setting machine. However, the Employers were surprised to see that priority had not been given to employment in the budget, when all the regions considered it their first priority. For example, although small and medium-sized enterprises (SMEs) and business were vital to Africa, the document did not even mention them. In Europe, and in the Russian Federation in particular, the budgetary allocation for employment was much lower than what was required.

95. The Employers were prepared to support any effort to improve coordination in the UN. However, the tripartite nature of the ILO should remain clearly visible as it participated in the reform process. It was important that the social partners, who were the ILO's decision-makers and constituents, should not be sidelined in the UN reform process. They therefore needed to coordinate their support for the ILO, and the ILO needed to help them at the national level to participate in the "One UN" programme. The DWCPs would be the entry points for the ILO in the "One UN" country programmes of the UN. If the priorities defined by the constituents did not come under the "One UN" programme, they should not be affected and should continue to exist outside those programmes. The Employers requested clarification on the way in which the Office proposed to spend the $2.5 million allocation on UN reform. Concerning regional prioritization, the Employers had not been consulted in the matter. They felt that these priorities had been set by the Office, hence the mismatch with regard to the Employers' priorities, and wished to know what role had been given to ACT/EMP in the process.

96. Given that employment was the principal priority, the Employers were disappointed to see the budget allocations for it in Latin America and Asia and the Pacific. The ILO should help the social partners in every region and, in particular, promote social dialogue institutions in Africa. The social partners should be involved in the different regional partnerships and kept informed in that regard (paragraph 103).

97. The Employers wanted information concerning the regional employment forum in Africa. In the Americas, excessive resources were being allocated to standards and no reference had been made to the informal economy. Moreover, the ILO should know that labour inspectors were not supposed to enforce international labour standards.

98. While Regional Meetings were important, despite the limited scope of their conclusions, their cost was a matter of concern for the Employers, that cost resulting in particular from the fact that more than 100 ILO officials attended. Concerning the next European Regional Meeting, they would agree to its being held away from Geneva only if the additional cost were entirely covered by potential donors, including the travel expenses of Office staff.

99. Lastly, the Employers reiterated their request for a workplan to be drawn up by strategic objective, including in the regions.

100. Mr Blondel, speaking on behalf of the Workers' group, hoped Mr Barde did not mean to imply that the Workers considered that the sole task of the ILO was to set standards. In that case, one might question the purpose of tripartism. Of course, this did not mean the ILO should churn out standards indiscriminately – hence the concept of fundamental standards. Concerning regional priorities, the Workers had not been consulted either.

101. ACTRAV had carried out a preliminary analysis of 25 DWCPs available on the Internet. That analysis had turned out to be very revealing and could prove useful.

102. In the document, the distribution of outcomes by strategic objective in Africa did not appear to reflect the observation that in order to overcome crisis and conflicts a country needed to create new jobs with incomes above the poverty line (paragraph 71). The Workers were concerned to read that the economic growth registered in the region had not led to any reduction in poverty or in unemployment. Given that the solution appeared to call for the creation of new income-generating jobs, it was hard to understand why the document did not refer to the fundamental right to collective bargaining and maintained a discreet silence in regard to labour standards.

103. Given that paragraph 72 stated that the number of child workers was increasing, despite the considerable amount of resources assigned to solving the problem, the Workers wondered whether action against child labour had not targeted the results rather than the causes of the problem. Part of the solution, at least, was for employers to refrain from employing children, which amounted to applying a standard.

104. In the Americas, the share of standards and social dialogue in outcomes was more satisfactory. However, the Workers denounced the practice in the region of setting up spurious cooperatives for the sole purpose of denying employees the right to representation. A number of complaints had been presented to the Committee on Freedom of Association on this issue.

105. The document pointed out that, in the Arab States, as well, the generation of decent jobs had been insufficient to match the rapidly growing labour force. Nonetheless, the Workers were glad to see that paragraph 95 mentioned capacity building of the workers as a priority, and that the growing role of fundamental principles and rights at work was also recognized. They regretted, however, that the Economic Council of Arab States did not have any trade union representatives among its members, and that the independence of trade union organizations had not been reaffirmed in recent deliberations.

106. To show that labour standards were not a side issue, Mr Blondel cited the case of the more than 50,000 Chinese workers employed in Algeria – a country hit hard by unemployment – who worked in camps seven days a week, and who were out of bounds to Algerian labour

inspectors and trade unions. In that connection, the Workers reaffirmed that the role of labour inspectors was indeed to verify compliance with standards as well as the legislation enacted pursuant to their ratification.

107. Concerning the Asia–Pacific region, which had given a good share to standards among outcomes – possibly on account of IPEC – paragraph 104 pointed out that productivity gains did not always translate into higher wages or improved working conditions. The Workers would pay close attention to how this issue was addressed in the DWCPs. While they welcomed the stated intention (paragraph 105) of improving the workers' ability to participate in governance structures, they deplored the fact that it was mentioned in the same breath as flexicurity. The time was not ripe for that concept in Asia, and labour inspection had to play its role, which was even more crucial here than anywhere else.

108. Europe and Central Asia had made social dialogue their first priority (39 per cent of outcomes). The Workers would have liked to see all the regions do likewise.

109. They felt that the fundamental focus of the ILO's behaviour and objectives had been forgotten. They wondered, for instance, why none of the regions had made strengthening the public services a priority. They were convinced that education, health care, access to water, social security and electricity should remain in the hands of a quality public service.

110. Mr Blondel requested the Chairperson to give the floor to four Worker members of the Committee, who would express more detailed views on each of the regions.

111. The representative of the Government of South Africa, speaking on behalf of the Africa group, explained that economic growth in the region had not led to a reduction in poverty or unemployment. He recalled that the group had stated at the previous Governing Body session in November 2006 the wish to see child labour and labour inspection as priority issues for the region in the programme and budget proposals. He recognized that, to make decent work a reality in Africa, challenges had to be addressed through the creation of new jobs. He welcomed the ILO's cooperation with regional organizations and with constituents to place employment at the centre of development frameworks. He requested that the outcomes of the 11th African Regional Meeting be taken into consideration in the final programme and budget proposals to be submitted to the ILC.

112. The representative of the Government of Kenya associated himself with the statement of the Africa group. He supported the high level of resources proposed for employment. He found that the extension and strengthening of social protection coverage were missing in the regional priorities for Africa. He called for an enhanced research methodology to guide regions and constituents in determining priorities consistently.

113. Ms Anderson of the Workers' group spoke on the regional priorities of Latin America. She reiterated the importance of employment for the region and the adverse effect of globalization in some national industries. She referred to the decision of governments, employers and workers to establish decent work as the axis of the economic and social development policies in the region since 1999 and to the adoption of a Decent Work Decade for the period 2006–15 at the 16th American Regional Meeting. She recognized the need for effective labour legislation to ensure employment and decent work. While recognizing the importance of continuing to promote gender equality and the elimination of racial and ethnic discrimination, emphasis should also be placed on the eradication of poverty in indigenous groups. The speaker noted that the region faced grave violations of fundamental principles and rights at work, particularly in regard to freedom of association. Greater emphasis was needed in the promotion of trade union rights. The speaker recalled that the Latin America region had the highest inequalities in the world and that there was a need to design socio-economic policies to promote redistribution. Referring to migration,

she welcomed the region's focus on the ratification and application of the Migration for Employment Convention (Revised), 1949 (No. 97), and the Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143). To conclude, she called for the strengthening of tripartism and social dialogue in the region.

114. The representative of the Government of Nigeria supported the statement of the Africa group. She commended the ILO's continued efforts to strengthen the technical capacity of constituents. With regard to the ILO's strategic partnerships with other development organizations in the region, she advised the ILO to be cautious about partnerships with institutions such as the World Bank and the IMF, as their programmes might contradict ILO objectives and strategies.

115. Mr Palanga of the Workers' group, commenting on the region's priorities, emphasized the persistent poverty, despite a certain degree of economic growth, and the inadequate impact to date of the Millennium Development Goals (MDGs), supported the proposed regional priorities which were in line with the implementation of the Plan of Action of the Ouagadougou Summit in 2004 and touched on the conditions required for decent work in Africa. He referred to the essential issue of having adequate financial resources to implement the programmes and the importance in that context of developing cooperation and partnership. He regretted that social dialogue seemed to be a poor relation compared with other aspects of decent work in the region, although it was of crucial importance, in the same way as standards, freedom of association, collective bargaining, and improved labour inspection. He mentioned the situation of workers in the informal economy, in particular women – a matter that should be at the heart of ILO priorities, and should even be a cross-cutting issue. In conclusion, he hoped that UN reform would be effective in the field and allow progress in terms of decent work, without forcing the ILO to compromise its own unique approach. He also thanked the Director-General for his prompt and diligent action in response to recent events in Guinea.

116. The representative of the Government of Spain agreed with the statement in paragraph 116 in relation to labour migration being a reality in all European and Central Asian countries. In referring to the productive use of remittances, the speaker stated that this issue fell outside the ILO's activities. The ILO assisted countries in the development of policies, legislation and institutions and also assisted in the creation of jobs. He added that to a large extent, the problems raised by irregular migration could be addressed through the creation of decent work opportunities in countries of origin.

117. Mr Etty, of the Workers' group, spoke on the regional priorities of Europe. He noted that decent work was a goal not only for regions and member States, but also for the European Union (EU). He urged the Office to be cautious when considering closing offices or reducing its role in the region, stating that the ILO could play a key role in promoting coherence and cooperation at the national level. Speaking on paragraphs 115, 116 and 117, he expressed concern that there was not enough content on social protection and stated the need for greater EU support in ratifying occupational safety and health Conventions. He noted that no receiving countries had ratified the UN Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families. As one of the organizations campaigning for ratification of this Convention, the ILO should initiate a study regarding the reasons for non-ratification. Likewise, the ratification levels of ILO Conventions Nos. 97 and 143 should also be part of this discussion. He drew attention to the fact that many subsidiaries of multinational enterprises in Central and Eastern Europe did not join the national employers' federations, and appealed to them to change that practice and contribute, through their active involvement in those federations, to the development of a good system of industrial relations in those countries.

118. The representative of the Government of the Netherlands said that his Government had given a central place in its foreign and development policy to Africa, particularly sub-Saharan Africa, in recognition of the region's social, economic and environmental problems. He encouraged the ILO to increase its focus on that region in terms of programmes and field presence, in the context of DWCPs and UN reform. He requested that more information on the DWCPs be put in the programme and budget proposals, such as the number of DWCPs and their geographical distribution.

119. The representative of the Government of Cameroon expressed support for the statement made on behalf of the Africa group. Despite impressive economic growth in recent years, there had been no reduction in poverty or unemployment. The representative expressed his support of the budget proposal that took into account the region's priority concerns. He thanked the Office, which had just launched a project to promote decent work and reduce poverty with the assistance of France.

120. He welcomed the fact that the ILO, with the support of its constituents, had played an important role in ensuring that decent work occupied a central place in strategies for reducing poverty in Africa. Lastly, he urged the Director-General to increase resources for country programmes for the creation of decent jobs and the promotion of social peace. From that viewpoint, the proposed RBSA would be welcome.

121. Mr Sidi Saïd of the Workers' group emphasized the importance of standards for the ILO, referring to the example of Chinese workers in Algeria whose situation was not well known because of a lack of access given to workers' representatives. The same was true of international oil companies employing local workers; they were not amenable to monitoring, and even less so to setting up workers' unions. With regard to the regional priorities for the Arab region, he did not support the contents of paragraph 99, which appeared to relegate fundamental principles and rights at work and the extension of social protection coverage to the bottom of the list of regional priorities, whereas the reality in the field was quite different: the top priority there was precisely freedom of association and the formation and autonomy of trade union organizations. He suggested that the ILO was not making sufficient use of its influence over governments. He also emphasized the importance of migration issues, and hoped for a better system of reporting on successful activities in order more effectively to identify concrete results in the field.

122. The representative of the Government of the Republic of Korea requested that the proposals be reviewed to increase the share of the budget for the Asia–Pacific region, in consideration of the proportion of the population in the region. He pointed out that the budget for Strategic Objective No. 1 in the region was higher than that for the other strategic objectives, while he thought that employment creation and social security could be more effective measures to realize decent work in the region. He asked for a clarification on why the proportion of the budget for standards was higher in the region in comparison with the other regions. Furthermore, he asked for a clear explanation of why one specific office in the region was mentioned in the section on regional priorities, while other field offices in the region also made their contributions to implement the Decent Work Agenda.

123. The representative of the Government of France noted that the spokesperson for workers in Europe and Central Asia had drawn the Governing Body's attention to an issue of crucial importance in connection with occupational safety and health in the European region. He considered it essential to question the discrepancy between the existence within the EU of an integrated policy to protect occupational safety and health based on the instrument itself – an ambitious policy with a high level of protection – and the relatively low level of ratification of ILO instruments by the countries concerned.

124. Even though there was no single response to that fundamental question, he considered that it should be made clear that one reason for difficulty in ratification was the fact that international labour standards concerning occupational safety and health could be divided into two categories. The first comprised standards setting out principles and guidelines, ratification of which did not cause any major difficulty. The second category covered more technical standards, which seemed somewhat obsolete. In this regard, the French Government recalled that it wished for a revision of Convention No. 162 on asbestos.

125. According to the speaker, the Office and the constituents could respond together in two possible ways. Firstly, it would be necessary to undertake a major training and communication effort to promote the occupational safety and health framework comprising the Convention and Recommendation adopted at the June 2006 session of the ILC. Secondly, it would be necessary to initiate an ambitious longer term discussion on the conditions for modernizing obsolete instruments. He cited the example of the Maritime Labour Convention, noting that the wish to do so had already been expressed during sessions of the ILC in recent years.

126. Mr Ahmed, of the Workers' group, spoke on the regional priorities of Asia. He asked for information on the number of countries that had DWCPs or were discussing them. He stressed that DWCP agreements were not an end in themselves, but that resources were required for implementation, evaluation and monitoring. He also emphasized the importance of skills development, the promotion of basic needs and the development of public service infrastructure within the context of the Decent Work Decade. He noted that the Asia region had the lowest ratification rate of fundamental Conventions and requested increased technical assistance in this area. Speaking on UN reform, he raised numerous issues, including how to accommodate ILO constituents and tripartism, the need to reflect the ILO's mandate and unique governance structure, and the integration of DWCPs into UN joint programming. He submitted that the budget required more specific targets and information on how DWCPs would be achieved and what extra-budgetary resources had been allocated. He further drew attention to the recommendations of the 14th Asian Regional Meeting and stressed the need for their follow-up, along with capacity building for trade unions and efforts to tackle the migration issues in the region.

127. Mr Blondel, speaking on behalf of the Workers' group, thanked the representative of the Government of France for having tried to set out the reasons why the ratification of standards was sometimes held up. However, he wondered whether the fact that European countries refused to ratify standards on the basis that they were insufficient was not a paradox. The problem of the universality of standards arose. The Workers felt that the universal nature of standards should be maintained, because it was that very nature that rendered them cohesive, a point that was more important than ever in an era of globalization. It was clear that standards needed to be re-examined at the Conference, to ensure that they remained relevant. Perhaps it should be recalled that there had been a time when the Committee's purpose had been not only to ensure the updating of standards but also to promote them.

128. Referring to Mr Blondel's intervention, Mr Barde, speaking on behalf of the Employers' group, wished to reiterate that the Employers fully supported tripartism, the principle and philosophy behind the ILO. However, he stressed that standards were a means and not an end. Simply stockpiling standards would do nothing to resolve the various issues they were supposed to tackle. In order to be effective, standards had to reflect the current reality and be updated.

129. Even more so than with standards, the Employers were in favour of the freedom to organize, the freedom of association, for all the social partners in their respective countries.

It was that freedom and that independence which served as the basis for a true dialogue between employers and workers.

Strategic Objective No. 3

130. The Chairperson opened the discussion on the strategic objectives and joint outcomes (paragraphs 140–291). He recalled that the discussion would begin with Strategic Objective No. 3.

131. With regard to social security, Mr Barde, speaking on behalf of the Employers' group, requested that the Office expand upon the matter of tools for employers' organizations. He noted that the International Organisation of Employers (IOE) and ACT/EMP were to draw up a plan in which the Social Security Department ought to become involved. He regretted that the Global Campaign on Social Security and Coverage for All had not been as extensive as had been hoped.

132. On the second topic, that of occupational safety and health, he asked for information on the partnerships planned between the ILO and the WHO. The Global Strategy adopted by the ILO in 2003 must remain the point of reference for the Office's activities. The Strategy and its themes had been accepted by all three constituents – unlike these psychosocial issues, which remained poorly defined. The Office needed to develop appropriate tools for SMEs in that area.

133. With respect to migration, the ILO needed to concentrate on those particular sectors in which it might bring value added – such as skills, the sending of remittances to countries of origin or entrepreneurship. It must also help to strengthen the capacities of the social partners in order for them to be able to take part in building national policy on the issue. Partnerships with the International Organization for Migration (IOM) were to be encouraged.

134. Lastly, with regard to HIV/AIDS, the Employers supported the approach adopted by the Office. They noted with pleasure the meeting organized by the ILO with the International Trade Union Confederation (ITUC) and the IOE in Uganda that had dealt with project management and resource mobilization. The Office must focus on prevention and help its constituents to develop projects and present them to donors.

135. Mr Blondel, speaking on behalf of the Workers' group, recalled that, as stated in paragraph 201, the ILO's work was guided by the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187) and Recommendation, 2006 (No. 197). The Workers considered that the standards in this area were, alongside the fundamental Conventions, the most important of the Organization's instruments. SafeWork must be strengthened by being provided with the necessary resources and personnel.

136. Concerning intermediate outcome 3b, the Workers asked the Office to redouble its efforts to attract additional extra-budgetary resources. With regard to immediate outcome 3b.1, the speaker congratulated the Office on setting the bar comparatively high by specifying a target of 50 member States.

137. Intermediate outcome 3c concerned labour migration. The speaker stressed that the Workers saw migrant workers as workers like any other, enjoying the same rights, guarantees, legislation and labour standards. The ILO's remit covered every aspect of migrant workers' labour. In 2004, the Office had held a general discussion on the issue, which had resulted in a plan of action providing for the promotion of Conventions Nos. 97 and 143 and in a Multilateral Framework on Labour Migration that was founded on a

rights-based approach. It was regrettable that the ratification of Conventions relating to migration was not one of the outcome indicators, even though a number of governments had declared their intention to ratify these texts. The Philippines had in fact done so, for which the speaker congratulated them publicly. The ILO's programme must be consolidated through additional funds in order for the Organization to be able to make its voice heard at other international organizations and to influence the extremely diverse policies being applied by governments in this area.

138. He stressed the importance of intermediate outcome 3d, which involved both the Office and the constituents, and noted with pleasure that $27 million had been allocated under extra-budgetary cooperation expenditure. Lastly, as concerned social protection systems and, more specifically, health insurance and pension funds, the speaker stressed that these systems were rooted in a spirit of solidarity. Furthermore, in France and throughout Europe, these systems empowered trade union organizations by involving them in management activities.

139. The representative of the Government of South Africa, speaking on behalf of the Africa group, indicated that the challenges of social protection for the current biennium were enormous in Africa and included social protection in the informal economy, combating HIV and AIDS, labour inspection and administration, and reducing the costs of occupational accidents and diseases. He welcomed intermediate outcome 3a in particular, and referred to various ongoing related national initiatives in the African region. He called for a better monitoring of the effectiveness of social security. The speaker regretted that no clear targets were set for Africa under intermediate outcomes 3a, 3b and 3c. Finally the speaker welcomed the fact that 50 per cent of resources were proposed to address the needs of groups facing the greatest difficulties, such as women and girls, who in the African region were disproportionately affected by HIV/AIDS.

140. The representative of the Government of Kenya associated himself with the statement of the Africa group. The speaker stressed the key importance of increased coverage, effectiveness and access to social protection benefits. He referred to the launch of the Global Campaign in his country in 2005. While he understood the merging of occupational safety and health at work and working conditions under intermediate outcome 3b, working conditions did not feature sufficiently in the strategy text. He referred to the forthcoming 11th African Regional Meeting, where the importance of working conditions would certainly be stressed. Finally, he called for an increased focus on the protection of women and migrants and for the Office to increasingly address precarious types of contracts.

141. The representative of the Government of the United Kingdom stressed the importance of work related to the coverage and the extension of social protection. He regretted that no information was provided on the success and impact of the Global Campaign on Social Security and Coverage for All. The speaker also requested additional information on intermediate outcome 3c on migration and called for additional focus on the informal economy under 3a. He requested that the incorrect reference to the adoption of the Multilateral Framework on Labour Migration be amended. The speaker called for the improvement of targets under migration and HIV/AIDS. The speaker requested additional information on indicators, costs and baselines, as well as on the contribution of DWCPs to the targets.

142. The representative of the Government of Nigeria supported the statement of the Africa group. She emphasized her full support for intermediate outcome 3a. She encouraged work on practical methods to strengthen institutional capacities to improve conditions in workplaces. She underlined the great potential of migration to foster development and stressed the fact that the promotion of migrant workers' rights was key for the African continent.

143. The representative of the Government of the Netherlands supported the proposals under this strategic objective. He also called for a stronger link between the work of social protection and Goal 1 of the MDGs. Under immediate outcome 3a.1, he indicated that the establishment of social security systems should also be emphasized. He welcomed the focus on the hardest-hit segments of the population. Finally, he pointed out that the centrality of DWCPs was not sufficiently reflected in the text.

144. The representative of the Government of Canada strongly supported ILO work in the areas of occupational safety and health at work and the promotion of labour inspection. She expressed support for the new promotional framework on occupational safety and health. Promoting the fight against HIV/AIDS in the workplace was another area where the ILO was clearly adding value. She questioned the third indicator under 3d.1 as implying that the ILO was providing treatment. The speaker welcomed the inclusion of social security dimensions in DWCPs and national development strategies and the alliances forged by the ILO in that context. She also requested that the incorrect reference to the adoption of the Multilateral Framework on Labour Migration be amended. She welcomed the update of the good practice index and urged the Office to concentrate further on its core mandate in the area of migration. The speaker finally requested clarification as to how the development of a database and statistics within the sector would be integrated into the statistical functions of the Office.

145. The representative of the Government of the United States supported the statement made by the representative of the Government of Canada. In addition, the speaker mentioned that tripartite governance of social security schemes was not part of the principles of ILO standards (target 1 under 3a.2). The speaker suggested that it be rephrased. To conclude, the speaker also questioned how the research work envisaged would relate to the overall research plan of the Office.

146. The representative of the Government of the Philippines underscored the fact that DWCPs would become more successful if they were properly rooted in standards. She called for increased flexibility and for ILO assistance in both the ratification and the implementation of the Maritime Labour Convention. Referring back to the RBSA, she questioned whether the new mechanism would help focus on service delivery of programmes such as the informal economy, migrants, etc.

147. In his reply, the Executive Director for the Social Protection Sector (Mr Diop) welcomed the idea of developing tools with ACT/EMP and the IOE. He indicated that the Global Campaign had moved from political advocacy to practical work at country level and had led to concrete achievements, for example in Senegal, Ghana, Kenya, the United Republic of Tanzania and Zambia. He confirmed the partnership between the WHO and the ILO on occupational safety and health and gave assurance that the ILO's visibility was preserved. He noted that this was also the case in the area of migration of workers, where the ILO was an active participant in the Geneva Migration Group. Regarding HIV/AIDS, he referred to the success of the IOE/ITUC meeting on fighting HIV/AIDS and the joint declaration that was issued. He stressed the vital importance of social protection in the African region and referred to the recent meeting between his sector and the region. He indicated that ILO work related to working conditions would be clarified. He pointed out that access to health care was essential to fighting poverty. Finally, he indicated that all targets were based on the current biennium's work but there was a progressive qualitative shift from counting instances of knowledge improvement to the development of policies. Finally, he confirmed that statistical work was integrated into the overall statistical work of the Office.

Strategic Objective No. 1

148. Mr Blondel, speaking on behalf of the Workers' group, referred to the phrase "… ILO products, tools or guidelines …" employed in the indicators of immediate outcome 1a.1 and criticized the use of such terminology. Why not standards? The document did not make any clear reference to the Conventions on freedom of association and collective bargaining which should instead be fully promoted, including through adequate means for the Freedom of Association Branch. The Working Party on Policy regarding the Revision of Standards had made recommendations on the revision of the Conventions but had also clearly invited the Office to assist member States in ratifying them. The issue of the amount of resources to be allocated to the system for the supervision of ratified Conventions and reporting of the Declaration follow-up, referred to in paragraph 142, was of some concern. In paragraph 144, it was stated that a new consensus on future ILO standards policy was being developed. Such a statement was premature, given the decision to be taken by the LILS Committee in a week's time. The issue involved the increased workload as a result of the rise in the number of ratifications. The Workers could only welcome a rise in ratifications. The necessary resources should be set aside to ensure that the system operated smoothly, in particular supporting the Freedom of Association Branch.

149. Against that background, there was a considerable gap between the extra-budgetary resources allocated to intermediate outcome 1.b (Targeted action progressively eradicates child labour, with a particular focus on the worst forms of child labour) and intermediate outcome 1.c (International labour standards are broadly ratified and significant progress is made in their application) and it was important to recall that the very purpose of the ILO was to achieve the ratification and implementation of international labour standards.

150. With regard to paragraph 148, the speaker felt that there was a contradiction between the sentence "tools for … assessments of the fundamental principles and rights at work situation (which) will be developed …" and the reference to "innovative means … for instance through partnerships between ILO constituents and other civil society organizations and the media". Although the Workers supported the use of any means in order to promote the standards and values of the ILO, the main goal remained the strengthening of the capacity of the social partners. As to the amount of resources allocated to the eradication of child labour, mainly destined for civil society organizations, the strategy should be to attack the roots of that evil, rather than attempting to render the situation tolerable.

151. Paragraphs 151 and 163 advocated greater visibility of standards, an approach welcomed by the Workers. Finally, the speaker expressed support for paragraphs 163 and 165, which proposed that decent work be universalized within the UN system.

152. Mr Barde, speaking on behalf of the Employers' group, expressed regret at the document's lack of precision and the absence of information on the actual programme of the ILO. The texts presenting the strategic objectives were short and vague when it came to the fulfilment of those objectives. In the same way, paragraph 147 did not define the type of measures envisaged. The Employers' group wished to place emphasis on the modernization of standards activities and in particular the updating of such activities in the face of the reality of the working world. The Office should also focus its activities on the application of existing standards: although ratification was not an objective in itself, the application of standards certainly was. Finally, the Office should be prudent when promoting certain standards which did not have universal support.

153. More information was required regarding the distribution of the budget by immediate outcome. There was an absence of any link between the programme and the budget. There was no reference to the RBSA in the strategic objectives. Strategic Objective No. 1 was the

objective that had received the most in terms of extra-budgetary funds. Although the large amount of resources involved could only be welcomed, the situation had nonetheless affected the balance of the programme to the benefit of the Declaration and child labour eradication activities. With regard to fundamental principles and rights at work, the Employers wanted the immediate outcomes to refer to the social partners. The speaker expressed concern at paragraph 151, which referred to a link between lending by financial institutions and core labour standards. The Employers opposed any conditions linked to standards.

154. The Employers regretted the fact that little had been done to involve their organizations in action to eradicate child labour, a field in which the ILO was particularly visible. The ILO worked closely with NGOs in that area but had little contact with enterprises and employers' organizations, and that situation needed to be rectified.

155. The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the Office's proposal to focus on strengthening the capacity of national governments, in particular ministries of labour, and employers' and workers' organizations. The Africa group wished to see technical assistance provided to member States in fulfilling their reporting obligations and in the preparation of articles 22 and 19 reports. In this respect, he emphasized the need to provide adequate resources to field offices and technical teams. The Africa group appreciated the proposed target to progressively eradicate child labour. He welcomed the work in the region as sub-Saharan Africa had the highest prevalence of child labour.

156. The representative of the Government of the United States said that the ILO had made a unique and critical contribution to the international community in the areas of standards and fundamental principles and rights at work. She believed that standards should be integrated in all areas of the ILO's work. However, she was concerned that the budget had been reduced at a time of increased number of ratifications. She proposed the inclusion of another immediate outcome and accompanying indicators and targets. The new immediate outcome would be to increase the capacity of the Office to ensure the effective functioning of the standards supervisory system. The first indicator would measure reports related to the application of Conventions that were received on time by the Office and processed in a timely manner. The target should be 100 per cent. The second indicator would measure the number of cases in which the Office assisted member States in improving their ability to meet the obligation to submit, in a timely fashion, reports related to the implementation of Conventions and Recommendations. The target should be a certain number of cases to be proposed by the Office. She had no objection to the proposed ratification campaigns beyond the fundamental Conventions. However, she expressed concern over the need for inter-office coordination. She referred to an indicator under immediate outcome 1a.1, which could be made more specific to discrimination at the workplace.

157. The representative of the Government of the Netherlands was pleased that Strategic Objective No. 1 played a central role in the programme and budget proposals. He welcomed the Office's efforts to ensure a higher visibility of the core labour standards and to continuously assist member States in eradicating child labour. He suggested the introduction of more targeted action to fight against discrimination in the workplace. He asked if the Office cooperated with the UN Human Rights Commissioner on the decision of the General Assembly to mainstream human rights in UN development activities (Action 2). He suggested the Office further enhance the impact of ratification campaigns. He requested more information on indicators and targets and on the assistance needed in connection with new ratifications. He supported the IMEC statement that various targets had not been adjusted significantly in the past few years. He urged the Office to build in problem analyses, baselines and progress made as a way to enhance targets. He looked forward to continuing discussions on further improving the supervisory mechanism.

158. The representative of the Government of Canada stated that standards and fundamental principles and rights at work were the core mandate of the ILO and an area where practical outcomes from ILO programmes could be evident. Thus, it was essential that the Office be able to continue to support an effective supervisory system. She expressed concern about the reference to the country approach (paragraph 161) which received little, if any, support in last November's discussion. She would like to see the strategy include initiatives to improve standard-setting activities, including the consolidation, review and updating of Conventions to make them more relevant and ratifiable.

159. The representative of the Government of the United Kingdom strongly supported the work in promoting the 1998 Declaration and ensuring a higher visibility of core labour standards in broader development frameworks, particularly UNDAF. He noted the challenge of increased volume of reporting. He was not clear what was proposed in paragraph 161, which referred to the identification of new ways to involve social partners in monitoring the application of standards both at the national and workplace levels. He also questioned the reference, in the same paragraph, to a country-based approach to oversight. This idea had been discussed informally with little enthusiasm last November in the Committee on Legal Issues and International Labour Standards. He endorsed the ratification campaigns for OSH and the Maritime Labour Convention. He requested clarifications on the basis for predicting increasing requests for technical assistance in respect to new ratifications. With respect to indicators and targets, he noted that they seemed similar to those previously adopted. He expected more references to previous targets. Information on baselines for both costs and the indicators and targets would be useful. Referring to indicator 1c.1, he mentioned that there was little indication of the specific role played by the ILO. He hoped that the targets could be expanded to contextualize them and to better indicate how challenging they were.

160. The representative of the Government of Mexico referred to targets under immediate outcome 1a.1 and proposed that each target should be individually and independently measured. She appreciated the effort to enhance the visibility of fundamental principles and rights at work in broader development frameworks. She suggested that this work should be carried out in a strictly promotional nature in line with the principles of the Declaration. With respect to strengthening the supervisory system, she requested more information on certain measures to be taken by the Office.

161. The representative of the Director-General (Mr Tapiola) reaffirmed the inclusion of standards-related work in all aspects of the work of the Office. He assured the Committee that tripartite constituents would always be consulted on any new innovative methods. Technical cooperation in areas of child labour used the Worst Forms of Child Labour Convention, 1999 (No. 182), and the Minimum Age Convention, 1973 (No. 138), as a starting point to develop and implement programmes. In respect of the Declaration, all technical cooperation action programmes contained a section on how to work with employers' and workers' organizations. In addition, these documents were submitted to the Committee on Technical Cooperation. He pointed out that no conditionality would be applied to enhancing the visibility of fundamental principles and rights at work. On gender discrimination, he confirmed that it referred to the workplace. The ILO cooperated with the UN Human Rights High Commissioner and participated in their meetings. Regarding concerns expressed about a country-based approach to supervisory work, he stated that there would be a review in the course of 2008–09 on reporting and ways to improve it.

Strategic Objective No. 2

162. Mr Blondel, speaking on behalf of the Workers' group, expressed regret that the words "young people" did not feature in the title. The Workers supported the statement that the

Global Employment Agenda provided the framework for the ILO's work on employment. They recognized the importance of the Employment Policy Convention, 1964 (No. 122), and of the other international standards on employment. They wished to add the Employment Relationship Recommendation, 2006 (No. 198) and the resolution on the same subject adopted by the ILC in June 2006. It seemed that only Sector 4 included activities in line with the Recommendation.

163. The speaker indicated his group's support for paragraph 167, which stated that the ILO's work on poverty reduction should be based on job-rich growth. Delays in achieving the MDGs were in large part due to the fact that this component had not been taken into account in the agendas of several UN bodies or the Bretton Woods institutions. However, the Workers believed that growth should also be rich in rights and the application of international labour standards. Integrating policies on employment and decent work into Poverty Reduction Strategy Papers (PRSPs), which constituted a priority objective for Sector 2, should be carried out with the participation of the social partners. Although decent work was in the process of becoming a global objective, it was important to remember that the ILO had long laid emphasis on the notions of "full employment" and "freely chosen work".

164. Outcome 2a.3 on youth employment was very important to the Workers but they expressed regret at the linkages made in paragraph 175 with respect to immediate outcomes. They supported the programme described in paragraph 177 to develop the ILO's knowledge base and the content of paragraph 179 on the Employment-Intensive Investment Programme. They welcomed the reference to labour standards and improved labour practices in legislation and procurement systems in paragraph 181. The Workers would closely follow the implementation of the initiatives outlined in paragraphs 183 and 184. The group shared the Office's opinion on promoting the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the Promotion of Cooperatives Recommendation, 2002 (No. 193), but underlined the need to devote sufficient funds to these instruments and to distinguish properly between these resources and those allocated to small and medium-sized enterprises. Lastly, the programme should propose links with and between international organizations and particularly between the ILO's Tripartite Declaration of Principles and the OECD Guidelines for Multinational Enterprises.

165. Mr Barde, speaking on behalf of the Employers' group, stressed that employment was his group's priority and commended the efforts made in recent years by the Office, while regretting that there had not been enough emphasis on productivity gains and enterprise development. The needs of enterprises should be the starting point for work in this area; care should be taken not to compete against other UN agencies but rather to identify synergies. As for the other objectives, the Employers wished to see a work plan and greater involvement of employers' organizations in programmes and projects. A genuine partnership should be built with ACT/EMP and, outside the Organization, with the IOE in order to meet enterprises' needs.

166. The Employers' priorities were focused on three main areas: an enabling environment for enterprise, tools and technical assistance for enterprise development, and that of SMEs in particular, and demand-driven human resource development.

167. The first priority was enterprise development and job creation. Additional resources needed to be allocated to the promotion of the ILO/IOE guide on SMEs and to training programmes. The Country Employment Policy Unit received considerable funding for what the Employers felt was a limited impact. They wondered why the first intermediate outcome had the most resources when it was the least concrete item. They did not consider immediate outcome 2a.2 to be a priority. Paragraph 181 also posed a problem in that it was

not for the ILO to link standards to procurement systems. A distinction had to be drawn between cooperatives and SMEs, which were the main source of jobs. Concerning the indicator under immediate outcome 2c.1, the Employers sought clarification of the term "other organizations".

168. The second priority was the development of tools to promote an enabling environment for enterprise. Partnerships should be sought in this area with the international financial community.

169. The third priority had to do with competitiveness, and the Employers encouraged the Office to pursue its research work, in particular on SMEs and labour legislation, flexicurity, labour costs and worker protection, the informal economy, the link between job creation and legislation, and succession in SMEs.

170. The fourth priority was skills development. That programme had shrunk over the years; training institutions and employers' organizations could make a useful contribution. The "Know about Business" programme should be strengthened. The speaker added that his group supported immediate outcomes 2b.1 and 2b.2. The Employers wished to see the Office develop activities on linkages between multinational enterprises and SMEs and between North and South. Lastly, the Subcommittee on Multinational Enterprises should continue its work on corporate social responsibility under the same framework, given the good results achieved.

171. The representative of the Government of South Africa, speaking on behalf of the Africa group, welcomed the strategy on employment and the attention paid to the special needs of Africa. He hoped that the implementation of the strategy would bring substantial improvements in the employment situation of the African region. He further hoped that the forthcoming African Employment Forum would add momentum towards these efforts.

172. The representative of the Government of the United Kingdom supported the ILO's work on employment and stated that work was the best route out of poverty. The ILO's focus on Africa and job creation through enterprise development, training and skills was welcomed. He indicated that more research was required to look into the effectiveness of public works programmes. He mentioned the need to improve the indicators and targets, clarifying their linkage with the previous biennium, and developing baselines. Indicators should focus on outcomes rather than processes. He sought clarification on how the DWCPs would contribute towards achieving the targets.

173. The representative of the Government of Chile appreciated the ILO's approach to including gender mainstreaming in its work and commended its efforts on promoting this issue worldwide. He emphasized the importance of providing assistance for the reform and increased capacity of employment services.

174. The representative of the Government of the United States welcomed the ILO's strategy on employment and fully endorsed the comments made by the representative of the Government of the United Kingdom on the need to improve the targets and indicators. She referred to the immediate outcome on employment-intensive investment and felt that it was relevant only for the labour surplus economies. She pointed out the redundancy of the third indicator under immediate outcome 2a.2, given the presence of a similar indicator under outcome 2c.3. Regarding the targets, it might prove more useful if these were expressed in terms of percentage of countries rather than in number of countries.

175. The Executive Director for the Employment Sector (Mr Salazar-Xirinachs) confirmed the importance attached to the outcome on youth employment and the existence of a clear strategy on its implementation. He stated that issues of freedom of association and full and

productive employment were fully addressed in the Global Employment Agenda. He clarified that, owing to the space limitations, links between different components of the strategy on employment might not have been explicit, but explained that the ILO followed an integrated approach in employing the right mix of tools and policies depending on the country-specific environment. He highlighted the importance of the work being carried out in relation to international trade from the ILO's perspective and underlined the importance of the employment-intensive investment programmes for the labour-abundant economies. He provided details on the work being carried out in relation to skills development. He felt that the overall strategy proposed was well-structured, and acknowledged that there was scope to further refine the targets and indicators.

176. Mr Blondel, speaking on behalf of the Workers' group, thanked the Office for acknowledging the difficulty of measuring the impact of its activities in the area of employment. It was a difficult area; unemployment was at the origin of poverty and social destruction, and the Office had no specific solution to propose, only general approaches. There was no system which guaranteed the creation of jobs. To create small enterprises, a large one was needed to act as a locomotive.

177. On the other hand, with regard to the question of competition, the ILO could ask the WTO to demonstrate the necessity of fair competition. That was one reason for having links between the ILO and WTO.

178. The work of the Committee on Employment and Social Policy was interesting, but it was important not to delude oneself into believing that the problem was solved, nor should standards be sacrificed. Lastly, he asked the Office to provide a list of the organizations active in the area of business development and microfinance with which it collaborated in an effort to create jobs.

179. Mr Barde, speaking on behalf of the Employers' group, said that there were obviously no conditions that would automatically create jobs. On the other hand, environments could be more or less conducive to employment creation, and the Employers supported an environment that favoured business. Similarly, they believed that some conditions, such as the threshold conditions associated with some legislation, hindered job creation and created unemployment.

180. The speaker turned again to the idea of the sustainability of enterprises. That was of crucial importance to small and medium-sized enterprises (SMEs), many of which were family-run enterprises facing serious difficulties of succession.

Strategic Objective No. 4

181. Mr Barde, speaking on behalf of the Employers' group, expressed regret at the elimination of a Professional category post in ACT/EMP and the reduction of the ACTRAV budget. In the view of the Employers, the approach defined in terms of outcomes 4a to 4c was far too standards-based, especially outcome 4c.1 and 4c.2. It was essential to encourage dialogue between the social partners, something which was not mentioned in paragraph 249. Freedom of association was a fundamental right for employers as well as workers; in many countries, however, the rights of employers' organizations in that area were flouted by serious government interference in their affairs. Similarly, the right to own property, which was fundamental to economic development, was not protected in some countries.

182. Paragraph 251 appeared to be outdated, since the World Commission on the Social Dimension of Globalization and research done by the ILO and WTO had shown the positive aspects of globalization. It was important to avoid a return to protectionism. The

speaker asked for clarification regarding outcome 4c.3 and its indicator, which did not appear to correspond, and regarding the activities implied in paragraph 262. The Employers endorsed paragraph 258, which gave priority to modernization of labour legislation. Nevertheless, the Recommendation concerning the employment relationship was not in the spirit of that modernization process, as it was too dogmatic.

183. The speaker took issue with the wording used under the final intermediate outcome "Sectoral social dialogue" and said he would have preferred the following: "Sectoral activities promote the improvement of labour and social conditions in specific economic sectors." Furthermore, the Employers favoured a global, rather than a sectoral, approach. They reiterated their support for a reform of sectoral activities and hoped that it would be possible to reach an agreement on that point during the following week.

184. With regards to immediate outcome 4d.1, the speaker asked why the target was 75 per cent of meetings, rather than 100 per cent. Lastly, he asked whether it was really necessary to use outside consultants for the purpose of following up the Maritime Labour Convention, rather than funding follow-up missions and meetings.

185. Mr Blondel, speaking on behalf of the Workers' group, supported the remark made by Mr Barde about the question of outside consultants. He endorsed paragraph 239, which referred to "Strengthened and representative workers' organizations, defending democracy and social justice", but wondered why the same paragraph at a later point emphasized the importance of "the representation of women at decision-making levels in workers' organizations"; why should that be limited to workers' organizations? The representation of women related to the general and universal problem of equality between women and men. The ILO needed to consider ways of using International Women's Day to demonstrate the ways in which it was fighting for equality between women and men.

186. The Workers supported paragraph 230, which emphasized efforts to strengthen the processes of social dialogue through ILO programmes, especially the DWCPs. The Office also emphasized the need to enhance the capacities of employers' and workers' organizations. The Workers set great store by participation of the social partners in governance. In order to ensure that all the elements referred to in the document materialized, ACTRAV and ACT/EMP needed to be strengthened, and budgetary and extra-budgetary resources needed to be made available to the constituents.

187. The speaker said that, unlike the Employers, the Workers' group supported sectoral dialogue. The issue was growing in importance by the day as a result of globalization. Action was needed at the national level, with collective bargaining, and at the international level, through framework agreements between international trade union federations and multinational enterprises. The number of framework agreements could even be one of the indicators used.

188. Lastly, the speaker said he regretted that little importance had been given to work in export processing zones (EPZs), and requested that the relevant InFocus Initiative be included in the Programme and Budget for 2008–09 and allocated the necessary resources. Supplementary resources also needed to be allocated to the Social Dialogue, Labour Law and Labour Administration Service (DIALOGUE), which had done much work in order to be able to respond to the many demands of governments.

189. The representative of the Government of South Africa, speaking on behalf of the Africa group, indicated his group's full support for the centrality of social dialogue and tripartism and the reinforcement of tripartite partners' capacities within the ILO's Decent Work Agenda – in particular, to the support envisaged for labour ministries and the attention to

be given to the quantitative and qualitative dimensions of decent work for young people, particularly to their improved transition from school to work (paragraph 250).

190. The representative of the Government of the United Kingdom noted the contribution of this strategic objective's outcomes to the democratic process. He welcomed the focus put on the participation of under-represented groups such as women, youth, ethnic minorities and persons with disabilities. He noted that the sectoral dimension encouraged flexibility and cooperation and welcomed the focus on the promotion of experiences and best practices (paragraph 268). The speaker called for increased focus and measurability of indicators and requested additional information on the baselines used. He requested greater coherence and clarity regarding how indicators related to each other throughout the document.

191. The representative of the Government of the United States stressed the key importance of strengthening tripartism and the promotion of sound industrial relations within the ILO's mandate. She suggested an amendment of the wording of immediate outcome 4b.1, as follows: "Increase the capacities of employers' and workers' organizations to participate effectively in the development of social and labour policy". She questioned the work and impact of sectors within the department and questioned the possible redundancy between immediate outcomes 4c.3 and 4b.1 and requested more clarity for 4c.3. The speaker also stressed that enhancing the capacity of labour ministries was essential and in that respect supported immediate outcomes 4c.1 and 4c.2. However, she regretted that the two outcomes were too narrow and proposed that the provision of technical assistance to member States that had not yet ratified Conventions be mentioned as well.

192. In her reply, the Officer-in-Charge for the Social Dialogue Sector (Ms Walgrave) pointed out that social dialogue was not only about ratification of Conventions, but depended on national tripartite dialogue and political will. She called for the increased participation of women in all collective negotiations. She clarified that the first target under 4d.1 was set at 75 per cent, as it was anticipated that at least three (out of the four sectoral meetings) would end with agreed conclusions. Concerning export processing zones, she mentioned the current work of the Sector's task force and plans for national activities in Madagascar and Costa Rica as well as a study in China. A report on the work of the InFocus Initiative on EPZs would be provided in March 2008. Regarding the Maritime Labour Convention, she underlined the collaboration between the Standards and Sectoral Activities Departments in the preparation of guidelines to support the national processes which should lead to the ratification of the Convention. Finally, she reiterated the centrality of country programming and DWCPs for all work under Strategic Objective No. 4.

Joint immediate outcomes

193. Mr Barde, speaking on behalf of the Employers' group, expressed regret at the lack of consultation concerning the joint immediate outcomes. The Employers wished to see the results of the InFocus Initiatives (IFI) for the preceding financial period and asked why the structure had yet again been modified. As a result of the work carried out by the Subcommittee on Multinational Enterprises (MNE), the initiative on corporate social responsibility had had some success. The Employers expressed reservations concerning the joint immediate outcomes, which, it seemed to them, replicated existing activities and which did not therefore seem to have any clear added value.

194. As to the first joint immediate outcome "Coherent economic and social policies in support of decent work", many of those activities were related to the employment sector and should have been listed under intermediate outcome 2a. The Employers' group did not support it. Turning to the second joint immediate outcome "Integrated policies for the

informal economy", the Employers expressed disappointment at the global approach adopted by the ILO. Furthermore, the bulk of the work should come under Strategic objective No. 2 on employment. The informal economy represented millions of jobs and the ILO should assist that economy in the process of formalization by fighting against restrictions perceived as obstacles to that transition.

195. The Employers were prepared to support the other three joint immediate outcomes. With regard to labour inspections, it should also cover education and prevention. The speaker stated that the outcome addressing microfinance was a response to a request made by several governments, as well as his group, with the aim of stimulating employment throughout the world.

196. Mr Blondel, speaking on behalf of the Workers, explained that micro-enterprises had more in common with self-employed tradespeople than with enterprises, and that, although they allowed individuals to earn a decent living, they did not create employment.

197. Turning to the topic of the joint immediate outcomes, the speaker felt that they were marked by policy coordination and intervention in several technical fields. They displayed a tendency toward de-compartmentalization and were increasingly cross-cutting in nature, a trend welcomed by the Workers and fully backed by ACTRAV. The financial information provided referred only to the regular budget and other proposals would need to be prepared in order for extra-budgetary resources to be mobilized.

198. The Workers' group supported the actions concerning coherent economic and social policies in support of decent work, integrated policies for the informal economy, strengthening labour inspection and advancing gender equality in the world of work. On the last point, the speaker requested that effective policy actions be implemented. He also supported coordination with actions carried out by trade union organizations.

199. Finally, microfinance should not feature as a joint immediate outcome of the Organization.

200. The representative of the Government of South Africa, speaking on behalf of the Africa group, reaffirmed that the strongest impact of the Decent Work Agenda could be realized only when policies and programmes were mutually reinforcing. The Africa group supported the joint immediate outcomes which would be pursued through coordinated work across the Office. The Africa group welcomed assistance to ministries of labour and employers' and workers' organizations in supporting the self-employed, micro- and small enterprises and other workers in the informal economy. The speaker expressed appreciation for initiatives to promote the adoption of modern inspection practices and to integrate labour inspection more effectively with other programmes.

201. The representative of the Government of Spain thanked the Office for proposing a joint immediate outcome to strengthen labour inspection. He commended the direction taken by the Office in this respect and in designating Sectors 3 and 4 to take the lead in collaboration with Sectors 1 and 2 and the regional programmes.

202. The representative of the Government of France supported the establishment of joint immediate outcomes. He appreciated the notion of coordination between different sectors which, in future, could be done on a broader basis across the whole Office to break down organizational barriers. He raised the question of the budgetary allocation of individual units to support the joint outcomes. He also raised the question of the need for the Office to coordinate activities with other institutions.

203. The representative of the Government of the United States supported the joint immediate outcomes. She fully supported the focus on prevention and the integration of labour

inspection more effectively within a wide range of other relevant ILO programmes. She referred to the recommendation of the Committee on Employment and Social Policy (November 2006) to the Governing Body to invite the Office to develop and evaluate an implementation strategy for the modernization and reintegration of labour inspection. She also encouraged the Office to ensure that the evaluation of all joint immediate outcomes took place. With regard to the tripartite audit of labour inspection systems, emphasis should be placed on the expertise of team members in that area. On advancing gender equality, she appreciated the breaking down of barriers, both internally and with other organizations. She also supported the joint immediate outcome on the informal economy, but wondered if there was any baseline information and lessons learned from the InFocus initiative, including projected costs based on past activities. She also suggested that the microfinance indicator be tied to an ILO role. She recommended that the Office include research on the effect of microfinance on child labour in the future research programme.

204. The representative of the Government of the Netherlands appreciated the effort to create synergy and cross-fertilization between sectors and departments in the ILO. He supported the joint immediate outcomes, in particular the integrated policies for the informal economy, gender and microfinance. However, he encouraged the Office to address any duplication and redundancy that might occur in future and to clear up the mixed responsibilities in the next version of proposals. He believed that one sector should bear the final responsibility.

205. The representative of the Director-General (Mr Thurman) recalled that all joint immediate outcomes covered topics that had received wide support during recent discussion of the PFA and ESP committees as well as the ILC. Their added value, in particular through collaboration across the Office, was well acknowledged. All sectors and regions had made resource commitments. The Director-General emphasized that management of the joint outcomes should ensure accountability for deliverables. The report on programme implementation for 2006–07 would provide information on performance for all InFocus initiatives.

206. Mr Barde, speaking on behalf of the Employers' group, said that many countries did not possess a labour inspection system, relying instead on joint committees.

Institutional capacities; governance, support and management

207. The Chairperson opened the debate on institutional capacities, governance, support and management (paragraphs 292–336).

208. Mr Barde, speaking on behalf of the Employers' group, wished to know whether the number of officials due to retire would always be so high and whether provision had been made for a programme to replace them. His concern was that knowledge should be retained and disseminated within the Office. The speaker also expressed misgivings at the excessive use of external collaboration contracts, and wanted to see a greater number of officials possessing experience in the private sector, to be recruited so that activities could more accurately reflect the reality within enterprises. As to governance, support and management, the speaker felt that the results were not sufficiently clear and wished to be provided with an explanation concerning indicator 1.2 , as well as indicator 1.7, which, according to him should always stand at 100 per cent because it concerned an obligation. With regard to IRIS, he would like the Office to assure him that the resources set aside would be sufficient to cover deployment of IRIS in the regions, the updating of the software, training activities and the adaptation of IRIS to the reform of the UN. As for the ongoing reform of the Governing Body and the ILC, he hoped that the process would give

rise to modern and effective decision-making bodies, as well as to savings. The speaker concluded by again requesting that reforms be undertaken regarding the regional meetings.

209. Mr Blondel, speaking on behalf of the Workers' group, associated himself with the contents of paragraph 293, which described the role of the ILO within the framework of inter-institutional partnerships, and welcomed the new mission to assist the social partners in becoming direct participants throughout the UN system, both at the national and international level. Regarding the public–private partnerships referred to in paragraph 296, he recalled that such partnerships could only be concluded if they respected the mandate, objectives and standards of the ILO and if they allowed for the participation of the social partners. From a practical point of view, ACTRAV and, in all likelihood, ACT/EMP would need to be fully involved in those processes. The Workers supported the ILO's communication strategy for decent work but remained convinced that the service could be improved, in particular with regard to the choice of subjects and participants. In that regard, they invited the Department of Communication (DCOMM) to participate actively in the social dialogue with ACTRAV and the social partners at the national and international level. The Workers favoured granting the Turin Centre a more important role in strengthening the capacity of the constituents and the qualifications of ILO staff. To that end, the Centre should be provided with the appropriate resources. Turning to the way ACTRAV operated, the Workers requested the Office devote its attention to ACTRAV's staff and means of action. The Workers had noted the cuts in the resources made available to the Policy Integration Department, the internal integration of the Organization being carried out by the Director-General. In any case, the Workers hoped that the ILO would not dissolve into the "One UN" but would continue to offer its own vision. The role of the Organization was to encourage the other organizations to promote all aspects of decent work. The Workers expressed satisfaction at the work carried out in Nepal and Viet Nam. In conclusion, the speaker referred to the issue of statistics, urging that research be carried out in the fields of the remuneration of work, employment and working hours.

210. The representative of the Government of South Africa, speaking on behalf of the Africa group, supported stronger partnerships within the UN system and regional organizations in the context of moving towards the "One UN", and suggested that such partnerships could be better achieved through the strengthened capacity of the constituents, in collaboration with the Turin Centre. He also supported better coordination of the ILO research strategy, as well as the introduction of a systematic peer review mechanism. He took the opportunity to thank all ILO staff for their work. He stressed the importance of efficient and effective management by the Office of its resources as well as oversight by constituents. The speaker supported the three outcomes in the section on governance, support and management.

211. The representative of the Government of the Netherlands welcomed the section on institutional capacities. In particular, he appreciated the ILO's ambition to fully engage in the "One UN" process, which could lead to a better integration of the Decent Work Agenda into the UN system and a reinforced normative and advisory role for the ILO with its tripartite characteristics. He recognized that the ILO needed the capacity to participate in the UN reform processes, and thus supported the proposed allocation of $2.5 million, while requesting more information on planned activities under that budget. He also supported the concept of public–private partnerships, while noting the need for clear terms of reference. Furthermore, he supported the strategies for communication, capacity building of constituents, and knowledge. On knowledge, however, he requested that the Office explain why its intention to develop a knowledge-sharing strategy had disappeared from the proposals. Regarding the section on governance, support and management, he welcomed the proposals, strategies and outcome, but queried the lack of baselines. He requested that the outcomes and targets be fully integrated into the milestones and targets of the RBM strategy to ensure a coherent approach to results-based management.

212. The representative of the Government of the United Kingdom endorsed the statement made by the representative of the Government of the Netherlands, with particular reference to ILO participation in the "One UN" pilots. He welcomed the section on governance, support and management; particularly the message regarding Office and constituent responsibilities. He expressed strong support for the establishment of an ILO audit committee as recommended by the External Auditor. He acknowledged the relationship between the "Governance" section of the programme and budget and the efficiency savings identified in the document, and noted that they represented only a very small proportion of the total budget. The speaker asked why the renovation of the headquarters building was not mentioned in this section. He requested clarification on indicators 1.1 and 1.2 and requested information on the overall position of DWCPs in each region showing spending plans and indicators. He commented that the targets of indicators 2.2, 2.3 and 3.1 seemed too low. The representative looked forward to further developments on the measurement of the quality dimension of various services provided by the Office. He welcomed the Office's commitment to review the number, duration and running of ILO meetings for greater efficiency and hoped that it would include the ILC. He urged the Director-General to continue to give priority to internal reform through results-based management.

213. The representative of the Government of Spain, commenting on the communication strategy, requested that the Office be more aggressive in advertising decent work and suggested that the use of sports events, such as football matches, be considered. He cited UNICEF's approach as an example.

214. The representative of the Government of Nigeria supported the statement made on behalf of the Africa group. While she recognized the ILO's commitment and its work within the multilateral system, she nevertheless requested that the Office be prudent in its collaboration with other institutions, in particular the Bretton Woods institutions. In Nigeria, the reforms carried out by those institutions had been devastating, especially to workers. She recognized the importance of a communication strategy, and requested that the ILO to intensify its strategy to explain the role of decent work in a fair globalization and poverty reduction. The speaker explained that there was not enough understanding of the relationship between employment and poverty reduction strategies among people working with MDGs. She also supported the ILO's work in capacity building of constituents through the Turin Centre. While she agreed with the need for strengthening internal statistical capacities, she requested that member States' statistical capacities also be strengthened. With respect to governance, support and management, she encouraged the Office to continue its work on behalf of the constituents.

215. The Executive Director for Management and Administration (Ms O'Donovan) stated that several of the issues and questions raised, such as UN reform and public–private partnerships, were either discussed earlier or would be the subjects of discussion within other Governing Body committees or at the Governing Body session. She acknowledged the crucial role of the constituents in the ILO's communication strategy and called for their strong involvement in the field. She also noted the importance of the ILO's action in the capacity building of the constituents through the Turin Centre.

216. On questions regarding governance, support and management, she explained that strategies on human resources, IT and RBM had their own specific indicators and targets and reporting processes. However, the Office recognized the need to bring them together into a more coherent resource-based framework. With respect to indicators and targets, she acknowledged the need to refine them further. The target on performance appraisals was low owing to the implementation of the new system. On the use of IRIS-generated reports by managers, the Office was working on a single access point for managers which would encourage much greater use of the system as a management tool. Finally, concerning the

reform of meetings, including the ILC, she noted that new arrangements were being introduced on a trial basis in June 2007 and that pending an assessment of these, no conclusions could be drawn on potential savings.

217. The representative of the Government of the United States supported the statements made by the representatives of the Governments of the Netherlands and the United Kingdom and expressed her strong support to the ILO in its involvement in UN reform. She believed that both the ILO and its constituents and the UN could benefit from such involvement. However, she requested information on the use of the proposed $2.5 million. Regarding the targets and indicators, she noted that without clear definitions and timelines, it was not possible to verify the achievement of the targets. Referring to indicator 2.4 on internal audit findings, she wondered what the basis was for determining whether a finding was a high priority. She also noted that there were no indicators and targets set for the full implementation of IPSAS or the renovation of headquarters. The speaker requested details on the staffing levels of the Director-General's office and for the proposed increase for the office of the Executive Director for Management and Administration. She requested information on the proposed budget for the Relations, Meetings and Document services. With respect to the savings issues, she welcomed the fact that the Office had reduced staff travel costs. However, she invited the Office to find further savings in this area, by requiring that all travel paid for by the Office be in economy class, except in limited extenuating circumstances. She also supported the SHIF Management Committee's consideration on the introduction of employee contributions for dependants' health care. Finally, she seconded the United Kingdom's comment on the need for the proposals to account for savings realized as a result of unfilled positions.

218. Mr Blondel, speaking on behalf of the Workers' group, thanked Ms O'Donovan for her clear answers to his questions. He then responded to the proposal by the representative of the Government of the United States to bring the practice of buying air tickets into line with that used in the US administration, observing that, in this area, there was no one model that could be applied to every situation. In regard to the question of communication, he specified that, while modern media such as the Internet had their place, traditional media such as, for instance, local radio stations should not be neglected either, as these enabled much closer contact with fellow citizens.

219. The representative of the Government of Spain once again stressed the importance of a sound communication strategy to promote the ILO, and requested that consideration be given to the use of marketing tools such as advertising.

220. Mr Barde, speaking on behalf of the Employers' group, explained that the concepts on which the Organization's work focused were not always immediately understandable to the public at large, and recalled that the Organization dealt primarily with governments. If the aim was to enter the arena of publicity and marketing, he believed that sport – and particularly football – was not always a good publicity medium for decent work.

221. The Executive Director for Management and Administration (Ms O'Donovan) clarified that the criteria for determining which recommendations were high priority in internal audits were set by the Chief of Internal Audit. Responding to the question on the renovation of the headquarters building, she explained that no reference had been made to that in the proposals as it was the subject of a separate discussion at the Building Subcommittee. To conclude, the speaker referred to the paper presented to the November 2006 Governing Body on the implementation of IPSAS, which contained targets, and to the fact that although not specifically reflected in the proposals, these were part of outcome No. 1 on improved utilization of ILO human, financial, physical and technological resources.

222. The Director-General thanked everyone for the rich discussion and valuable comments. In response to the questions raised by many members for additional information on the budget proposals, he mentioned that the budget presented was a strategic one, as compared to the administrative one in the past, which had contained much more detail. He stated that the idea behind moving to the strategic budget was to be more focused and apply principles of results-based management, and that detailed information was left for the implementation reports. On the issue of developing baselines for each outcome, he acknowledged that it was a legitimate concern. He suggested having a detailed discussion on baselines, implementation reporting and related issues in the next Governing Body session in November. On the questions raised about the proposed RBSA, he referred to the document prepared by the Office on frequently asked questions. He suggested that members review it and consult his staff for further clarifications. In response to the clarifications requested by many members about the purpose of the specific budget for the UN reform, he explained the importance of these resources to ensure active participation of the ILO in UN reform. Those resources were budgeted for training the resident coordinators and others about the Decent Work Agenda and the unique tripartite nature of the ILO. They would also contribute towards inter-agency coordination and transaction costs at the country level where the ILO did not have an office. He pointed out the difficulty in detailed planning for the UN reform, given its initial stage and fluid state. On the suggestion for improving the communications strategy, he referred to the "Red card against child labour" event as an innovative example of promoting ILO values through sports. He concluded by stressing that the ILO received global support because it was able to connect to both people and politics and that the level of the ILO's budget was disproportionately low compared to the enormous challenges it faces.

223. The Chairperson closed the discussion on the programme and budget proposals and recalled that the Director-General would provide his detailed response on Thursday.

224. The Committee reconvened on 22 March. It had before it the document on the Director-General's proposals for 2008–09, comprising a revised point for decision (paragraph 5), and two appendices, the first presenting adjustments to the operational budget and the second showing the provisional programme level resulting from the proposed adjustments. These adjustments were introduced by the Director-General. His statement is reproduced in Appendix II.

225. Mr Barde, speaking on behalf of the Employers' group, said that the Employers were willing to support the point for decision on condition that decisions concerning the allocation of funds from the RBSA would be the responsibility of the Governing Body and that more detailed information would be provided at the Governing Body's June session on increasing the proportion of the budget dedicated to the building, which the Employers believed was insufficient. Lastly, the Employers recalled that discussions and consultations should be held during the November session on strategic programming and on workplans.

226. Mr Blondel, speaking on behalf of the Workers' group, said that the Workers were disappointed by the lack of enthusiasm that the budget had generated and by the weak tone of the Director-General's statement – even though the Director-General deserved to be congratulated for taking into account all the observations that had been made. The Workers were somewhat concerned regarding the RBSA, and wondered whether that new system would work and where the necessary funding would be found. In particular, they feared that the ILO might lose its universal relevance – to the benefit of voluntary contributors who would have us believe that the ILO was aligning itself with some form of social model. Like the Employers, the Workers wanted the supplementary account to be examined at the next session of the Governing Body and hoped for a detailed debate on the budget proposed by the Director-General.

227. Now that the larger contributors had been granted their wish, the ILO budget was still a zero-growth budget (contrary to the wishes of the Workers), so they might at least be more willing to pay their contributions on time. Another cause of disappointment for the Workers was that some of the savings made had been to the detriment of the staff, through post regrading and reduced health insurance. In addition, the Workers rejected the presumption that it was their job to defend labour standards while the Employers defended employment. Standards were just as much a means of promoting growth and development as any other, and applying them led to the creation of jobs.

228. Mr Blondel reaffirmed the importance of tripartism. He regretted that the document, which had been drawn up with the aim of raising awareness among other international institutions in the context of the cooperative work which the ILO wished to undertake with them, failed to place due emphasis on tripartism, social dialogue, collective bargaining and freedom of association. Tripartism had to run right through all the workings of the Office, and its various departments and services needed to work together with ACTRAV and ACT/EMP on every issue. In the field, too, it was vital that trade union organizations and employers' organizations be more closely involved with all the Organization's activities.

229. Lastly, the Workers were very uneasy about UN reform. That was partly because of its potential effects on tripartism, but also because the largest contributors could cause problems for the ILO if they so wished. Mr Blondel asked them not to forget their responsibilities. The Workers had warned that certain extra-budgetary contributions were being made in such a way as to distort the mission of the Organization. They supported the point for decision, but requested that their observations be taken into account. The Worker spokesperson appealed specifically to governments to support the budget, and hoped that all parties would honour their commitments. The 2008–09 budget was an interim budget, and the Workers predicted that future budgets would have to deal with some exceptionally heavy expenditures.

230. The representative of the Government of South Africa, speaking on behalf of the Africa group, thanked the Director-General for his reply to the PFAC debate of the previous week. He appreciated the balancing act required by the Office to accommodate the different interests of constituents. He supported the proposed adjustments and the point for decision in paragraph 5.

231. The representative of the Government of Spain appreciated the Director-General's efforts to adjust the budget to meet the requirements discussed at the PFAC. He was satisfied with the proposed adjustments. He recognized that the challenges and demands faced required resources and that member States should be cognizant of this and face up to their own responsibilities. He added that in the programme and budget debate, the Spanish Government had not been sparing with criticism where it considered it to be necessary, nor with praise when it was merited. In both cases, it had been guided by the same objective: to pursue the strengthening of the ILO. Finally, he thanked the Director-General for his reference to Spain in the presentation of the budget.

232. The representative of the Government of Brazil welcomed the Director-General's explanation and the budgetary adjustments made to reflect the Office's objectives and priorities. He expressed support for the RBSA on the basis of its contribution to global and regional goals. He supported the Programme and Budget proposals for 2008–09.

233. The representative of the Government of Argentina welcomed the adjustments made to the budget, which gave continuity to the strategic objectives. He appreciated the efforts made by the Director-General in considering the needs of the region in relation to technical cooperation. The RBSA was an innovative proposal based on tripartite consensus around

the strategic objectives and responded to the needs emerging from global, regional and national priorities. The speaker reaffirmed his Government's commitment to the ILO.

234. The representative of the Government of the Netherlands welcomed the Director-General's plan to make improvements to the programming cycle, baselines, indicators and targets and the knowledge sharing strategy. He also welcomed the budget allocation of $2.5 million to strengthen ILO involvement in UN reform and strengthening the relationship with the Turin Centre. He was pleased that the discussion focused more on the content than the financial implications. However, he expressed concerns about the financing of the renovation of the headquarters building and about the RBSA. He did not consider the RBSA to be an ideal option to address real needs, noting that it could have a negative effect on the balance between the regular budget and extra-budgetary resources. His Government would have preferred to increase the regular budget instead of creating alternative channels of funding. He did not object to the creation of such an account, but he emphasized that his Government could not commit funding at this stage. He supported the point for decision and looked forward to further discussion of the proposals.

235. The representative of the Government of India thanked the Director-General for the zero real growth budget and the adjustments made. He welcomed an increased budget for the strategic objective on employment. He considered the RBSA to be a useful mechanism to foster South–South cooperation, but it required some caution. He welcomed the RBSA proposal in principle, but urged the Office to identify steps that might be required to facilitate its implementation.

236. The representative of the Government of the United Kingdom welcomed the Director-General's proposal to discuss the issue of baselines at the November session of the Governing Body, as well as his proposal on revising the targets by June. He also welcomed the ongoing commitment to rebalance the grade structure. He recalled his request to append information on the contribution of DWCPs and on ILO action on UN reform to the proposals. He looked forward to more information on DWCPs and reform as an appendix to the Report on programme implementation for 2006–07. Regarding the budget adjustments, he welcomed the reduction of $3 million. However, the overall increase was still high. He could not agree to the proposed budget level and requested greater efficiency savings. He also did not support the inclusion of the RBSA proposal in the 2008–09 programme and budget proposals.

237. The representative of the Government of Germany thanked the Office for the document. She would have wanted to see additional savings and cuts. However, she noted with satisfaction that suggestions for savings, as discussed during the PFAC, had been taken into account. She supported the proposals.

238. The representative of the Government of Australia expressed his disappointment at the level of the budget proposed and considered that further reductions could be achieved through priority setting in ILO programmes. At a time of fiscal restraint in national budgets, a nominal increase in the ILO budget of the magnitude suggested was considered difficult to justify. He added that the level of cost increases remained higher than anticipated, and he therefore could not support the proposal.

239. The representative of the Government of Chile welcomed the fact that the Office had increased the budget for action on the extension of social protection to the informal economy and for the development of women's entrepreneurship. She supported the RBSA. She expressed her satisfaction with the adjusted budget and supported the point for decision.

240. The representative of the Government of China thanked the Director-General for the proposals, which were acceptable. She requested that more efforts be made to generate savings, in particular through adjusting the duration and frequency of meetings. She supported the point for decision.

241. The representative of the Government of the Republic of Korea called for the Office to maintain its efforts in carrying out strict financial management. She requested further savings and mentioned, in particular, the proposed cost increase rate. She was prepared to support the proposals, but wanted the Office to ensure that resources would be used efficiently and effectively.

242. The representative of the Government of Cuba welcomed the adjustments submitted by the Director-General and welcomed the increase in the regional budget. She supported the point for decision.

243. The representative of the Government of the United States stated that further efficiencies and savings could have been identified while preserving the Organization's core activities. The reduction proposed amounted to only one-half of 1 per cent, whereas her Government had made efforts to find a reasonable compromise despite its policy of zero nominal growth for all the UN organizations. Her Government could not support the proposed increased level of the budget.

244. The representative of the Government of El Salvador, speaking on behalf of his Government and the Government of Honduras, expressed their support for the point for decision. He recognized the financial difficulty faced by the Office and hoped that the proposed adjustments would not have repercussions on services to constituents.

245. The representative of the Government of Mexico took note of the budget adjustments and thanked the Office for its efforts. However, there were no major reductions in resources and he noted that more savings and cuts could still be realized. He called for greater discipline regarding expenditures. He could not support the proposals as submitted and requested additional information. He was prepared to continue consultations with the Office in preparation for the ILC in June.

246. The representative of the Government of Pakistan thanked the Director-General and noted his appreciation for the adjustments made and the increased focus on regional programmes. He invited the ILO to develop innovative programmes based on South–South cooperation. The speaker supported the RBSA mechanism in principle, but requested additional details on operational modalities. Regarding the budget level, he supported the point for decision.

247. The representative of the Government of the Philippines thanked the Office for the efforts made towards cost savings and increasing efficiencies and did not believe that it should go further in that direction. She viewed the RBSA as a flexible option to meet increasing demands based on the voluntary contributions of member States.

248. The representative of the Government of Canada appreciated the efforts made by the Office to respond to IMEC's concerns in the area of improving indicators and baselines. However, the overall proposed budget level was still beyond zero nominal growth, which was the Canadian Government's standard for all UN organizations and agencies. He indicated that there had not been sufficient reduction of the total to allow his Government to agree with the proposed programme and budget.

249. The representative of the Government of France welcomed the tone of the discussions and the care taken to refer to the programme and the priorities when working to achieve the desired results in terms of the budget. He thanked the Director-General for the revised

document that had been submitted, and for the efforts made to achieve greater efficiency, which he considered to be overall a sound response. He welcomed the proposals to hold discussions on baselines, the programming cycle and workplans in the near future, with a view to identifying the Organization's strategic resources. He noted the successful efforts that had been made in terms of rebalancing, as well as the strengthening of important sectors, such as the informal economy and women's entrepreneurship. Referring to his previous interventions, he confirmed that his Government lent its support to the efforts made and was confident that all the necessary steps would be taken in the future with regard to budgetary control. He regretted that the document did not provide sufficient visibility with regard to adjustments in the area of human resources in the medium term; such adjustments would undoubtedly enable savings to be made, as had been mentioned by several other delegations. In conclusion, despite the budgetary constraints and taking into account the Organization's priorities, he indicated his support for the revised budget proposals.

250. The representative of the Government of Finland expressed his support for the point for decision.

251. The Chairperson thanked all delegates for their comments, stressing the collaborative spirit that had prevailed during the discussions. He noted that the majority of the statements made were in support of the point for decision. He noted that a decision was required on paragraph 5.

252. The representative of the Government of the United States reiterated her Government's reservations and objections and requested that they be put on record. She referred to the adoption of the previous programme and budget when the following text had been added to the introduction to the point for decision: "Subject to the positions taken and the opposition expressed during the course of the discussion, as noted in the report, the Committee recommends to the Governing Body ….". She suggested that this could be done again to better reflect the discussion.

253. Mr Blondel, speaking on behalf of the Workers' group, suggested that, while it would be perfectly legitimate to include the statement made by the representative of the Government of the United States in the record, it was out of the question to include her reservation in the point for decision, unless that were also done with the statements of all the countries that had indicated their support.

254. Mr Barde, speaking on behalf of the Employers' group, asked whether a precedent existed and what solution had been found.

255. The Chairperson indicated that rules for the submission of amendments had to be followed. He noted that the majority had agreed on the point for decision (paragraph 5). While noting the comments and objections made, including those by the representatives of the Governments of Australia, Canada, Mexico, United Kingdom and the United States, the Chairperson declared that the point for decision as proposed in the document was approved.

256. ***The Committee proposes to the Governing Body –***

(a) that it recommend to the ILC at its 96th Session (June 2007) a provisional programmes level of $635,189,873 estimated at the 2006–07 budget exchange rate of 1.25 Swiss francs to the US dollar, the final exchange rate and the corresponding US dollar level of the budget and Swiss franc assessment to be determined by the Conference;

(b) that it propose to the Conference at the same session a resolution for the adoption of the programme and budget for the 71st financial period (2008–09) and for the allocation of expenses among member States in that period in the following terms:

The General Conference of the International Labour Organization, in virtue of the Financial Regulations, passes for the 71st financial period, ending 31 December 2009, the budget of expenditure for the International Labour Organization amounting to $ ... and the budget of income amounting to $ ..., which, at the budget rate of exchange of Swiss francs … to the US dollar amount to Swiss francs … and resolves that the budget of income, denominated in Swiss francs, shall be allocated among member States in accordance with the scale of contributions recommended by the Finance Committee of Government Representatives.

Geneva, 26 March 2007.

Point for decision: Paragraph 256.

Appendix I

Remarks of Director-General Juan Somavia
Programme, Financial and Administrative Committee
298th Session of the Governing Body

Geneva

12 March 2007

Honourable Minister of Labour of the Republic of South Africa and
President of the ILO Governing Body,
Spokespersons of the Employers' and Workers' groups,

Distinguished delegates, dear friends,

This week and next your deliberations will centre on the programme and budget of the ILO.

I will first give a brief overview of the context that shaped the priorities of the programme and budget proposals before you.

I will go on to highlight the main substantive features of my proposals; report on progress in our continuing agenda to renew and revitalize the working methods of the Organization.

I will explain the rationale for the budget proposal; and conclude with a few remarks on collaboration with the UN and its reform.

I. Context: A window of opportunity

The ILO is facing a unique window of opportunity.

The world is looking for paths to reconcile economic, social and environmental development on a sustainable basis. Sustainable development calls for reviewing national and international policies, institutions and operational frameworks.

There is a quest for a fair and equitable globalization that can spread its benefits more widely among countries, enterprises and workers.

The Decent Work Agenda is part of both these processes.

In a vast majority of countries, data concur that, in spite of relatively robust economic growth, progress is insufficient on productive employment and the social dimension of development in the context of globalization.

Everywhere people expect economic growth to deliver more and better jobs.

This widespread democratic demand is driving a strong convergence between people and country priorities and the ILO agenda.

There is today a broad and solid political consensus that full and productive employment and decent work for all is essential to national and international development strategies.

Reflecting this national reality, our tripartite constituents turn to us for increased cooperation and support to implement the four strategic objectives.

I believe that we have – as an institution – a shared responsibility to respond each day better to these growing expectations.

Our central task is to enhance the capacity of constituents, in countries and regions, to move forward a balanced strategy for decent work, reflecting their priorities.

This is the sense of my proposals. The constituents' priorities are our priorities. This is the essence of Decent Work Country Programmes.

Preparing our institution to deliver its mandate in a changing world is a matter of constant concern. Two moments – one past and one future – illustrate how the ILO is addressing this responsibility.

In February 2006, the Maritime Labour Convention was unanimously adopted. You demonstrated the pertinence of ILO standard-setting in a very globalized sector. You showed the strength of social dialogue and the relevance of tripartism.

Next June – at the International Labour Conference – we will address the future: the item on "Strengthening the ILO's capacity to assist its Members' efforts to reach its objectives in the context of globalization". A rather long title to say a simple thing – we want to deepen and expand our capacity to serve our constituents.

We are not standing still. We are looking at ways to better our governance and methods of work.

II. Programme and budget

This brings us to our programme and budget.

In response to your suggestions, the presentation and format of the programme and budget have been revised. Our aim is clarity and transparency on our strategy.

The programme proposals build on the solid consensus around the four strategic objectives and their balanced implementation in response to regional and national priorities.

As in previous budgets, I propose more resources for the regions to support Decent Work Country Programmes. The largest increase is for Africa.

Additional resources are proposed for statistical data to support the Decent Work Agenda in countries and regions.

As you requested, more resources are allocated for internal audit and for in-depth evaluation of ILO programmes.

Under Part IV there are provisions to meet security requirements as well as to upgrade information technology. I propose resources for the Building and Accommodation Fund for the renovation of buildings.

A new budget line is introduced to facilitate the ILO's participation in UN reform and inter-agency cooperation. I will address this later on.

These additional expenditures are financed out of savings from future efficiency gains, rationalizing the assignment of headquarters General Service staff, planned reductions in documentation and meetings, cuts in administrative expenditure, and overall discipline in the use of resources.

(a) Progress on results-based management

A dedicated effort has been made to clarify the strategic framework. Within each strategic objective there is a sharper focus on the essential elements of the Decent Work Agenda. Quite logically you wish to know more about their impact on the ground and the results they are contributing to achieving.

The formulation of outcomes, indicators and targets has been made more precise. Immediate outcomes reflect our mandate and respond to the guidance provided by the Governing Body and the Conference as well as to the demand for services by constituents.

Work on the measurement of indicators is continuing in order to report on progress in an increasingly precise way, consistent with our commitment to results-based management.

Decent Work Country Programmes contribute to the programme and budget in three distinct stages:

(a) In the preparation of proposals, indicators, targets and strategic resources to a *large extent* build on outcomes proposed in country programmes.

(b) During implementation, resources will be assigned to Decent Work Country Programmes' outcomes in line with the strategic budget approved by the Governing Body and Conference and through extra-budgetary resources.

(c) In reporting, the Office will describe the outcomes achieved in countries and will report the resources used to achieve targets under each of the 34 immediate outcomes.

To foster continued horizontal collaboration, five joint outcomes are proposed with resources from technical sectors and regions. These are: coherent economic and social policies; integrated policies for the informal economy; strengthening labour inspection; advancing gender equality; microfinance.

There is information on the total financial contributions to the ILO: the regular budget, the estimated extra-budgetary contributions and our prudent aspirations for the new Regular Budget Supplementary Account.

There is greater integration of extra-budgetary resources into the strategic framework of the regular budget. In this respect, we are grateful for the technical cooperation contributions made available by donors to implement programmes in line with the priorities of the Governing Body.

I wish to point out that the programme and budget has entirely been prepared through IRIS.

With the intent of sharing information and knowledge, we have created a dedicated page on the ILO's public web site on Decent Work Country Programmes. Here, you will find information by country and other useful reference materials.

Most recently and further to the Global Management Team meeting held in October, we have established technical groups chaired by Regional Directors to support Decent Work Country Programmes and apply a quality assurance mechanism.

In addition, at the Conference next June, as we have done last year, there will be a briefing session for delegates providing up to date information on what is happening in country programmes in each of the regions.

Finally, all our interventions are guided by a set of common principles: a fair globalization, working out of poverty, gender equality, international labour standards, and social dialogue and tripartism.

(b) Continuing the agenda for ILO renewal

In continuation of my commitment to a reform agenda begun in 1999, this programme and budget supports further progress on the ten points for renewing and revitalizing the ILO presented to you in March 2006.

Your Sectoral and Technical Committee is to consider reorganizing ILO's sectoral work into eight main clusters to better reflect ongoing restructuring of industries and services. I believe this renewal of our sectoral activities will permit, throughout the Office, a sharper eye for the sectoral dimension of the four strategic objectives.

I hope that discussions on the reorganization of the International Labour Conference will yield agreements that can be acted upon already this year.

We have started on an external review of ILO research and of ILO statistical indicators. In parallel, steps are being taken to arrive at a coordinated and focused knowledge and research strategy.

This is in line with the results-based management strategy paper of last November which will be fully implemented in 2008–09.

We have introduced new ethical standards. By 28 February 2007, all ILO officials had signed disclosure of interests forms. A financial disclosure requirement for all senior officials and those in sensitive positions, such as in Procurement, will be introduced on 1 April 2007.

We have strengthened our accountability systems.

The proposal before you to appoint a new external auditor for a four-year period has been preceded by a comprehensive and transparent selection procedure.

A similar open and transparent selection procedure led to my recommendation for the position of internal auditor, which will be before the Governing Body.

You are to consider the establishment of an independent oversight committee with the purpose of guiding your decisions and providing you with independent expert advice on financial, audit and oversight matters.

(c) ILO regular budget

If we are serious about the ILO fully developing its potential to service constituents, together with enhancing our efficiency and effectiveness, we need to significantly increase

the resources of the regular budget. As you know, this has been and continues to be what I believe is best for the institution, given the relevance of our agenda for countries.

Zero budget growth as a permanent policy, however much constituents may appreciate the value of our services, is not a good management tool. Last November, I looked for ways to build a consensus on a higher level of resources that our Organization needs.

At that time, some of you indicated that you supported a real increase in the ILO regular budget. At the same time, several government representatives, from developing and developed countries, informed that, although agreeing on the principle, binding fiscal constraints prevented them from supporting this option now.

This difficulty in no way diminished your shared attachment to the ILO and your agreement with the overall priorities of the ILO programme.

In the light of this situation, I concluded that, for this time, there would be no consensus on an increase in the ILO regular budget.

As a result, I decided to submit, for 2008–09, a regular budget at the same level, in real terms, as for the current biennium.

This should not, in my view, preclude agreement in the future on a significant increase in the regular budget. I want to invite the Governing Body to put this issue on its agenda in order to have a serious discussion outside of the budget approval process.

I believe that financing the renovation of the headquarters building requires a balanced and practical approach. You will shortly receive the report of your Building Subcommittee. Within the zero-growth budget proposed to you, the options to finance the large investment required are limited. I am looking for your guidance on this important matter.

(d) A new Regular Budget Supplementary Account

Faced with this difficulty on the regular budget, I called for a different approach to overcome this situation.

Based on preliminary ideas, we began consultations within weeks of the end of the November 2006 Governing Body. We have progressively adapted our original ideas to accommodate your concerns and reflect your many useful suggestions.

On an exploratory and prudent basis, I am proposing to you a new mechanism in the form of a voluntary Regular Budget Supplementary Account. We will take into account the experience of other international organizations.

This proposal has to my mind several qualities.

It would provide countries with the option of voluntarily contributing above their regular assessed contribution to priorities identified by the Governing Body.

It would provide additional voluntary contributions within the regular budget and its monitoring and accountability process. This would strengthen the oversight of the Governing Body on the allocation of resources and in reviewing their use.

The resources made available would be directed primarily at technical support to constituents in the regions through Decent Work Country Programmes. The contributions would be earmarked to a region or a strategic objective, and any combinations of these.

I have highlighted the opportunity this offers for strengthened South-South cooperation. As we know, making available experiences among developing countries is sometimes the best policy advice.

Donors would be nominally and publicly acknowledged. There would be reduced transaction costs by reporting within the normal programme and budget cycle before the Governing Body and the International Labour Conference.

I should like to here publicly acknowledge that the Government of Spain has contributed 3 million euros in 2006 to the ILO. This exceptional and voluntary contribution will be handled along the lines of the future supplementary account.

The proposed mechanism is straightforward.

With energetic resource mobilization, in an environment of increasing voluntary commitment to more resources for international development cooperation, I believe we should be able to move beyond the limits of the regular budget to implement ILO programmes.

III. The ILO and a changing United Nations

The relationship between the UN and the ILO has seen a qualitative change since the introduction of the Decent Work Agenda. This flows directly from the high-level pronouncements of the United Nations General Assembly and its Economic and Social Council embracing the Decent Work Agenda.

ECOSOC has called on United Nations funds, programmes and agencies and financial institutions to mainstream the goals of full and productive employment and decent work for all.

As the Governing Body will separately address matters of UN reform, let me mention only a few points here. In addition, my address to the Executive Board of the UNDP in January is available in this room.

I believe that movement towards a “One UN” is possible by drawing on the rich diversity and comparative advantages of agencies, programmes and funds. This calls for respecting the identity and characteristics of each.

For the ILO this means, in particular, appreciating the value that our tripartite and standard-setting identity, together with our policy development experience brings to the UN system as a whole. This, as well as respecting our governance structure.

In this framework, I am a strong proponent of strengthened collaboration among UN agencies.

UN reform is reform of the entire multilateral system, including the Bretton-Woods institutions and the development cooperation community.

This needs a practical, step-by-step, approach.

In the eight pilot countries, selected for an experimental application of the "One UN", we are focusing on the ILO contribution, with our tripartite identity, to the common UN country programmes. A brief description of the current state of our activities in the pilot countries will shortly be made available in this room.

I propose a specific allocation in the budget to facilitate ILO participation in UN reform and in inter-agency collaboration. This is meant to strengthen technical support for inter-agency cooperation and ILO contributions to UN reform efforts. It will also facilitate our participation in countries in which we do not have a local presence.

The tripartite constituency should be regularly informed of progress made in the pilot countries through national and subregional exchanges.

As a practical step forward, with the UNDP Administrator Kemal Dervis, I have signed a joint letter on 9 February 2007 addressed to all United Nations Resident Coordinators, UNDP Country Directors and ILO external office Directors, requesting their support to mainstream the Decent Work Agenda into UN country programmes and national development strategies.

To move forward, the UNDP and the ILO are organizing an executive workshop in April 2007 in Turin for a group of UN Resident Coordinators and ILO country Directors to become familiar respectively, with the Decent Work Agenda and the ILO tripartite identity, and with UNDP business practices.

Concluding words

Dear friends,

International and national agendas are converging with the ILO Decent Work Agenda. More countries are interested in a decent work strategy. We are facing many new requests for additional support.

My programme and budget proposals provide a realistic and measured response.

The proposals are centred on the four strategic objectives and building the capacity of constituents.

Decent Work Country Programmes are the tool to put concrete motion to our strategic approach.

To pursue this, constituents need your support, including for additional resources.

Dear friends,

This discussion is about programme priorities, available resources, effectiveness and efficiency.

But it also about hope.

It is about our capacity to connect with the hope that the ILO's Decent Work Agenda brings to people – to individuals, to families, to communities.

We stand for the dignity that people want out of their life at work.

This opportunity to serve is not given to everybody.

Today, with the support that we have, we are custodians of a trust. You are custodians of a trust.

A trust that ILO's tripartism – beyond its differences – can stand tall and with conviction, say "All of us together are making every possible effort – within our mandate and our means – to make the world of work a place of dignity for everybody."

Appendix II

Reply of the Director-General to the Programme, Financial and Administrative Committee 298th Session of the Governing Body

Mr President,

Mr Blondel, Mr Barde,

Dear Friends,

Last week we had a very constructive debate of my Programme and Budget proposals for 2008–09. The debate was thorough, substantive and detailed. I am most grateful for your deep interest and commitment. I gave my first reaction at the end of your discussions.

You pointed to many areas of progress. You also indicated where more progress was required and further refinement was desirable.

I think the most important conclusion we can all draw is the solid consensus around the Decent Work Agenda and the four strategic objectives.

We have focus and clarity on our strategic direction. Many of you referred to this explicitly, highlighting specific areas.

- The Africa group called on the Organization to deliver on the promise of the Decent Work Agenda that they fully support.

- The spokesperson for the IMEC group, joined by Japan and the ASPAG, suggested a focus on the practical implementation of decent work and the way in which DWCPs actually operate.

- Mr Barde recalled that decent work implied the application of all four strategic objectives in a balanced way, with employment being central to the strategy.

- Mr Blondel said we needed economic growth based on both rights and employment, with our normative system being central to the strategy.

- The representative of the Government of the Republic of Korea emphasized the importance of employment and social protection.

- The group of Latin American and Caribbean countries referred to the relevance of the Decent Work Agenda for their development, and their commitment to its implementation.

- The representative of the Government of Argentina recalled the strong tripartite consensus around the four strategic objectives.

- The representative of the Government of China stressed the importance of productive employment and decent work for all to achieve a fair globalization.

- The Government delegate of France highlighted the role of social protection in reducing poverty.

- Almost everybody mentioned the key role tripartism and social dialogue plays in the way the ILO works.

  This consensus is real. It is the solid tripartite foundation on which we are working.

  On this common basis, you highlighted issues of delivery and implementation.

Results-based management

We had a fruitful exchange on the ways to improve results-based management in the proposals. Several of you made specific suggestions for improvements.

IMEC pointed to the need for establishing baselines and benchmarks in order to properly measure performance. Several delegates suggested improved formulations of indicators. Mr Barde emphasized improvements in the management of our work, in particular through detailed workplans as well as better reporting with more details. Others pointed to the need for a more explicit knowledge strategy.

I propose to move forward on your comments in several ways.

Where the points raised more fundamental and long-term issues, as I mentioned last Friday, I would like to have an in-depth discussion at our next PFA meeting in November when we consider progress on results-based management.

We need to discuss and agree on exactly how baselines can best be developed and incorporated into our programming. There is no doubt that this is necessary and it will significantly enhance the quality of our strategic planning, the identification of outcomes and the precision of our indicators.

It will imply putting together available information in the Office and in countries. For example, with respect to governance of the labour market, there is much information, often scattered. But, there are also significant lacunae that will have to be filled. It will take time and work to put together a comprehensive set of coherent baselines in all four strategic objectives, but it will definitely constitute important institutional progress.

As many of you suggested, we have to refine our reporting system on programme implementation, without going back to the administrative programme and budgets of the past.

In November, we will propose for discussion a review of the programming cycle as proposed in the RBM roadmap, including the frequency and characteristics of the implementation report. We must balance the need to report strategically on a strategic budget, while at the same time giving sufficient information on actual activities and methods of work to understand how outcomes were achieved.

We expect to be able to start to apply this in the implementation report for 2006–07, and in greater detail in work planning and implementation reporting for 2008–09.

As requested, we will be reporting in much greater detail on DWCPs in the 2006–07 implementation report.

We also need to clarify the role of internal workplans. They are a key element in implementation planning. But, in a results-based framework, workplans are essentially a management planning tool rather than a governance tool.

We will prepare the discussion of these questions in November through consultations with the Governing Body and inside the Office.

Executive Directors took good note of the many useful and specific comments on the context and description of programmes, which will be considered in the preparation and implementation of programmes. Sometimes, however, there is no general agreement on them, as some of the exchanges between Mr Barde and Mr Blondel show.

Another area of improvement is the knowledge strategy. Let me be clear: we will submit a results-based knowledge-sharing strategy to you in November. It will be based on paragraphs 307–317 of the programme and budget proposals, and will integrate human resource and information technology considerations.

As I mentioned to you, a number of steps have been and are being taken to that effect. A Research and Publications Committee was established in 2006. Quality criteria for appraising new research proposals are being introduced, as well as peer review, including external review of all research publications. External reviews of statistical activities and of research are under way. An information technology strategy was adopted by the ICT Subcommittee.

The representative of the Government of France pointed out that joint outcomes provided an excellent means to promote horizontal collaboration and to work towards what was termed "*décloisonnement*". This has been, and continues to be, an overriding concern. This effort includes strengthening the ties with the Turin Centre.

Let me now move to what I see as a very key part of your guidance: targets and indicators on which important points were made.

In all, 26 specific suggestions were made to either reformulate an indicator, to change a formulation or to modify a target.

Some examples,

Mr Barde signalled the need to refer, where appropriate, to the ILO's tripartite constituents and not just to member States. He also proposed explicit mention of women's entrepreneurship.

Mr Blondel commented on the ratification of the Conventions concerning migrant workers and on the indicator on youth employment.

IMEC countries provided a number of proposals, including the United States, on strengthening the capacity of member States in reporting on ratified Conventions and on the crisis indicators that seemed redundant. The United Kingdom referred to greater specificity for joint outcomes and more focus on the informal economy. Kenya highlighted the need to mention conditions of work, and the Netherlands the establishment of social security systems.

Where the changes proposed were in line with the overall discussion and are technically feasible, I propose to revise the relevant indicators and targets accordingly and include them in an addendum to the proposals to be considered by the Finance Committee in June at the ILC. Thereafter these changes can be incorporated in the programme and budget as adopted.

Let me now address budget adjustments.

There have been many requests for additional resources from Governments in all regions, Employers and Workers. Within a zero real growth budget you will understand that it is not easy to find the resources to respond to such requests. Yet, the effort has been made.

I have decided to maintain the budget of the Bureaux for Employers' and for Workers' Activities at 100 per cent of their current level in the light of their increased responsibilities regarding the involvement of national constituents in DWCPs, particularly in the context of UN reform.

Several IMEC Government representatives (United States, Canada, United Kingdom) as well as Mr Blondel encouraged the Office to step up its assistance to member States for the preparation of reports under the standards supervisory mechanism. I have decided to increase the allocations of the regions by $300,000 specifically for this purpose.

Several speakers from Africa, Asia and the Americas, as well as Employers and Workers, requested additional attention to social protection in the informal economy. As we know, this is a major challenge. I propose to increase resources in the regions for activities linked to the joint outcome on the informal economy by $350,000.

The Employer spokesperson highlighted the role of women in entrepreneurship. This is a promising area of work. I propose to increase resources for the regions by $200,000 to assist women in establishing and building small enterprises.

In all, these decisions would add $850,000 to the $3.4 million already proposed to be transferred to the regions.

The Worker spokesperson highlighted the importance of continuing work on export processing zones. I propose an allocation of $200,000 for Sector 4 to that effect.

The IMEC spokesperson encouraged the Office to step up its efforts in knowledge sharing and management. In anticipation of the outcome of the discussion of next November, I propose to allocate $250,000 to do a pilot exercise on modalities similar to the "knowledge network" or "community of practice" in use in some other international organizations. It is a mechanism to identify, access and disseminate knowledge available in the institution.

Your Committee approved the recommendations of the Building Subcommittee to authorize me to enter into negotiations regarding a financing strategy for the renovation of the ILO headquarters. This was not an easy decision, as Mr Blondel recalled. I will start on this immediately. I am hopeful that together with the host Government, we will be able to find a viable and mutually agreeable solution. As part of a package deal, and within our limited means, we will have to decide in the near future what our own financial contribution could be.

Many speakers referred to the need to provide further resources to build a reserve for future major building renovation needs. As an immediate response, I propose to increase the allocation to the Building and Accommodation Fund by an additional $500,000 to reach $2.5 million. I acknowledge that this is insufficient. However, further reductions in direct services to constituents would be a poor response to the many requests you have made to strengthen our work.

The budget adjustments amount to $2 million. I propose to finance these by reducing travel allocations at headquarters by $200,000, and by reducing the budget of management and support services by $1.8 million. The latter reduction is based on anticipated savings

from the wider use of IRIS and efficiency gains in both staff and non-staff costs. These cuts are an expression of our continued desire to expand efficiency gains.

This same approach will be applied throughout the implementation of this programme and budget. In the past, this has permitted to absorb new unforeseen expenditures, approved by the Governing Body on the basis of savings in the regular budget. These have amounted to an average of $3 million over the past six budgets. So we have a well-established practice of implementing programmes with an eye to savings.

Also, the rigorous implementation of the commitment to rebalancing the grade structure will continue. This responds to your different comments on staff costs. As I have often stated, my intention is to retain further savings from rebalancing the grade structure to achieve human resources and programmatic objectives.

Additional savings have been suggested from a review of meetings, including the ILC and the Governing Body. At the same time Mr Barde and Mr Blondel called for the restoration of the Resolutions Committee.

As you know, there are ongoing consultations through the Governing Body's Working Party on the Reform of the International Labour Conference. It would not be appropriate at this stage to pre-empt the results.

I understand the Working Party is considering proposals on alternative ways of dealing with draft resolutions with a view to having a lower-cost mechanism in place for June 2008. My original budget proposals retain $100,000 in order to provide funding for such a mechanism. In addition, the Working Party could also address the effectiveness of the alternative arrangements for the *Provisional Record* that have been in place during the current biennium.

Regarding the proposals for a special allocation for support to UN reform, I explained last Friday that this was needed to enable the ILO to participate fully in emerging inter-agency discussions and in maximizing technical support to constituents' joint programming efforts in countries, particularly in the eight pilot countries. The UN reform exercise is proving to have high transaction costs at this stage.

Cost increases

Some Government representatives observed that the provision for cost increases was high and called for reductions. Again, this is not easy because a major proportion is due to staff cost increases, decided by the UN common system, which we cannot change. This amounts to $29.9 million.

So cost increases linked to ILO activities proper are around 14 million. We have made a significant effort and reduced this amount by $3 million, that is, more than 20 per cent.

The cost increase for the Staff Health Insurance Fund is lowered by $2 million. Whilst our actuaries have recommended an increase in the Office contribution of $6 million to maintain the financial stability of the Fund in the medium term, an increase of $4 million should be sufficient for the immediate needs in 2008–09. A further proposal would be required for the 2010–11 budget based on results achieved and actuarial projections at that time.

Given the concerns expressed by a number of speakers relating to the use of consultants, I have reduced the provision for cost increases on this category of expenditure

to the forecasted inflation rates in the Office locations. A further $1 million has been removed from the overall provision for cost increases.

Many speakers expressed support for my proposal of a new voluntary RBSA. I want to thank them.

A number requested more information and clarification, which we provided in our Frequently asked questions document and some direct inquiries you made early this week. We have received no more inquiries. I believe we are ready to move forward on this initiative.

A number of you expressed concerns regarding the possible effects of this new mechanism on extra-budgetary resources for technical cooperation programmes.

In my view, and within a context of rising resources for official development assistance (ODA) in general, there is more complementarity rather than competition between the two voluntary funding mechanisms available to current and future donors of the ILO. As suggested by the representative of the Government of Finland, the RBSA would be fully compatible with Development Assistance Committee (DAC) ODA criteria. This is new and experimental as pointed out by the representative of the Government of Germany.

More still, let me say that the Decent Work Agenda is rapidly emerging as an acknowledged objective of development cooperation. My hope is that technical cooperation support will continue increasing in the future.

Let me give you the latest example: the recent Petersberg Communiqué on European Development Policy of 13 March. On the occasion of the 50th anniversary of the founding of the European Union, the objectives, values and principles of European development policy were recalled.

Point 10 states the following: “Decent work is the first step out of poverty … European development policy supports the internationally agreed agenda on decent work for all, i.e. the worldwide implementation of core labour standards, the creation of more employment that generates an adequate income, the realisation of social protection and the facilitation of social dialogue between the main partners within a common strategic framework.”

Also, since its 2005 meeting in Sweden, the Development Assistance Committee of the OECD is also looking at employment and decent work issues.

I am grateful for your strong engagement in this budget debate. This is coherent with the broad support received by the ILO for the Decent Work Agenda, seen as a practical, feasible policy framework for more sustainable and peaceful societies.

I acknowledge the constraints many of you have mentioned. My proposals for a zero real growth budget are already a compromise proposal. They reflect those constraints. Taken together with estimated extra-budgetary resources for technical cooperation and the proposal for a RBSA, they constitute an effort at finding a common ground between those voicing and needing more ILO support, those ready to see the ILO enjoy more resources and those facing genuine constraints or positions of principle.

Let me say that old hands at budgeting tactics told me I was committing a big mistake in presenting a zero real growth budget as a point of departure. “You should have a higher figure and then negotiate.” “You should never begin with your bottom line”, I was told.

It was not the option I took. I thought it was better for the budgeting process to be clear and transparent about what I thought was possible. Basically, the recognition that expansion of the regular budget did not seem feasible. So I coupled zero real growth with the RBSA proposal to cope with the growing demand on our services through voluntary contributions to the regular budget. That was the compromise.

I believe that this is a serious, open approach. A recognition of reality.

We know that this is *not* the preferred option of many in this room. We know we need to discuss this issue dispassionately delinked from the budget process. But we also know that if we are serious about dignity at work, if we are serious about enhancing the ILO's core normative and tripartite mandate and about reinforcing the capacity for policy advice to its constituents – then resources matter.

I would like to reiterate my proposal for a thorough debate on the ILO regular budget, possibly a year from now, outside of the pressure of a budget adoption debate.

We must not forget that for the last 25 years, the real level of our resources has come down by 15 per cent when, in the same period, our membership has gone up from 140 to 180 countries, almost a 30 per cent increase. Less resources for more demand.

We are a shrinking part of an expanding global economy that has grown on the basis of the productivity of the workers and enterprises. All of this while the ILO's Decent Work Agenda receives increased support.

Some of you have asked how we know demands are rising. Well, I believe that just listening to our programme discussion dispels any doubt. A large number of interventions had to do with the need to put more resources into this or that activity. This happens daily in our contact with constituents.

We also know that some of you have a position of principle around zero nominal growth. I respect your decision. You have your instructions. You must carry them out. I also acknowledge the effort some of you have made to move from that position.

And some of you who hold that position are also some of our most important extra-budgetary contributors. I want to thank you again – as I have done so often – because you underpin key important technical cooperation activities.

And I understand – as some of you have said so often – that your position on the regular budget is unrelated to your overall positive approach towards the ILO's strategic direction. I very much appreciate this.

So there you have it. I am proposing to you to reduce the cost increases by $3 million. We are also reducing management and administrative expenditures by $2 million and will use those resources to respond to some of your requests and to reinforce our infrastructure needs. And I hope the RBSA will permit us to move forward with more resources.

I look forward to receiving your support for these proposals.

Thanking you for your attention.